THIS PROSPECTUS HAS NOT BEEN REGISTERED BY BURSA MALAYSIA SECURITIES BERHAD. THE INFORMATION IN THIS PROSPECTUS MAY BE SUBJECT TO FURTHER AMENDMENTS BEFORE BEING REGISTERED BY BURSA MALAYSIA SECURITIES BERHAD. UNDER NO CIRCUMSTANCES SHALL THIS PROSPECTUS CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES.

PROSPECTUS

VETECE Holdings Berhad
(Registration No.: 202301046359 (1540273-U))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF 137,200,000 ORDINARY SHARES IN VETECE HOLDINGS BERHAD ("COMPANY" OR "VETECE") ("ISSUE SHARES" OR "SHARES") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUE OF 98,000,000 NEW ISSUE SHARES IN THE FOLLOWING MANNER:
- **(A) 19,600,000 NEW ISSUE SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **(B) 9,800,000 NEW ISSUE SHARES AVAILABLE FOR APPLICATION BY ELIGIBLE PERSONS; AND**
- **(C) 68,600,000 NEW ISSUE SHARES AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,**

AND

(II) OFFER FOR SALE OF 39,200,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AT AN IPO PRICE OF RM[•] PER SHARE PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent

KENANGA INVESTMENT BANK BERHAD
Registration No. 197301002193 (15678-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 145.

[BURSA SECURITIES HAS APPROVED THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES. THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL OF THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITES BY BURSA SECURITIES AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.]

LISTING SOUGHT: ACE MARKET OF BURSA SECURITIES

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE OF MALAYSIA.

THIS PROSPECTUS IS DATED [•]

All defined terms used in this Prospectus are defined under "Definitions" commencing on page xii, "Glossary of Technical Terms" commencing on page xix and "Presentation of Information" commencing on page viii.

RESPONSIBILITY STATEMENTS

The Directors, and Promoters (as defined in this Prospectus) of VETECE Holdings Berhad ("**VETECE**") or the "**Company**") and the Offeror (as defined in this Prospectus) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Kenanga Investment Bank Berhad ("**Kenanga IB**"), being our Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to our IPO (as defined in the Prospectus), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

STATEMENTS OF DISCLAIMER

[Our Company has obtained the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for our Listing (as defined in this Prospectus). Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.]

[This Prospectus, together with the Application Form (as defined in this Prospectus), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.]

OTHER STATEMENTS

Investors should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any person in relation to our Group.

Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

You should note that any agreement by our Underwriter to underwrite our Shares is not to be taken as an indication of the merits of our Shares being offered.

Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus.

This Prospectus has been prepared and published solely in connection with our IPO under the laws of Malaysia. This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, Directors, Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit a public offering of our Shares based on this Prospectus or the distribution of this Prospectus outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase any of our Shares being offered in our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection herewith. It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other then Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction other than Malaysia to which you may be subjected to. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any other application made by you shall be illegal, unenforceable, avoidable or void in any such country or jurisdiction.

However, we reserve the right in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

Further, it shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus (as defined in this Prospectus) and this Prospectus registered with the Bursa Securities are the same.

You are advised that the internet is not a fully secure medium. Your Internet Share Application (as defined in this Prospectus) may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in any doubt about the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House (as defined in this Prospectus), a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

(i) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we and our Principal Adviser are not responsible for any availability of or the content or any data, information, files or other material provided on the Third-Party Internet Sites. You bear all risks associated with the access to or use of the Third-Party Internet Sites;

(ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, files or other material provided by the Third-Party Internet Sites; and

(iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer systems or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(a) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;

(b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and

(c) the Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party’s personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

(The rest of this is page is intentionally left blank)

INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

Events	Indicative dates
Opening date of our IPO	[●]
Closing date of our IPO	[●]
Balloting of Application	[●]
Allotment / transfer of our IPO Shares to successful applicants	[●]
Date of Listing	[●]

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia and will also announce it on Bursa Securities' website accordingly.

(The rest of this is page is intentionally left blank)

TABLE OF CONTENTS

		PAGE
PRESENTATION OF INFORMATION		viii
FORWARD-LOOKING STATEMENTS		x
DEFINITIONS		xii
GLOSSARY OF TECHNICAL TERMS		xx
1.	**CORPORATE DIRECTORY**	1
2.	**APPROVALS AND CONDITIONS**	6
2.1	Approvals from relevant authorities	6
2.2	Moratorium on sale of shares	7
3.	**PROSPECTUS SUMMARY**	8
3.1	Principal details of our IPO	8
3.2	Background information of our Group and business operations	9
3.3	Competitive strengths	10
3.4	Future plans and business strategies	11
3.5	Risk factors	12
3.6	Impact of COVID-19	13
3.7	Directors and Key Senior Management of our Group	14
3.8	Promoters and substantial shareholder of our Group	15
3.9	Use of proceeds	16
3.10	Financial highlights	16
3.11	Dividend policy	17
4.	**DETAILS OF OUR IPO**	18
4.1	Opening and closing of Applications	18
4.2	Indicative timetable	18
4.3	Details of our IPO	18
4.4	Share capital, classes of shares and ranking	23
4.5	Basis of arriving at our IPO Price	24
4.6	Dilution	25
4.7	Use of proceeds	27
4.8	Underwriting commission, brokerage and placement fees	34
4.9	Details of the underwriting arrangement	34
4.10	Trading and settlement in secondary market	35
4.11	Objectives of our IPO	36
5.	**INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**	37
5.1	Our Promoters and substantial shareholders	37
5.2	Board of Directors	42
5.3	Board practices	52
5.4	Key Senior Management	65
5.5	Declaration by our Promoters, Directors and Key Senior Management	74
5.6	Family relationships and associations	74
5.7	Existing or proposed service agreements	74

TABLE OF CONTENTS (CONT'D)

6.	**INFORMATION ON OUR GROUP**		75
	6.1	Our Company	75
	6.2	Share capital and changes in share capital	75
	6.3	Our Group structure	76
	6.4	Details of our Subsidiaries	79
	6.5	Public take-overs	81
	6.6	Material investments and divestitures	81
	6.7	Material contracts	82
	6.8	Material properties	83
7.	**BUSINESS OVERVIEW**		90
	7.1	History and milestones	90
	7.2	Description of our business	92
	7.3	Business model	94
	7.4	Business segment and principal markets	103
	7.5	Business process	104
	7.6	Competitive strengths	107
	7.7	Types, sources and availability of supplies	110
	7.8	Operating capacity and output	110
	7.9	Sales and marketing	110
	7.10	Major clients	111
	7.11	Major suppliers	114
	7.12	Seasonality of business	116
	7.13	Technology used	116
	7.14	Quality control and assurance	116
	7.15	Employees	117
	7.16	Research and development	117
	7.17	Material dependency on contracts, agreements, documents or other arrangements	117
	7.18	Approvals, major licences, permits and registrations	118
	7.19	Intellectual property rights	125
	7.20	Regulatory requirements including environmental concerns	126
	7.21	Environmental, social and governance	127
	7.22	Interruptions to business and operations	128
	7.23	Future plans and business strategies	129
8.	**INDEPENDENT MARKET RESEARCH REPORT**		133
9.	**RISK FACTORS**		145
	9.1	Risks relating to our business and operations	145
	9.2	Risks relating to our industry	152
	9.3	Risks relating to our Shares and our Listing	153
10.	**RELATED PARTY TRANSACTIONS**		156
	10.1	Related party transactions	156
	10.2	Transactions entered into that are unusual in their nature or conditions	160
	10.3	Outstanding loans and/or financial assistance to or for the benefit of related parties	160
	10.4	Provision of guarantees by our Promoters for banking facilities granted to our Group	162
	10.5	Monitoring and oversight of related party transactions	162
11.	**CONFLICT OF INTEREST**		163
	11.1	Interest in similar business of our Group, our client and/or supplier	163
	11.2	Declaration by the advisers on conflict of interest	164

TABLE OF CONTENTS (CONT'D)

12.	**FINANCIAL INFORMATION**		165
	12.1	Historical financial information	165
	12.2	Management's discussion and analysis of financial conditions and results of operations	169
	12.3	Liquidity and capital resources	192
	12.4	Review of cash flows	193
	12.5	Loans and borrowings	197
	12.6	Types of financial instruments used, treasury policies and objectives	198
	12.7	Material capital commitments	198
	12.8	Contingent liabilities	198
	12.9	Key financial ratios	199
	12.10	Impact of government, economic, fiscal or monetary policies	202
	12.11	Impact of inflation	202
	12.12	Impact of foreign exchange rates, interest rates and commodity prices on our Group's operations	203
	12.13	Order book	204
	12.14	Trend information	204
	12.15	Dividend policy	205
	12.16	Capitalisation and indebtedness	207
13.	**REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**		208
14.	**ACCOUNTANTS' REPORT**		225
15.	**ADDITIONAL INFORMATION**		308
	15.1	Share capital	308
	15.2	Extract of our Constitution	308
	15.3	Limitation on the right to own securities	316
	15.4	Exchange controls	316
	15.5	Material litigation, claims and arbitration	317
	15.6	Consents	317
	15.7	Documents available for inspection	318
	15.8	Responsibility statements	318
16.	**SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE**		319
	16.1	Opening and closing of application	319
	16.2	Methods of application	319
	16.3	Eligibility	320
	16.4	Procedures for application by way of application forms	321
	16.5	Procedures for application by way of electronic share applications	322
	16.6	Procedures for application by way of internet share applications	322
	16.7	Authority of our Board and Issuing House	322
	16.8	Over / under subscription	323
	16.9	Unsuccessful / partially successful applicants	323
	16.10	Successful applicants	325
	16.11	Enquiries	325

PRESENTATION OF INFORMATION

Any reference to words such as "**we**", "**us**", "**our**" and "**ourselves**" in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to "**our Company**" or "**VETECE**" in this Prospectus are to VETECE Holdings Berhad, references to "**our Group**" or "**VETECE Group**" are to our Company and our subsidiaries taken as a whole. Unless the context otherwise requires, references to "**Management**" are to our Directors and key senior management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to "**you**" are to our prospective investors.

In this Prospectus, references to the "**Government**" are to the Government of Malaysia; and references to "**RM**" and "**sen**" are to the lawful currency of Malaysia. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding. Other abbreviations and acronyms used herein are defined in the "**Definitions**" section and technical terms used herein are defined in the "**Glossary of Technical Terms**" section. Words denoting the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, bodies corporate and corporations.

References to the provisions of the statutes, rules and regulations, enactments, guidelines or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments, guidelines or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments, guidelines or rules of stock exchange for the time being in force.

All reference to dates and times are references to dates and times in Malaysia unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the industry on which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where there is no source stated, it can be assumed that the information originates from us or is extracted from the Independent Market Research Report prepared by Protégé Associates Sdn Bhd which is included in Section 8 of this Prospectus. Protégé Associates Sdn Bhd has been appointed to provide an Independent Market Research Report. In compiling its data for the review, Protégé Associates Sdn Bhd had relied on its research methodology, industry sources, published materials, its own private databases and direct contacts within the industry. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot assure you that the projections will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

Solely for your convenience, this Prospectus contains translation of certain Singapore Dollar ("**SGD**") amount into RM at specified rates. No representation is made that the SGD amounts referred to in this Prospectus could have been or could actually be converted into RM amounts, at the rates indicated or at all. The exchange rates as set out below are applied in this Prospectus unless specified otherwise:

	FYE 2021	FYE 2022	FYE 2023
1.00 SGD to RM			
Average rate	3.0708	3.1281	3.3200
Closing rate	3.0954	3.2099	3.4301
Historical rate*	3.0665	3.0665	3.0665

Note:

* *The exchange rate as at 1 September 2020 for the purposes of the preparation of the combined financial statements assuming VTCS has been part of the Group as at 1 September 2020.*

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this document, the English version shall prevail.

PRESENTATION OF INFORMATION

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

All references to the "**LPD**" in this Prospectus are to 31 January 2024 which is the latest practicable date prior to the registration of this Prospectus with Bursa Securities.

(The rest of this is page is intentionally left blank)

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, future plans and prospects, and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Group's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "**expect**", "**believe**", "**plan**", "**intend**", "**estimate**", "**anticipate**", "**aim**", "**forecast**", "**may**", "**will**", "**would**" and "**could**" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) our business strategies, trends and competitive position;

(ii) our plans and objectives for future operations;

(iii) our financial position;

(iv) potential growth opportunities;

(v) our future earnings, cash flow and liquidity;

(vi) our ability to pay dividends; and

(vii) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) cost of manpower;

(ii) the general economic, business, social, political and investment environment in Malaysia and globally;

(iii) government policy, legislation and regulation;

(iv) interest rates, tax rates and exchange rates;

(v) the competitive environment in the industry in which we operate;

(vi) reliance on approvals, licences and permits;

(vii) availability and fluctuations in prices of hardware and software;

(viii) fixed and contingent obligations and commitments; and

(ix) any other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 9 of this Prospectus on “**Risk Factors**” and Section 12 of this Prospectus on “**Financial Information**”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

FORWARD-LOOKING STATEMENTS (CONT'D)

Should we become aware of any subsequent material change or development affecting matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA, Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus) and Rule 3.12D of the Listing Requirements.

(The rest of this page is intentionally left blank)

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

Company or VETECE	:	VETECE Holdings Berhad (Registration No.: 202301046359 (1540273-U))
VTCM	:	Vision Technology Consulting Sdn Bhd (Registration No. 200301019443 (621863-V))
VTCS	:	Vision Technology Consulting Pte Ltd (Registration No 200510935W)

GENERAL:

ACE Market	:	ACE Market of Bursa Securities
Acquisitions	:	Acquisitions by VETECE of the entire equity interests from the shareholders of the following companies: (i) VTCM, for a purchase consideration of RM15.99 million, wholly satisfied by the issuance of 286,574,341 new Shares at an issue price of RM0.0558 per Share; and (ii) VTCS, for a purchase consideration of RM0.41 million, wholly satisfied by the issuance of 7,425,657 new Shares at an issue price of RM0.0558 per Share, which was completed on [●].
Act	:	Companies Act 2016, including amendments from time to time and any re-enactment thereof
Admission	:	Admission of VETECE Shares to the Official List of the ACE Market of Bursa Securities
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Printed application form for the application of IPO Shares accompanying this Prospectus
A4-1119 Setia Jaya Property	:	One of our Group's properties located at Unit No. 1119, Block A4, Pusat Perdagangan Setia Jaya, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan
Block E KL Gateway Property	:	Our Group's business office located at E-32-03 and E-32-3A, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur
Board	:	Board of Directors of VETECE
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))

B2-1007 and B2-1009 Setia Jaya Property	:	Two of our Group's property located at Unit No. B2-1007 and B2-1009, Block B2, Pusat Perdagangan Setia Jaya, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan
CBD Perdana Property	:	One of our Group's properties located at Unit No. 4800-3-1, Block 4800, CBD Perdana, Jalan Perdana, 63000 Cyberjaya, Selangor Darul Ehsan
CCC	:	Certificate of Compliance and Completion
CCM	:	Companies Commission of Malaysia
CDS	:	Central depository system
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the Depositor
CEO	:	Chief Executive Officer
CF	:	Certificate of Fitness for Occupation
CMSA	:	Capital Markets and Services Act, 2007, including amendments from time to time and any re-enactment thereof
COE	:	Centre of Excellence
Constitution	:	Constitution of our Company
COVID-19	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
D-07-03 KL Gateway Property	:	One of our Group's properties located D-07-03, Menara Suezcap 1, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur
D-07-3A KL Gateway Property	:	One of our Group's properties located D-07-3A, Menara Suezcap 1, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur
DBKL	:	Dewan Bandaraya Kuala Lumpur, the city council which administers the city of Kuala Lumpur, Malaysia
DBKL Licensing By-Laws	:	Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016
Depositor	:	A holder of a CDS Account
Directors	:	Director(s) of our Company and shall have the same meaning given in Section 2 of the Capital Markets and Services Act 2007
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet, and/ or an electronic storage medium, including but not limited to CD-ROMs *(compact disc read-only memory)*
Electronic Share Application	:	Application for our IPO Shares through a Participating Financial Institution's ATM

Eligible Persons	:	Eligible Directors, key senior management, employees and persons who have contributed to the success of the Group
EPS	:	Earnings per share
Financial Years Under Review	:	FYE 2021, FYE 2022 and FYE 2023, collectively
FYE	:	Financial year ended/ ending 31 August , as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit
ICT	:	Information and communication technology
IFRS	:	International Financial Reporting Standards
IMR or Protégé	:	Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H)), our Independent Market Researcher
IMR Report	:	Independent Market Research Report on the Enterprise Information Technology Services Industry in Malaysia dated 26 February 2024
IPO	:	Initial public offering
IPO Price	:	Indicative price of RM[●] per IPO Share, being the price payable by investors under the Public Issue and Offer for Sale
IPO Shares	:	Issue Shares and Offer Shares, collectively
ISO	:	International Organisation for Standardisation
ISO 27001	:	An information security standard created by the ISO, which provides a framework and guidelines for establishing, implementing and managing an information security management system
ISO 27001 Information Security Certification	:	A certification to demonstrate that an organization's information security management system is compliant with ISO 27001 requirements
Issue Shares	:	The invitation by our Company to the Malaysian Public, Eligible Persons and institutional and selected investors to subscribe for the Public Issue Shares at the IPO Price, payable in full upon Application, subject to the terms and conditions of this Prospectus
Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
IT	:	Information technology
Kenanga IB or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	Kenanga Investment Bank Berhad (Registration No. 197301002193 (15678- H))
Key Senior Management	:	Tee Chee Chiang, Chan Wai Hoong, Yeoh Kim Kooi, Fon Wai Kein, Goh Yeh Hwang and Wong Thean Chee, collectively

Listing	:	Listing of and quotation for the entire enlarged issued share capital of VETECE on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	31 January 2024, being the latest practicable date of this Prospectus
Malaysia Digital Status	:	Malaysia Digital Status (formerly known as Multimedia Super Corridor Malaysia Status)
Malaysian Public	:	Malaysian citizens, companies, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
MCO	:	Movement control order
MBPJ	:	Majlis Bandaraya Petaling Jaya, the city council which administers the city of Petaling Jaya in Selangor Darul Ehsan, Malaysia
MBPJ Licensing By-Laws		Licensing of Trades, Businesses and Industries (Petaling Jaya City Council) By-Laws 2007
MCCG	:	Malaysian Code on Corporate Governance
MFRS	:	Malaysian Financial Reporting Standards
MNC	:	Multinational company
MDEC	:	Malaysia Digital Economy Corporation
MDEC Guidelines	:	Guidelines on Transition of MSC Malaysia to Malaysia Digital issued by MDEC on 29 December 2022 (formerly known as Guidelines on Transition of MSC Malaysia Status Company to Malaysia Digital Status)
MSC	:	Multimedia Super Corridor
NA	:	Net assets
Offer for Sale	:	The invitation by our Offeror to selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	39,200,000 existing Shares to be offered by our Offeror under the Offer for Sale
Offeror	:	Tee Chee Chiang
Official List	:	A list specifying all securities listed on the ACE Market of Bursa Securities

Oracle	:	Oracle Corporation Malaysia Sdn Bhd, a subsidiary of Oracle Corporation, a company listed on the New York Stock Exchange. Oracle Corporation develops, manufactures, markets, distributes and services database and middleware software, application software and hardware system
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price to earnings multiple
Pink Form Shares	:	The allocation of 9,800,000 Issue Shares to the Eligible Persons pursuant to the Public Issue
PKI	:	Public key infrastructure
Promoters	:	Tee Chee Chiang and Chan Wai Hoong, collectively
Prospectus	:	This Prospectus dated [●] issued by our Company in relation to our IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public Issue of 98,000,000 Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of the Prospectus
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Shareholder(s)	:	Ordinary shareholder(s) in VETECE
SICDA	:	Securities Industry (Central Depositories) Act, 1991, including amendments from time to time and any re-enactment thereof
Siebel	:	Siebel Systems Inc is a global software company acquired by Oracle Corporation in 2006 and is principally engaged in the design, development, marketing and support of CRM applications
Subsidiaries	:	VTCM and VTCS, collectively
Substantial Shareholder or Specified Shareholder	:	Tee Chee Chiang
SSA(s)	:	Conditional share sale agreements entered into on 7 February 2024 by our Company in relation to the Acquisitions
Telekom Malaysia Berhad Group	:	Telekom Malaysia Berhad and its group of companies

Underwriting Agreement	:	Underwriting agreement dated [●] entered into between our Company and our Underwriter pursuant to our Listing
VGSB or VTCGB	:	Vetece Group Sdn Bhd (formally known as Vision Technology Consulting Group Berhad) (Registration No. 201201020420 (1004912-V))
VETECE Group or the Group	:	The enlarged group of VETECE and its subsidiaries, collectively, following the Acquisitions
VETECE Share(s) or Share(s)	:	Ordinary share(s) in our Company
VTCM Vendors	:	Tee Chee Chiang, Chan Wai Hoong, Goh Yeh Hwang and Choo Kwang Hui Nicholas, collectively
VTCS Vendor	:	VGSB
White Application Form	:	Application form for the application of our new Shares by the Malaysian Public accompanying this Prospectus
WSO2	:	WSO2 Inc is a global software company specialising in open-source middleware and integration technologies, providing solutions for building, integrating, and managing applications and services in the cloud and on-premises

<u>Currencies and units</u>

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD and cent	:	Singapore Dollar and cent, the lawful currency of Singapore
Sq ft	:	Square feet
%	:	Per centum

(The rest of this page is intentionally left blank)

CLIENTS, SUPPLIERS, TECHNOLOGY PARTNERS AND TECHNOLOGY VENDORS OF OUR GROUP

The following are the details of our clients, suppliers, technology partners and technology vendors whose names have been redacted for confidentiality throughout this Prospectus due to the non-disclosure agreements with them respectively. The non-disclosure agreements are the conditions of our contracts placed by our clients, suppliers, technology partners and technology vendors.

Client A	:	It is a Malaysian bank offering the full spectrum of banking services from consumer products to business providing banking services for SMEs, as well as insurance, investment and wealth management products and services
Client B	:	It is a Malaysian investment bank offering corporate finance, equity market and derivatives, cross market trading, structured products and derivatives, corporate and international banking, asset management, private equities, and associated services
Client C	:	It is a Malaysian Islamic bank operates in parallel with the Group's universal banking businesses, offering solutions for financing, sukuk, investment banking, transaction banking, asset management, banca-takaful and securities services for individual, commercial, corporate and institutional customers across ASEAN
Client A Group	:	It is a Malaysian universal bank which operates in ASEAN region with its headquarters located in Kuala Lumpur
Client D	:	It is a subsidiary of a multinational technology corporation which is located and operates in Malaysia with its headquarters in China that principally designs, develops, manufactures and sells telecommunications equipment, consumer electronics, smart devices and various rooftop solar products
Client E	:	It is a subsidiary of a multinational banking and financial services corporation which is located and operates in Malaysia with its headquarters in Singapore
Client F	:	It is a subsidiary of a multinational banking and financial services corporation which is located and operates in Malaysia with its headquarters in China
Client G	:	It is a Malaysian software testing services provider
Client H	:	It is a subsidiary of a multinational software company which is located and operates in Malaysia with its headquarters in the United States of America that principally a global software provider of data analytics and data management solutions, enabling businesses to harness the power of their data for informed decision-making and insights
Supplier A	:	It is a subsidiary of a multinational distributor of information technology products and services which is located and operates in Malaysia with its headquarters in the United States of America

Supplier B	:	It is a subsidiary of a multinational computer technology corporation which is located and operates in Malaysia with its headquarters in the United States of America that is principally involved in selling database software and technology, cloud engineered systems, and enterprise software products that manages business operations and customer relations.
Supplier C	:	It is a Malaysian network infrastructure implementer
Technology Partner A	:	It is an American global company that provides a wide range of cloud services, including computing power, storage, databases, machine learning and AI analytics
Technology Partner B	:	It is an American software company that provides open source software products to enterprises
Technology Vendor A	:	It is a Chinese multinational technology corporation headquartered in China which designs, develops, manufactures and sells telecommunications equipment, consumer electronics, smart devices and various rooftop solar products
Technology Vendor B	:	It is an American global software company that provides cloud database and analytics-related software, products, and services

(The rest of this page is intentionally left blank)

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of those terms:

AI or Artificial Intelligence	:	Artificial Intelligence is the ability of a digital computer system to perform tasks that typically require human intelligence, such as the ability to reason, discover meaning, problem-solve and make decisions as well as learn from past experiences
API	:	Application Programming Interface is a set of rules and protocols that allows different software applications to communicate and interact with each other
CRM	:	Customer Relationship Management in the context of enterprise IT solution, is a suite of applications that help organisations manage and analyse customer interaction through the customer's lifecycle from acquisition, engagement, retention to feedback
Data mart	:	Subsets of a data warehouse that focus on specific business functions or departments.
Data migration	:	Process of transferring or moving data from one system to another, and is commonly undertaken when an organisation adopts a new system, upgrades existing software, or consolidates data from multiple sources
Data warehouse	:	Centralised and structured repository for storing, organizing, and managing large volumes of structured data from various sources
Database(s)	:	Database(s) is a structured collection of data organised for efficient storage, retrieval, and management which is like how the information is stored and managed in the well-organised digital filing cabinet
LDAP	:	Lightweight directory access protocol is a protocol used for accessing and managing directory information services over an internet protocol network. LDAP organizes data in a tree-like structure which allow for efficient storage and retrieval of information
Middleware	:	A type of software that serves as an intermediary layer between different applications or systems to facilitate communication and data exchange
ML or Machine Learning	:	A subset of AI, which refers to the concept that computer programs can automatically learn from and adapt to new data without being assisted by humans.
SSO	:	Single sign-on is an authentication process that enables a user to access multiple applications or systems with a single set of login credentials such as username and password
TMMi	:	Test Maturity Model integration is a framework to determine the maturity of the software testing process

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Designation)	Address	Nationality	Gender
Thomas Chew Hock Hin *(Independent Non-Executive Chairman)*	No. 40, Jalan Birah Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan	Malaysian	Male
Tee Chee Chiang *(Non-Independent Executive Vice Chairman)*	Unit 28-13A Kediaman Indah Selatan South Jalan Kerinchi Kiri 2 59200 Kuala Lumpur	Malaysian	Male
Chan Wai Hoong *(Non-Independent Executive Director/ CEO)*	5, Jalan Midah 11B Taman Midah, Cheras 56000 Kuala Lumpur Wilayah Persekutuan	Malaysian	Male
Ng Kim Kiat *(Independent Non-Executive Director)*	No 13, Jalan Daud 84000 Muar Johor	Malaysian	Male
Lee Siew Mee *(Independent Non-Executive Director)*	57, Jalan BU 6/3 Bandar Utama 47800 Petaling Jaya Selangor	Malaysian	Female
Tengku Munazirah binti Tengku Abdul Samad Shah *(Independent Non-Executive Director)*	31, Jalan Batai Barat Bukit Damansara 50490 Kuala Lumpur	Malaysian	Female

(The rest of this page is intentionally left blank)

1. CORPORATE DIRECTORY (CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Ng Kim Kiat	Chairman	Independent Non-Executive Director
Lee Siew Mee	Member	Independent Non-Executive Director
Tengku Munazirah binti Tengku Abdul Samad Shah	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Lee Siew Mee	Chairwoman	Independent Non-Executive Director
Ng Kim Kiat	Member	Independent Non-Executive Director
Tengku Munazirah binti Tengku Abdul Samad Shah	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Tengku Munazirah binti Tengku Abdul Samad Shah	Chairwoman	Independent Non-Executive Director
Ng Kim Kiat	Member	Independent Non-Executive Director
Lee Siew Mee	Member	Independent Non-Executive Director

(The rest of this page is intentionally left blank)

1. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES	:	Tan Ai Ning (MAICSA 7015852) CCM Practicing Certificate No. 202008000067 (Company Secretary, Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators ("**MAICSA**")) Choong Siew Mun (MAICSA 7068632) CCM Practicing Certificate No. 202008001881 (Company Secretary, Associate Member of MAICSA) 12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Telephone No. : (603) 7890 4800 Facsimile No. : (603) 7890 4650
REGISTERED OFFICE	:	12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Telephone No. : (603) 7890 4800 Facsimile No. : (603) 7890 4650
HEAD OFFICE / PRINCIPAL PLACE OF BUSINESS	:	E-32-3A and E-32-03 Menara Suezcap 2 KL Gateway No. 2, Jalan Kerinchi Gerbang Kerinchi Lestari 59200 Kuala Lumpur Wilayah Persekutuan Telephone No. : (603) 7931 9331 Email : helpdesk@vtcholding.com Website : www.vtcholding.com
PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	Kenanga Investment Bank Berhad Level 17, Kenanga Tower 237, Jalan Tun Razak 50400 Kuala Lumpur Wilayah Persekutuan Telephone No. : (603) 2172 2888 Facsimile No. : (603) 2172 2999

1. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND REPORTING ACCOUNTANTS	:	Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) Chartered Accountants (AF 0117) Baker Tilly Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur Telephone No. : (603) 2297 1000 Facsimile No. : (603) 2282 9980 Partner-in-charge : Paul Tan Hong Qualification : 1. Chartered Accountant of the MIA (MIA membership no.: 40209) 2. Fellow Member of the Association of Chartered Certified Accountants
SOLICITORS	:	Wong Beh & Toh Associates & Solicitors Peti #30, Level 19 West Block Wisma Golden Eagle Realty 142-C Jalan Ampang 50450 Kuala Lumpur Wilayah Persekutuan Telephone No. : (603) 2713 6050 Facsimile No. : (603) 2713 6052
INDEPENDENT MARKET RESEARCHER	:	Protege Associates Sdn Bhd Suite C-09-12, Plaza Mont' Kiara 2 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan Telephone No. : (603) 6201 9301 Person-in-charge : Seow Cheow Seng Qualification : Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia
SHARE REGISTRAR	:	Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Telephone No. : (603) 7890 4700

1. CORPORATE DIRECTORY (CONT'D)

ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Telephone No. : (603) 7890 4700
LISTING SOUGHT	:	ACE Market of Bursa Securities

(The rest of this page is intentionally left blank)

2. APPROVALS AND CONDITIONS

2.1. APPROVALS FROM RELEVANT AUTHORITIES

2.1.1. Bursa Securities

Bursa Securities had, vide its letter dated [●], approved:

(i) the admission of our Company to the Official List; and

(ii) the listing of and quotation for our entire enlarged issued share capital on the ACE Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]

2.1.2. SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated [●], taken note that our Company is exempted from the Bumiputera equity requirement for public listed companies ("**Bumiputera Equity Requirement**").

Our subsidiary, namely VTCM, was awarded the Multimedia Super Corridor Malaysia Status by MDEC on 6 July 2006, which was subsequently replaced by Malaysia Digital Status on 4 July 2022 pursuant to the Prime Minister's announcement on even date and the MDEC Guidelines. VTCM was the major contributor to our Group's PAT for the Financial Years Under Review and accordingly, our Company is exempted from the Bumiputera Equity Requirement.

Nevertheless, if we undertake subsequent proposals which involve:

(i) a transfer of our listing status to the Main Market of Bursa Securities; or

(ii) any acquisition which results in a significant change in our business direction or policy,

we must submit such application to the SC under the Bumiputera Equity Requirement for reassessment.

2.1.3. MITI

MITI had, via its letter dated [●], taken note of our Listing and that we are exempted from having to comply with the Bumiputera Equity Requirement in light of the Malaysia Digital Status awarded to our subsidiary, VTCM.

2.2. MORATORIUM ON SALE OF SHARES

In compliance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholder as follows:

(i) the moratorium applies to our Specified Shareholder's entire shareholding for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");

(ii) upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholder's aggregate shareholding amounting to at least 45.0% of our total number of issued shares (adjusted for any bonus issue or subdivision of shares) shall remain under moratorium for a further 6 months ("**Second 6-Month Moratorium**"); and

(iii) upon the expiry of the Second 6-Month Moratorium, our Specified Shareholder may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight-line basis) of their Shares held under moratorium.

As the Specified Shareholder, the Shares held by Tee Chee Chiang will be subject to moratorium as follows:

	First 6-Month Moratorium		Second 6-Month Moratorium		After the Second 6-Month Moratorium	
Name	**No. of Shares held**	**% of enlarged issued share capital (1)**	**No. of Shares held**	**% of enlarged issued share capital (1)**	**No. of Shares held**	**% of enlarged issued share capital (1)**
Tee Chee Chiang	240,380,624	61.32	176,400,000	45.00	117,600,000	30.00
Total	**240,380,624**	**61.32**	**176,400,000**	**45.00**	**117,600,000**	**30.00**

Note:

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

Tee Chee Chiang has furnished a letter of undertaking to Bursa Securities that he will not sell, transfer or assign any part of his interest in the Shares during the abovementioned moratorium period.

The above moratorium restrictions are specifically endorsed on the share certificates representing the Shares held by Tee Chee Chiang which is under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes the aforesaid restrictions.

(The rest of this page is intentionally left blank)

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.

3.2 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:

Business Activity	Implementation services	Maintenance, support and professional services	Resale of hardware and software
Services	• Conduct feasibility study to understand the clients' business operations • Recommend enterprise IT solution to best suit clients' system requirement • Implement enterprise IT solutions into the clients' business processes	• Provide maintenance and support services for maintaining the system and upgrades • Provide IT professionals for clients' internally managed IT projects and/ or to meet their operational needs	• Resale of hardware and software

Enterprise IT Solutions

- Enterprise Application Integration and SSO Management solution
- Enterprise Data Engineering and Analytics Solution
- Enterprise CRM Solution
- Enterprise Software Testing Solution
- Enterprise Infrastructure On-Premise and Cloud Solution

Client Industry

- Telecommunications
- Financial services
- Technology
- Manufacturing
- Higher education
- Distribution
- Public sectors
- Automotive
- Utilities

Client Geographical Segment

Australia, Singapore, Brunei, Thailand, Papua New Guinea and others [(1)]

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.

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.

(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 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 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

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
Directors	
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
Other Key Senior Management	
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.

(The rest of this page is intentionally left blank)

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:

		Before our IPO[1]				After our IPO[2]			
		Direct		Indirect		Direct		Indirect	
Name	**Nationality / Country of incorporation**	**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.

3.9 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 (RM'000)	%	Estimated timeframe for use upon Listing
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

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
Cash and cash equivalents at beginning of the financial year	**13,837**	**15,951**	**17,129**
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.

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATIONS

Application for our IPO Shares will open at 10.00 a.m. on [●] and will remain open until 5.00 p.m. on [●].

Late Applications will not be accepted.

4.2 INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

Event	Indicative Dates
Opening of Application for our IPO	10:00 a.m., [●]
Closing of Application for our IPO	5:00 p.m., [●]
Balloting of Application	[●]
Allotment of IPO Shares to successful applicants	[●]
Date of Listing	[●]

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia and will also announce it on Bursa Securities' website accordingly.

4.3 DETAILS OF OUR IPO

The Public Issue of 98,000,000 Issue Shares and Offer for Sale of 39,200,000 Shares are issued/offered at the IPO Price payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:

4.3.1 Public Issue

Public Issue of 98,000,000 Issue Shares at the IPO Price representing 25.00% of our enlarged issued share capital will be made available for Application in the following manner:

(i) Malaysian Public (via balloting)

19,600,000 Issue Shares, representing 5.00% of our enlarged issued share capital will be made available for Application by the Malaysian Public through a balloting process:

(a) 9,800,000 Issue Shares will be made available to public investors; and

(b) 9,800,000 Issue Shares will be made available to Bumiputera public investors.

(ii) Eligible Persons

9,800,000 Issue Shares, representing 2.50% of our enlarged issued share capital will be made available for Application by the Eligible Persons.

Details of the Pink Form Shares allocation to the Eligible Persons are as follows:

Eligible Persons	Number of persons	Pink Form Shares allocation
Eligible Directors of our Company[1]	5	3,800,000
Eligible employees of our Group[2]	88	6,000,000
Total	**93**	9,800,000

Notes:

(1) *The Pink Form Shares will be allocated to eligible Directors of our Group based on, amongst others, their respective roles, responsibilities, and their anticipated contribution to our Group. The Directors who are entitled for the Pink Form Shares are as follows:*

Name of Directors	***Designation***	***No. of Shares***
Thomas Chew Hock Hin	*Independent Non-Executive Chairman*	*400,000*
Chan Wai Hoong	*Non-Independent Executive Director / CEO*	*2,200,000*
Ng Kim Kiat	*Independent Non-Executive Director*	*400,000*
Lee Siew Mee	*Independent Non-Executive Director*	*400,000*
Tengku Munazirah binti Tengku Abdul Samad Shah	*Independent Non-Executive Director*	*400,000*
Total		***3,800,000***

(2) *The Pink Form Shares will be allocated to eligible employees of our Group based on the following criteria as approved by our Board:*

(a) *the eligible employee must be a full time and confirmed employee of our Group;*

(b) *the eligible employee must be on our Group's payroll;*

(c) *seniority and position;*

(d) *length of service;*

(e) *past performance and respective contribution made to our Group; and*

(f) *the eligible employee must be at least 18 years of age.*

The Key Senior Management who are entitled for the Pink Form Shares are as follows:

Name of Key Senior Management	***Designation***	***No. of Shares***
Fon Wai Kein	*Head of Enterprise, Application Integration and SSO Management*	*600,000*
Goh Yeh Hwang	*Head of Enterprise, Infrastructure On-Premises and Cloud Solution*	*600,000*
Wong Thean Chee	*Head of Enterprise, Data Engineering, Analytics and CRM*	*600,000*
Total		***1,800,000***

Save for the allocation made available for Application as disclosed in Section 4.3.1(ii) of this Prospectus, to the extent known to our Company, our Company is not aware as to whether any of our Directors or Key Senior Management have the intention to subscribe for our IPO Shares allocated under Section 4.3.1(i) of this Prospectus for the Malaysian Public. Our Company is also not aware as to whether there is any person intending to subscribe for more than 5.00% of our IPO Shares allocated under Section 4.3.1(i) of this Prospectus for the Malaysian Public.

(iii) Private placement to selected investors

68,600,000 Issue Shares, representing 17.50% of our enlarged issued share capital will be made available by way of private placement to selected investors.

(The rest of this page is intentionally left blank)

4. DETAILS OF OUR IPO (CONT'D)

4.3.2 Offer for Sale

Concurrent with the Public Issue, the Offeror will offer 39,200,000 Offer Shares representing 10.00% of our enlarged issued share capital by way of private placement to selected investors. The Offer Shares to be offered by the Offeror and its shareholdings in our Company before and after our IPO are as follows:

			Shareholdings as at the LPD		Offer Shares offered			Shareholdings after our IPO	
Name	**Correspondence address**	**Relationship with / position in our Group**	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1) Before IPO**	**%(2) After IPO**	**No. of Shares**	**%(2)**
Tee Chee Chiang	Unit 28-13A, Kediaman Indah Selatan South, Jalan Kerinchi Kiri 2, 59200 Kuala Lumpur	Founder, Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman	279,580,624	95.10	39,200,000	13.33	10.00	240,380,624	61.32

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.

The gross proceeds from the Offer for Sale of RM[●] million will accrue entirely to the Offeror. The Offeror will bear the entire placement and management fees and incidental expenses relating to the Offer for Sale, amounting to approximately RM[●] million.

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM[●] comprising 392,000,000 Shares shall be listed on the ACE Market.

(The rest of this page is intentionally left blank)

4.3.3 Summary of underwriting arrangement and allocation of our IPO Shares

In summary, our IPO Shares will be allocated in the following manner:

	Issue Shares		Offer Shares		Total	
	No. of Shares	**%(1)**	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**
Retail Offering						
Malaysian Public (via balloting)	19,600,000	5.00	-	-	19,600,000	5.00
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.

The 19,600,000 Issue Shares made available for application by the Malaysian Public (via balloting) and the 9,800,000 Pink Form Shares made available to the Eligible Persons under Sections 4.3.1(i) and 4.3.1(ii) of this Prospectus respectively are fully underwritten by our Underwriter.

All the 68,600,000 IPO Shares made available to identified investors by way of private placement under Sections 4.3.1(iii) of this Prospectus are not underwritten. Irrevocable undertakings will be obtained from the identified investors to subscribe for our IPO Shares available under the private placement.

In the event there is an under-subscription of Issue Shares in respect of the allocation to private placement to selected investors, any unsubscribed Issue Shares will be made available for Application by the Bumiputera Malaysian public. Any further Issue Shares in respect of the allocation to private placement to selected investors which are not subscribed for after being reallocated and offered to the Bumiputera Malaysian Public will be made available for application by the Malaysian Public.

Any unsubscribed Pink Form Shares will be re-offered to our Group's other Eligible Persons before being re-allocated to the Malaysian Public and/or identified investors by way of private placement. Any unsubscribed Issue Shares by the Malaysian Public will be made available for application by way of private placement to identified investors and vice versa.

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view:

(i) to broaden our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities; and

(ii) to establish a liquid market for our Shares.

There is no minimum subscription amount to be raised from our IPO. All our IPO Shares are either subscribed by the Malaysian Public, Eligible Persons and/or identified investors, pursuant to their irrevocable undertakings or fully underwritten by our Underwriter.

The salient terms of the underwriting arrangement are set out in Section 4.9 of this Prospectus.

4.3.4 Minimum Subscription

There is no minimum level of proceeds to be raised by us under our IPO. However, in order to comply with the public spread requirements of the Listing Requirements or as approved by Bursa Securities, the minimum subscription level will be the number of Shares required to be held by public shareholders.

4.3.5 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008 for our IPO.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

As at the LPD, the issued share capital for our Company is RM16,405,200 comprising 294,000,000 Shares. Upon completion of our IPO, the enlarged issued share capital of our Company will be RM[●] comprising 392,000,000 Shares as follows:

Details	No. of Shares	RM
Total number of Shares as at the date of this Prospectus	294,000,000	16,405,200
New Shares to be issued pursuant to the Public Issue	98,000,000	[●]
Upon completion of our IPO	**392,000,000**	[●]
Less: Estimated listing expenses directly attributable to the Public Issue		(1) [●]
Enlarged total number of Shares upon Listing	**392,000,000**	[●]
Offer for Sale	39,200,000	[●]
IPO Price		[●]
Proforma NA after our Acquisitions, Public Issue and the intended use of proceeds **(RM'000)**		[●]
Pro forma NA per Share after our Acquisitions, Public Issue and the intended use of proceeds		(2) [●]
Market capitalisation upon Listing based on our IPO Price and the enlarged total number of 392,000,000 Shares after our IPO		[●]

Notes:

(1) *These expenses are capitalised to the share capital of our Company as they are directly attributable to the issuance of Shares pursuant to the Public Issue. The amount of RM[●] million comprise RM[●] million for placement, underwriting, management and brokerage fees and RM[●] million for the portion of professional fees directly attributable to the Public Issue.*

(2) *Based on the pro forma NA after the IPO and adjusting for the use of proceeds from the Public Issue of RM[●] million and the enlarged issued share capital of 392,000,000 Shares after the IPO. Further details of the proforma NA per Share are set out in Section 13 of this Prospectus.*

As at the date of this Prospectus, we have only one class of shares, being ordinary shares. Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares, subject to any applicable Rules of Bursa Depository. Our Offer Shares will rank equally in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At any general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy, by attorney or by duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held.

4.5 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price of RM[●] per IPO Share was determined and agreed upon by our Directors and Promoters and together with Kenanga IB, being our Principal Adviser, Sponsor, Underwriter and Placement Agent after taking into consideration the following factors:

(i) our pro forma NA per Share attributable to the owners of the Company of approximately RM[●] as at 31 August 2023 based on the enlarged issued share capital of 392,000,000 Shares, after our IPO and subsequent to the use of proceeds from our Public Issue as set out in Section 4.7 of this Prospectus;

(ii) based on our historical audited combined statements of profit or loss and other comprehensive income of our Group for FYE 31 August 2023, we recorded a PAT of approximately RM6.56 million representing an EPS of approximately RM0.02 (based on the enlarged issued share capital of 392,000,000 Shares upon Listing) resulting in a PE Multiple of approximately [●] times;

(iii) our competitive strengths as described in Section 7.6 of this Prospectus;

(iv) our future plans and business strategies as described in Section 7.23 of this Prospectus; and

(v) the industry overview and prospects as set out in the IMR Report in Section 8 of this Prospectus.

Prospective investors should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. Prospective investors should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in Section 9 of this Prospectus.

4.6 DILUTION

Dilution is computed as the difference between our IPO Price paid by you for our Issue Shares and the pro forma NA per Share of our Group immediately after our IPO. The following table illustrates the effect in our Group's pro forma NA for each Share to our shareholders:

	RM
IPO Price	[●]
Pro forma NA per Share as at 31 August 2023 after the Acquisitions but before our Public Issue	0.06
Pro forma NA per Share as at 31 August 2023 after the Public Issue and the intended use of proceeds	[●]
Increase in pro forma NA per Share after the Public Issue and the intended use of proceeds	[●]
Increase in the pro forma NA per Share attributable to existing shareholders	[●]
Dilution in pro forma NA per Share to new investors	[●]
Dilution in the pro forma NA per Share to new investors as a percentage of our IPO Price	[●]%

Further details of our Group's pro forma NA per Share as at 31 August 2023 are set out in Section 13 of this Prospectus.

(The rest of this page is intentionally left blank)

4. DETAILS OF OUR IPO (CONT'D)

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, Directors, Substantial Shareholder, Key Senior Management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares since our incorporation up to the LPD:

Name	[(1)] No. of Shares after the Acquisitions but before our IPO	No. of Shares from our IPO	Total consideration	Average effective cost for each Share
			RM	RM
Promoter, Director and Substantial Shareholder				
Tee Chee Chiang	279,580,624	-	15,600,598.76	0.06
Promoter and Director				
Chan Wai Hoong	11,760,000	[(2)] 2,200,000	1,206,208.00	0.09
Independent Non-Executive Directors				
Thomas Chew Hock Hin	-	[(2)] 400,000	[●]	[●]
Ng Kim Kiat	-	[(2)] 400,000	[●]	[●]
Lee Siew Mee	-	[(2)] 400,000	[●]	[●]
Tengku Munazirah binti Tengku Abdul Samad Shah	-	[(2)] 400,000	[●]	[●]
Key Senior Management				
Tee Chee Chiang	279,580,624	-	-	0.06
Chan Wai Hoong	11,760,000	[(2)] 2,200,000	1,206,208.00	0.09
Yeoh Kim Kooi	-	-	-	-
Fon Wai Kein	-	[(3)] 600,000	[●]	[●]
Goh Yeh Hwang	2,656,585	[(3)] 600,000	298,237.44	0.09
Wong Thean Chee	-	[(3)] 600,000	[●]	[●]
New investors				
Public Issue	-	98,000,000	[●]	[●]
Offer for Sale	-	39,200,000	[●]	[●]

Notes:

(1) Number of Shares as at the LPD.

(2) Assuming full subscription of the Pink Form Shares reserved for our eligible Directors.

(3) Assuming full subscription of the Pink Form Shares reserved for our eligible Key Senior Management.

4.7 USE OF PROCEEDS

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

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

Notes:

(a) <u>Roll out of new core products and services</u>

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. (See Section 7.23.1 of this Prospectus for further details of AI-driven data handling and analytic solutions that we intend to introduce).

We intend to allocate approximately RM[●] million or [●]% for the expansion of new core products and services in relation to the new AI-driven data handling and analytic solutions within 24 months from the date of Listing. Further details are set out in the following manner:

	Note	*Estimated allocation of proceeds RM'000*
Product principal membership	*(i)*	*[●]*
Recruitment of up to 4 IT professionals	*(ii)*	*[●]*
Recruitment of 2 sales and marketing personnel	*(iii)*	*[●]*
Marketing expenses	*(iv)*	*[●]*
Total		*[●]*

(i) Product principal membership

We intend to allocate approximately RM[●] million as annual payment to 2 technology partners with established expertise in AI-driven data handling and analytics solutions to secure access to base software and resources (i.e. access to technical support portal, data engineering tools, training materials and user guides) of the new core products and services. As at the LPD, our Group is in the midst of identifying suitable technology partners. This allocation will enable our access to the base software and resources of our new technology partners for 2 years.

(ii) Recruitment of IT Professionals

We intend to allocate approximately RM[●] million for the recruitment of IT professionals with the relevant skillsets that are required to meet the requirements and criteria set forth by the existing or new technology partners. We plan to recruit up to a team of 2 solution architects and 2 software developers. The solution architects will be tasked with designing and recommending solutions to clients based on our clients' needs and requirements while the software developers will be tasked with configuring and implementing the solutions designed by our solutions architects to our client's software framework. The amount allocated will cover the salaries of these 4 new IT professionals for a total of approximately 24 months.

(iii) Recruitment of sales and marketing personnel

We intend to allocate approximately RM[●] million for the recruitment of 1 sales and account director and 1 sales and account manager to expand our marketing department to drive the sales of our new core products and services in relation to AI-driven data handling and analytic solutions. The sales and account director will be tasked with overseeing the sales target and driving sales by approaching potential clients. The sales and account manager will instead be tasked with managing clients and sales execution to assist our sales and account director. The amount allocated will be utilised as salary for these 2 new additions to our sales and marketing team who will be responsible for driving the sales of our new AI-driven products and services for a total of approximately 24 months.

(iv) Marketing expenses

We intend to allocate approximately RM[●] million mainly for participation in tradeshows and events organised by government agencies and/ or private sectors, intended to introduce our new products and services in relation to the AI-driven data handling and analytics solutions. We expect to utilise the proceeds for said marketing expenses within 24 months from our Listing.

In the event the actual proceeds utilised for the roll out of new core products and services is lower than the allocation of RM[●] million, the excess will be used for working capital expenses. Any excess amount required for the roll out of new core products and services will be funded from internally generated funds and/or bank borrowings. Pending the receipt of our Public Issue proceeds, we may proceed with our plans as set out above by utilising our internally generated funds. Therefore, when the Public Issue proceeds that we have allocated for the roll out of our new core products and services are received, we will use the proceeds allocated to replenish the internally generated funds.

(b) Strengthening of Singapore operations

Our Group has a Singapore presence via our subsidiary, VTCS that was incorporated in 2005. Nevertheless, our Singapore operations were supported by our Malaysia based IT professionals that travels to Singapore whenever there are implementation, maintenance and support, and professional services required in Singapore. As such, we intend to strengthen our Singapore operations through talent acquisition and establishing a Singapore base of operation. See Section 7.23.4 of this Prospectus for further details of the strengthening of our Singapore operation.

We intend to allocate approximately RM[●] million or [●]% of the total Public Issue proceeds for the strengthening of our Singapore operations within 24 months from the date of Listing, with details as follows:

	Notes	***Estimated allocation of proceeds***
		RM'000
Recruitment of Singapore personnel comprising:	*(i)*	***[●]***
(i) 1 country manager		
(ii) 1 pre-sales consultant		
(iii) 1 solutions architect		

	Notes	Estimated allocation of proceeds
Rental of co-working office	*(ii)*	*[●]*
Purchase of laptops and their associated operating systems	*(iii)*	*[●]*
Total		***[●]***

(i) Recruitment of Singapore personnel

We intend to allocate RM[●] million to hire a team of about 3 personnel consisting of a country manager, a pre-sales consultant and a solutions architect, to support our operations in Singapore. The country manager will be reporting directly to our head office on the sales, accounts and operations of our Singapore office. Separately, to cater for the technical aspects of our operations in Singapore, the solutions architect will be tasked with designing and recommending solutions to clients based on our clients' needs and requirements and the pre-sales consultant will be tasked with providing products demonstration and case scenarios to our potential clients as well as assisting our solutions architect to prepare proposals or quotations. The amount allocated is estimated to provide for the salaries for our newly recruited Singapore personnel for a total of approximately 20 months.

(ii) Rental of co-working office

We intend to allocate RM[●] million to rent workspace and meeting rooms within a co-working office to provide a base of operation as well as to facilitate any necessary meetings for our Singapore personnel. Given the nature of our business where our personnel primarily work onsite at clients' premises and also have the option to work remotely, rental of workspace in a co-working office offers flexibility to scale up in the future. As at the LPD, the exact location for the co-working office is expected to be determined and finalised within 3 months from the date of Listing. The amount allocated is estimated to provide for the rental of co-working office in Singapore for a total of approximately 20 months.

(iii) Purchase of laptops and their associated operating systems

We intend to purchase office equipment such as laptops and associated operating systems for the new personnel to be recruited.

In the event the actual proceeds utilised for the strengthening of Singapore operation is lower than the allocation of approximately RM[●] million, the excess will be used for working capital expenses. Any excess amount required for the strengthening of Singapore operation will be funded from internally generated funds and/or bank borrowings. Pending the receipt of our Public Issue proceeds, we may proceed with our plans as set out above by utilising our internally generated funds. Therefore, when the Public Issue proceeds that we have allocated for the strengthening of Singapore operation are received, we will use the proceeds allocated to replenish the internally generated funds.

(c) 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 adhere to international IT security standard, this is expected to address the requirement of our overseas clients who are seeking for cost-effective IT solution, as well as for these overseas clients that do have their internal IT offices in Malaysia to accommodate our IT professionals to work in their premises. See Section 7.23.3 of this Prospectus for further details of the establishment of a COE.

We intend to allocate approximately RM[●] million representing [●]% of our Public Issue proceeds for the establishment of a COE in Malaysia within 24 months from the date of our Listing, with details as follows:

	Notes	***Estimated allocation of proceeds***
		RM'000
Renovation cost, implementation of COE security in compliance with ISO 27001 Information Security Certification	*(i)*	*[●]*
Recruitment of marketing and technical personnels comprising of up to: *(i) 1 IT manager* *(ii) 9 IT professionals* *(iii) 1 marketing manager*	*(ii)*	*[●]*
Purchase of laptops and their associated operating systems	*(iii)*	*[●]*
Yearly subscription of IT cloud infrastructure for 2 years	*(iii)*	*[●]*
Advertising and marketing cost of COE	*(iv)*	*[●]*
Total		*[●]*

(i) Renovation cost, implementation of COE security in compliance with ISO 27001 Information Security Certification

We intend to obtain ISO 27001 Information Security Certification and fulfil the relevant requirements for our COE. Obtaining such certification will serve as an affirmation and endorsement of our Group's dedication in establishing a secure COE. We will engage ISO 27001 consultants to assist us through the ISO 27001 Information Security Certification process.

To facilitate the establishment of the COE and meet the ISO 27001 Information Security Certification, we intend to allocate RM[●] million for the renovation of our Group's existing properties. The COE is planned to be established at the Group's properties located in D-07-03 KL Gateway Property and D-07-3A KL Gateway Property. The renovations will include partitions, fixtures and fittings and the implementation of a data security infrastructure. Although these properties are currently rented out to third parties, their rentals are set to expire on 31 October 2025 and 29 February 2024 respectively. We intend to take over the properties at the end of their tenancy or earlier. Further details of our currently owned properties can be found in Section 6.8.1 of this Prospectus. Notwithstanding the above, our Group shall also consider rental of other similar properties depending on our needs should the opportunity arise, the rental of which will be covered by our internally generated funds.

In line with the ISO 27001 Information Security Certification requirements for our COE, we intend to implement a robust data security infrastructure. Our objective is to establish a comprehensive security system to strengthen our Group's risk management framework, particularly in safeguarding the data handled by our Group. We intend to create separate, distinct secure rooms within the premises of our COE equipped with individual door access restrictions, which will extend to the main entrance, ensuring that only authorised personnels can access specific rooms based on the project or services they are engaged in. Access to the COE by clients will be restricted solely to the clients whose projects or services we are currently undertaking in our COE.

We will also implement systems where access to systems and applications will also be restricted, and password protected. The information and data of our clients will be segregated on our network and special authorisation will be required for access to our network, including specific network services. We are committed to ensure that all network security systems implemented by us are in compliance with the requirements of the ISO 27001 information security certification. We will further include a logging management system where user activities, exceptions, faults and information security events logs will be kept and reviewed on a half yearly basis. These logging facilities and log information will be protected against tampering and unauthorised access. The activities of our system administrator and system operator will also be logged, protected and reviewed on a half yearly basis. Lastly, in relation to data access, our IT infrastructure will have virtual desktop infrastructure enablement where a virtual desktop will be hosted on our IT infrastructure. This virtual desktop will have encryption capabilities for our IT professionals to access our Group and our *client's systems. As such, data will be kept secured via the encryption capability of the virtual desktop.*

*We will also implement full coverage of closed-circuit television ("**CCTV**") within our COE. CCTV surveillance will be implemented to monitor all operations within our COE, demonstrating our proactive measure to further ensure data security. The CCTV surveillance serves as a deterrent and facilitates live monitoring to promptly detect and prevent any potential data leakages.*

We expect to utilise the proceeds for the renovations and the implementation of COE security in compliance with ISO 27001 Information Security Certification within 24 months from our Listing.

(ii) Recruitment of personnel

We intend to allocate approximately RM[●] million for the recruitment of marketing and technical personnel to support our operations in the COE. The amount allocated is for up to 11 personnel which comprises of up to 1 IT manager, 9 IT professionals and 1 marketing manager.

We intend to allocate up to 10 IT professionals to be actively engaged in projects or services at our COE. Maintaining a consistent and skilled workforce within the COE is crucial for meeting project timelines and requirements. These 10 IT professionals may be sourced from our existing pool of IT professionals or recruited as new hires, with the objective of ensuring that we have the right talent in place for the operations of our COE. In the event we allocate IT professionals from our existing pool of IT professionals to the COE, we will hire the equivalent number of new IT professionals to replenish our existing pool. We intend to allocate RM[●] million as the estimated salary cost for such recruitment, comprising of up to 1 IT manager and 9 IT professionals. The IT manager will be managing the entire operation and resources of our COE while the IT professionals will be tasked with executing the deliverables in accordance with the requirements of projects and engagements.

Further, we intend to allocate RM[●] million to recruit a marketing manager dedicated to market and drive sales for our new COE. We intend to effectively position and promote our newly established COE to clients, with a focus on expanding our market presence not only throughout Malaysia and Singapore. As such, our newly recruited marketing manager will be tasked with coming up with a dedicated marketing strategy to increase the visibility of our Group and COE. The amount allocated is estimated to provide for the salary for our newly recruited marketing manager for a total of 24 months.

(iii) Purchase of laptops and their associated operating systems and yearly subscription of IT cloud infrastructure

To provide our newly recruited IT professionals with the necessary equipment, we intend to allocate approximately RM[●] million for the purchase of laptops and their associated operating systems.

We further intend to allocate RM[●] million as annual subscription to IT cloud infrastructure. This cloud infrastructure allows us to have on-demand server access from reputable cloud service providers. Our cloud infrastructure will offer more cost-effective and reliable remote access to secure servers where our data and enterprise application solutions will be hosted. The amount allocated is estimated to provide for the annual subscription fees for our IT cloud infrastructure for our COE for a total of 24 months.

(iv) Advertising and marketing expenses for COE

We further intend to allocate RM[●] million for advertising and promotional expenses, as well as travel expenses for site visits to our client's premises to understand and analyse their requirement and their current operating environments prior to submission of proposals to prospective clients, that are intended to grow our businesses for COE.

In the event the actual proceeds utilised for the establishment of a COE is lower than the allocation of RM[●] million, the excess will be used for working capital expenses. Any excess amount required for the establishment of a COE will be funded from internally generated funds and / or bank borrowings. Pending the receipt of our Public Issue proceeds, we may proceed with our plans as set out above by utilising our internally generated funds. Therefore, when the Public Issue proceeds that we have allocated for the establishment of a COE are received, we will use the proceeds allocated to replenish the internally generated funds.

(d) Hardware and software licensing fees

We resell hardware and software as part of our business activity on top of our implementation and support and maintenance services. Hardware and software licenses are purchased by us and resold to our clients packaged with our services as value-added reseller given our technical expertise to assist in implementing and configuring these hardware and software. This positions us as a one-stop centre for implementation and maintenance support and professional services, allowing us to further drive our revenue from our core businesses. As at the LPD, our Group resells hardware and software licenses from certain of our technology partners being Oracle, WSO2 and Technology Partner B.

We intend to allocate RM[●] million representing [●]% of our Public Issue proceeds for the new purchase and renewal of the hardware and software licensing fees of Oracle and WSO2 as well as new licenses from other technology partners depending on the requirements of our clients and contracts. The cost of hardware and software licenses may vary based on types of licenses and technology partners and are depending on the requirements of our clients and the type of software licenses used (i.e. whether on-premises or cloud infrastructure software). On-premises software licenses, being software that are installed directly into our clients' IT infrastructure on their premises, are typically calculated on the basis of cost per license per software while cloud infrastructure licensing costs are determined based on, amongst others, the type of software, amount of data, time of usage and other factors which may affect how the cloud infrastructure is used. While we are not able to determine the number of licenses to be purchased at this point in time, the allocated amount of RM[●] million is expected to be used within 24 months from our Listing for the purpose.

In the event the actual proceeds utilised for hardware and software licensing fees is lower than the allocation of RM[●] million, the excess will be used for working capital expenses. Any excess amount required for hardware and software licensing fees will be funded from internally generated funds and / or bank borrowings. Pending the receipt of our Public Issue proceeds, we may proceed with our plans as set out above by utilising our internally generated funds. Therefore, when the Public Issue proceeds that we have allocated for our hardware and software licensing fees are received, we will use the proceeds allocated to replenish the internally generated funds.

(e) Loan repayment

We plan to utilise RM[●] million representing [●]% of our Public Issue proceeds for the repayment of the loans taken out to finance the purchase of properties.

Pursuant to 4 letters of offers, we have taken bank borrowings of approximately RM4.47 million to fund the purchase of 4 properties, 2 of which are currently used by us as our main offices. As at the LPD, the outstanding sum of bank borrowings for the purchase of our owned properties stands at RM4,078,000. Further details of our current owned properties can be found in Section 6.8.1 of this Prospectus.

Type of banking facilities	***Purpose***	***Interest rate per annum (2)***	***Maturity date***	***Balance as at LPD***	***Proposed repayment amount***
				RM'000	***RM'000***
Public Bank Berhad – Fixed loan(1)	*Purchase of property located at D-07-03, Menara Suezcap 1, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur*	*BLR – 2.37% per annum*	*June 2045*	*1,101*	*[●]*
Public Bank Berhad – Fixed loan(1)	*Purchase of property located at D-07-3A, Menara Suezcap 1, KL Gateway, No. 2, Jalan Kerinchi, Gerbang*	*BLR – 2.37% per annum*	*July 2045*	*784*	*[●]*

Type of banking facilities	*Purpose*	*Interest rate per annum* (2)	*Maturity date*	*Balance as at LPD*	*Proposed repayment amount*
				RM'000	*RM'000*
	Kerinchi Lestari, 59200 Kuala Lumpur				
Public Bank Berhad – Fixed loan(1)	*Purchase of property located at E-32-3A, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur*	*BLR – 2.37% per annum*	*May 2045*	*849*	*[●]*
Public Bank Berhad – Fixed loan(1)	*Purchase of property located at E-32-03, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur*	*BLR – 2.37% per annum*	*May 2045*	*1,344*	*[●]*
	Total			***4,078***	***[●]***

Notes:

(1) Prepayment of the borrowing within 3 years commencing from the date of first drawdown will be subjected to a prepayment fee of 2.00% on the approved loan amount. The said period has lapsed as at the LPD and the prepayment of the borrowing is permitted with 3 months' prior written notice to the bank.

(2) The base lending rate of Public Bank Berhad as at 8 May 2023 is 6.72% per annum as shown on Public Bank Berhad's website.

We expect to utilise the abovementioned proceeds to fully repay the entire amount outstanding under the abovementioned letter of offer within 6 months from the date of our Listing. The intended repayment of bank borrowing will result in an estimated annual interest savings of approximately RM[●] million based on the effective interest rate of approximately 4.35% per annum. However, the actual interest savings may vary depending on the then applicable interest rates.

(f) Estimated listing expenses

The estimated listing expenses for our IPO to be borne by our Group are estimated to be approximately RM[●]million representing [●]% of our Public Issue proceeds, the details of which are as follows:

Details	***RM'000***
Estimated professional advisory fees(1)	*[●]*
Underwriting commission, brokerage fees and placement fees	*[●]*
Regulatory fees	*[●]*
Other fees and expenses(2)	*[●]*
Total estimated listing expenses	***[●]***

Notes:

(1) Includes professional and advisory fees for, amongst others, Principal Adviser, Solicitors, Auditors and Reporting Accountants, IMR and Company Secretaries.

(2) Fees and expenses including, amongst others, printing, advertising, travel, roadshow expenses, media, translator and other miscellaneous expenses and contingencies incurred in connection with our IPO.

In the event that the actual expenses are higher than estimated, the deficit will be funded out of working capital. However, if the actual expenses are lower than estimated, the excess will be used for general working capital requirements of our Group.

Pending the eventual use of the proceeds from the Public Issue for the above intended purposes, we intend to place the proceeds raised (including accrued interest, if any) or the balance thereof in interest-bearing accounts with licenced financial institutions in Malaysia and/ or money market deposit instruments/funds.

Our Group will not receive any proceeds from the Offer for Sale. Based on our IPO Price of RM[●] per Offer Share, the gross proceeds from the Offer for Sale of RM[●] million will accrue entirely to the Offeror. The Offeror will bear the entire placement and management fees and incidental expenses relating to the Offer for Sale, amounting to approximately RM[●] million.

4.8 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

4.8.1 Underwriting commission

Kenanga IB, as our Underwriter, has agreed to underwrite 19,600,000 Issue Shares made available for application by the Malaysian Public and 9,800,000 Pink Form Shares made available to the eligible Directors and employees as set out in Sections 4.3.1(i) and 4.3.1(ii) of this Prospectus. We will pay our Underwriter an underwriting commission at the rate of [●]% of the total value of the underwritten Shares based on the IPO Price.

4.8.2 Brokerage fee

We will pay brokerage at the rate of 1.00% on the IPO Price in respect of all successful applications that bear the stamp of either Kenanga IB, the participating organisations of Bursa Securities, the members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

4.8.3 Placement fee

Our Placement Agent has agreed to place out 68,600,000 Issue Shares and 39,200,000 Offer Shares to be issued and / or offered to selected investors. The Offeror for the Offer Shares and us for the Issue Shares are obliged to pay our Placement Agent placement fee at the rate of up to [●]% of the value of Shares placed out to selected investors at the IPO Price.

The Offeror will bear the placement fee for the 39,200,000 Offer Shares.

4.9 DETAILS OF THE UNDERWRITING ARRANGEMENT

Pursuant to the Underwriting Agreement entered on [●], Kenanga IB, being the Underwriter has agreed to manage the underwriting of 29,400,000 Issue Shares ("**Underwritten Shares**") on the terms and conditions as set out in the Underwriting Agreement.

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

[•]

4.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our IPO Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS (which is operated by Bursa Depository). This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the subscribers of our IPO Shares.

Beneficial owners of our IPO Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as the shareholders of our Company in respect of the number of Shares credited to the respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

All Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

i. to facilitate a share buy-back;

ii. to facilitate conversion of debt securities;

iii. to facilitate company restructuring process;

iv. where a body corporate is removed from the Official List of Bursa Securities;

v. to facilitate a rectification of any error; and

vi. in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the 2nd Market Day following the transaction date, and payment for the securities is generally settled on the 2nd Market Day following the transaction date.

It is expected that our IPO Shares will not commence trading on Bursa Securities until about 10 Market Days after the close of the Retail Offering. Holders of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfers to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

4.11 OBJECTIVES OF OUR IPO

The purposes of our IPO are as follows:

(i) to enhance our business profile and future prospects;

(ii) to facilitate our business expansion locally and regionally as the listed status of our Company increases our corporate profile, which in turn enables our Group to tap into new customers and expand our business locally and regionally with the enhanced profile;

(iii) to enable us to attract and retain qualified and experienced employees through our profile as a listed company;

(iv) to enable us to have access to the capital market for cost effective capital raising to provide us with the financial flexibility to pursue growth opportunities;

Please see Section 4.7 of this Prospectus for further information on how we plan to utilise the proceeds raised from the IPO;

(v) to provide an opportunity for the investing community, including the Malaysian Public and Eligible Persons to participate in the equity and continuing growth of our Group;

(vi) to enhance the liquidity of our Shares;

(vii) to enhance the transparency and discipline of our corporate management through compliance with the disclosure requirements of the Bursa Securities as well as the enhanced corporate governance and internal control procedures as we migrate from a private company to a public listed company; and

(viii) to enable our existing and future shareholders to realise all or part of their investments through the listing and quotation of our Shares on the ACE Market.

(The rest of this page is intentionally left blank)

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDER

5.1.1 Promoters and Substantial Shareholder's shareholdings

The following table shows the shareholdings of our Promoters and Substantial Shareholder before and after our IPO:

		Before our IPO (1)				After our IPO (2)			
		Direct		Indirect		Direct		Indirect	
Name	Nationality / Country of incorporation	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.

Save for Tee Chee Chiang, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, our Promoters and Substantial Shareholder have the same voting rights as the other Shareholders of our Company and there is no arrangement between our Company and our shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of our Company.

5.1.2 Profiles of Promoters and Substantial Shareholder

(i) Tee Chee Chiang
Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman

Tee Chee Chiang, a Malaysian male, aged 48, is our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman. He currently oversees the overall strategic direction of our Group including business development partnership and marketing. He was appointed to our Board on 22 November 2023.

He graduated with a Bachelor of Engineering degree in Chemical Engineering from Monash University, Clayton Australia in September 1998. He started his career as a Production Executive in Dash Medical Gloves Sdn Bhd, which was a supplier of disposable latex and synthetic gloves in August 1998 where he was tasked to ensure the quality and consistent output of in the production of medical gloves. In June 1999, due to his interest and preference of the Information Technology industry, he joined CMC Technology (M) Sdn Bhd, which was a time attendance system provider as an Analyst to develop and enhance the attendance system. In April 2000, he left CMC Technology (M) Sdn Bhd and joined PacificNet-NTSC.com Sdn Bhd, which was an e-commerce platform solutions provider in the same month as an IT Executive where he was involved in the development of e-commerce website platforms for clients. He then left PacificNet-NTSC.com Sdn Bhd in October 2000. He joined Cap Gemini Ernst & Young Consultants Sdn Bhd, which was an IT service and consulting company in November 2000 as a Consultant in IT Consulting & Services and was promoted as a Senior Consultant in IT Consulting & Services in January 2002, where he was entrusted with implementing solutions for clients with Customer Relationship Management, Middleware, Infrastructure, Cyber Security and Java Technology. He was also entrusted with implementing data centre and call centre solutions for a major insurance company in Malaysia using systems from brands such as Oracle, Microsoft, Avaya, EMC, Veritas and IBM Servers.

During his tenure with Cap Gemini Ernst & Young Consultants Sdn Bhd, he obtained his postgraduate diploma in Information Technology from Staffordshire University, Stoke-on-Trent England in February 2002.

In August 2002, he left Cap Gemini Ernst & Young Consultants Sdn Bhd and joined Scope International (M) Sdn Bhd, which was an IT and operations centre for the Malaysian Standard Chartered Bank in September 2002 as a System Analyst where he was involved in implementing and providing support for Customer Relationship Management system for a major bank in Hongkong and Singapore. In July 2003, he left Scope International (M) Sdn Bhd to set up VTCM as a director and shareholder. He has been instrumental in the growth and expansion of our Group for the past 19 years. In January 2024, he was re-designated as the Non-Independent Executive Vice Chairman of our Group where he assumed his current responsibilities.

As at the LPD, he also holds directorships in several private limited companies, details of which are disclosed in Section 5.2.3(i) of this Prospectus.

He has no family relationship with the Promoters, Substantial Shareholder, Directors and other Key Senior Management of our Group.

(ii) Chan Wai Hoong
Promoter, Non-Independent Executive Director and CEO

Chan Wai Hoong, a Malaysian male, aged 54 is our Promoter, Non-Independent Executive Director and CEO. He provides the day-to-day strategic leadership of our Group, including making impactful decisions for our Group's operations and development. He was appointed to our Board on 22 November 2023.

He graduated with a Master of Science in Engineering Business Management from the University of Warwick, United Kingdom in July 1995. He also completed his Engineering Council Examination Part 2 in in September 1995 and fulfilled the academic requirements for registration in the United Kingdom as a Chartered Engineer.

He started his career in January 1995 as a business analyst in Time Quantum Technology Sdn Bhd, which was a technology consultancy and system integrator for Time Telecommunications Sdn Bhd where he acted as a liaison between business stakeholders and IT teams, translating business needs into technical requirements and solutions. He then left Time Quantum Technology Sdn Bhd in June 1997 and joined Modular Corp Sdn Bhd, which was a company involved in the supply of smart cards, developing smart card application and provision of related consultancy services in the same month, where he acted as the functional lead for smart card application implementation. In June 1998, he left Modular Corp Sdn Bhd and joined Arthur Andersen & Co., which was an audit, tax and consulting firm in September 1998 as an Experienced Consultant in the business consulting division. He acted as a consultant for Oracle Enterprise Resource Planning Distribution module implementation and Siebel Customer Relationship Management implementation where he was involved in assessing client's needs, analysing existing processes, provide solutions and offer ongoing support and guidance for Oracle systems. Thereafter, he left Arthur Andersen & Co. in May 2001 and joined Cap Gemini (Malaysia) Sdn Bhd, which was a business and technology consultant and system integrator in the same month as a Senior Consultant where he was responsible to lead the Oracle Customer Relationship Management software module. In January 2003, he was promoted to Manager in Cap Gemini (Malaysia) Sdn Bhd where he acted as an Oracle Customer Relationship Management solution architect, Oracle Customer Relationship Management software development team lead and pre-sales team leader until April 2003 when Cap Gemini (Malaysia) Sdn Bhd ceased their Malaysian operations.

In August 2003, he was invited by Innovation Associates Consulting Sdn Bhd, which was a company which was involved in system integration and consultancy to assume the role as Manager with similar responsibilities which he had in Cap Gemini (Malaysia) Sdn Bhd. He was then promoted to Senior Manager in January 2006 where he was responsible for project and program management of Oracle Customer Relationship Management implementation. He was also responsible for building and growing the Customer Relationship Management service line with the technology consulting division of Innovation Associates Consulting Sdn Bhd.

In August 2008, he left Innovation Associates Consulting Sdn Bhd and joined VTCM as an operations director where he assumed the role with similar responsibilities as he had as the Senior Manager in Innovation Associates Consulting Sdn Bhd for Oracle Customer Relationship Management solution. In August 2012, he was promoted to the Chief Operating Officer and Executive Director where he oversees and optimise the day-to-day operations of VTCM and is responsible for implementing the strategic plans and goals of VTCM. In September 2016, he was further promoted to the CEO and Executive Director where he assumed his current responsibilities. In January 2024, he was re-designated as the Non-Independent Executive Director and CEO of our Group.

As at the LPD, he also holds directorships in several private limited companies, details of which are disclosed in Section 5.2.3(ii) of this Prospectus.

He has no family relationship with the Promoters, Substantial Shareholder, Directors and other Key Senior Management of our Group.

(The rest of this is page is intentionally left blank)

5.1.3 Changes in our Promoters' and Substantial Shareholder's shareholdings

The changes in our Promoters' and Substantial Shareholder's respective shareholdings in our Company since our incorporation are as follows:

		As at date of incorporation				Before our IPO[1]				After our IPO[2]			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Nationality / Country of incorporation	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Promoter and Substantial Shareholder													
Tee Chee Chiang	Malaysian	1	50.00	-	-	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.

5.1.4 Promoters and Substantial Shareholder remuneration and benefits-in-kind

Save for the dividends to be paid or proposed to be paid as set out in Section 12.13 of this Prospectus, if any, to our Promoters and/or Substantial Shareholder and the aggregate remuneration and benefits paid or proposed to be paid to our Promoters and/or Substantial Shareholder for services rendered to our Group in all capacities for the FYE 2021, FYE 2022, FYE 2023 and proposed to be paid for the financial period commencing from 1 September 2023 up to the LPD as set out in Section 5.2.4 of this Prospectus, there are no other amount or benefits that has been paid or intended to be paid to our Promoters and/or Substantial Shareholder within the 2 years preceding the date of this Prospectus.

5.2 BOARD OF DIRECTORS

5.2.1 Shareholdings of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

	Before our IPO[1]				After our IPO[2]			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**
Thomas Chew Hock Hin	-	-	-	-	400,000[3]	0.10[3]	-	-
Tee Chee Chiang	279,580,624	95.10	-	-	240,380,624	61.32	-	-
Chan Wai Hoong	11,760,000	4.00	-	-	13,960,000[4]	3.56[4]	-	-
Ng Kim Kiat	-	-	-	-	400,000[3]	0.10[3]	-	-
Lee Siew Mee	-	-	-	-	400,000[3]	0.10[3]	-	-
Tengku Munazirah Binti Tengku Abdul Samad Shah	-	-	-	-	400,000[3]	0.10[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 upon our IPO.

(3) Assuming full subscription of the Pink Form Shares reserved for our eligible Directors.

(4) 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.

5.2.2 Profiles of our Directors

The profiles of Tee Chee Chiang and Chan Wai Hoong are set out in Section 5.1.2 of this Prospectus.

The profile of our other Directors are as follows:

(i) Thomas Chew Hock Hin
Independent Non-Executive Chairman

Thomas Chew Hock Hin, a Malaysian male, aged 53, is our Independent Non-Executive Chairman. He was appointed to our Board on 30 January 2024.

He graduated with a Bachelor of Commerce from the University of Melbourne, Australia in January 1994. He subsequently obtained his Master of Business Administration from Heriot-Watt University, United Kingdom in July 1997. He was admitted as a Certified Practising Accountant in Australia ("**CPA**") since April 1996 and progressed to obtain his CPA fellowship in September 2022. He was also admitted as a Chartered Accountant of the Malaysian Institute of Accountants since January 2000.

He has more than 30 years of experience in the technology and consulting industry. He started his career as an Analyst in Andersen Consulting Sdn Bhd (renamed to Accenture Solutions Sdn Bhd in 2021), which was a management and technology consulting firm in January 1993 and went through several promotions. Throughout his tenure with Andersen Consulting Sdn Bhd, he was involved in management consulting, system integration, outsourcing and digital transformation, serving both local and global clients and has led technology-driven business transformation programs in over 10 countries globally. In December 2012, he rose through the ranks to become Managing Director of Anderson Consulting Sdn Bhd, a position held until his retirement in February 2023, where he was responsible for several business portfolios acting the roles Regional Client Account Lead, Regional Outsourcing Sales Lead and Malaysia Resources Industry Group Lead. He is currently self-employed as an advisor where he assists organisations in leveraging technology to transform their businesses through system implementation.

As at the LPD, he does not hold directorships in companies outside of our Group.

He has no family relationship with the Promoters, Substantial Shareholder, Directors and Key Senior Management of our Group.

(ii) Ng Kim Kiat
Independent Non-Executive Director

Ng Kim Kiat, a Malaysian male, aged 54, is our Independent Non-Executive Director. He was appointed to our Board on 30 January 2024. He is the chairman of our Audit and Risk Management Committee and a member of our Remuneration Committee and Nomination Committee.

He graduated with a Bachelor of Accountancy (Honors) from Universiti Putra Malaysia (formerly known as Universiti Pertanian Malaysia) in August 1995. He has been a member of the Malaysian Institute of Accountants and also a member of the Malaysian Institution of Taxation since September 1998 and February 1999 respectively. He has also been licensed as an approved company auditor, tax agent and liquidator in Malaysia since October 2000, October 2000 and December 2005 respectively.

He started his career as an audit assistant in an audit firm, namely Y.S. Wong & Co in May 1995 carrying out audit of financial statements for private companies and related income tax reporting. He was subsequently promoted to the position of audit semi-senior in January 1996 before leaving the firm in February 1997. In March 1997, he joined another audit firm, namely SC Lim, Ng & Co. (formerly known as S.C. Lim & Co) as an audit senior. Over the years, he rose through the ranks to become its audit partner in September 2000 whereby he was also tasked with the business development of the firm, which had offices in Muar and Kuala Lumpur.

Meanwhile, he also joined Crowe Malaysia (formerly known as Horwath or Crowe Horwath) in January 2009 as its audit partner whereby he oversaw its entire operation of newly opened Muar branch. Crowe Malaysia was converted into a limited liability partnership, namely Crowe Malaysia PLT in January 2019. In December 2019, he withdrew as partner from SC Lim, Ng & Co. to focus his audit career with Crowe Malaysia PLT. In April 2021, he was made a director of Kairous Acquisition Corp Limited, a special purposed acquisition company incorporated in Cayman Islands and listed on NASDAQ Stock Exchange in the United States of America, a position which he has since relinquished in November 2023.

In October 2022, he was made Partner of Silver Ocean PLT, a firm providing corporate recovery services, and in November 2022, he was made Partner in Crowe Muar Advisory PLT, also a firm providing corporate recovery services. In May 2023, he was also made Partner of Serling Academy PLT, a firm providing training services. He left Crowe Malaysia PLT in December 2023 and Crowe Muar Advisory PLT in January 2024 and rejoined SC Lim, Ng & Co. PLT (which was converted from SC Lim, Ng & Co in September 2023) as its audit partner in January 2024.

As at the LPD, he holds directorships in several private limited companies, details of which are disclosed in Section 5.2.3(iii) of this Prospectus.

He has no family relationship with the Promoters, Substantial Shareholder, Directors and Key Senior Management of our Group.

(iii) Lee Siew Mee
Independent Non-Executive Director

Lee Siew Mee, a Malaysian female, aged 49, is our Independent Non-Executive Director. She was appointed to our Board on 30 January 2024. She is the chairwoman of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nomination Committee.

She graduated with a Bachelor of Management from the Universiti Sains Malaysia in July 2000. During her time with University Sains Malaysia, she participated in a student exchange program with the University of Victoria in British Columbia, Canada from January 1997 to April 1997 and Chubu University, Japan from October 1998 to March 1999. She has obtained certification for ITIL V3 Intermediate Lifecycle: Service Strategy in December 2011, ITIL Intermediate Operational Support and Analysis in March 2013, Coursera Data Science Specialization in April 2016, Microsoft Certified Azure AI Fundamentals and Microsoft Certified Azure Data Fundamentals in October 2020, as well as Microsoft Certified Power Platforms Fundamentals in March 2021. She is also a trained PMI Agile Practitioner since February 2022 and Certified Application Consultant with SAP since November 2001.

She started her career as an Analyst of Andersen Consulting Sdn Bhd (renamed to Accenture Solutions Sdn Bhd in 2021), which was a management and technology consulting firm in August 2000, where she led the design and build of Systems, Applications and Products (SAP) solutions for several companies in Asia to fully integrate their core utility business processes. She was promoted as a Consultant in September 2003 and Consulting Manager in September 2006, where she was responsible for technology solutions and management consulting practises for energy and utilities industry.

She left Andersen Consulting Sdn Bhd in May 2010, and joined BP BSC Asia Sdn Bhd, which was a company involved in provision of support services in July 2010 as an Applications Delivery Manager where she was responsible for management of SAP applications, vendor and stakeholder management covering several markets globally, and was redesignated in January 2016 as a Global Service Delivery Lead, where she was responsible for managing a large team of vendors to deliver IT operation services for the company's downstream time-critical business applications, as well as oversaw cross portfolio initiatives that include infra re-platforming on mega data centres and ServiceNow implementation. In July 2019, she was redesignated as the Project Management and Transformation Lead of the Data Platform Portfolio for BP BSC Asia Sdn Bhd, where she managed and oversaw the IT modernization and transformation roadmap activities for a portfolio of 16 live IT services comprising over 300 individuals in multi-disciplinary squads and professions across different regions, as well as enabling portfolio level alignment and performance reporting of the data portfolio. She left BP BSC Asia Sdn Bhd in December 2020 to take a career break.

In October 2021, she joined Bolttech Device Protection Asia Sdn Bhd, which was an insurance intermediary for device and home electronics and provider of related services, as a Program Manager for Group Customer Experience Transformation, where she manages the company's Customer Experience solution on the AWS cloud, supporting contact centres in 30 countries across Europe, the United States of America and Asia. She was subsequently promoted as Product Manager, where she was involved in managing the company's core payment gateway product as well, a position she still holds at present.

As at the LPD, she does not hold directorships in companies outside of our Group.

She has no family relationship with the Promoters, Substantial Shareholder, Directors and Key Senior Management of our Group.

(iv) Tengku Munazirah Binti Tengku Abdul Samad Shah
Independent Non-Executive Director

Tengku Munazirah Binti Tengku Abdul Samad Shah, a Malaysian female, aged 37 is our Independent Non-Executive Director. She was appointed to our Board on 22 February 2024. She is the chairwoman of our Nomination Committee and a member of our Audit and Risk Management Committee and Remuneration Committee.

She obtained a Swiss Diploma in Hotel Operational Management and Swiss Higher Diploma in Hospitality Management from the Swiss Hotel Management School, Switzerland in January 2007 and January 2008 respectively. She graduated with a Bachelor of Arts (Hons) in Hospitality Management from the University of Derby in November 2008 and Swiss Hotel Management School in January 2009.

After a short break from graduation, she started her career as a Club Concierge at the Ritz-Carlton Millenia, a hotel located in Singapore in November 2009 where she handled high profile guests, delivered personalised service, organised personalised tours and arranged meetings for VIP guests. She left Ritz-Carlton Millenia in January 2010 and took a break.

In April 2011, she founded The Hope Factory Sdn Bhd, a social enterprise that creates awareness and supports other non-profit organizations by channeling their profit back to 6 different areas of need including medical care, protecting children, sheltering the homeless, education, preventing hunger and bringing awareness to animal rights to the public, where she was responsible for directing all operations, branding, overseeing pricing decisions, as well as planning fundraising events and campaigns. She is also the President of Pertubuhan Harapan Istimewa Malaysia, a non-governmental organization set up under The Hope Factory Sdn Bhd, a position she continues to hold. The Hope Factory Sdn Bhd was dissolved in January 2017 and its functions were taken over by Pertubuhan Harapan Istimewa Malaysia.

In April 2021, she joined Sin Heap Lee Development Sdn Bhd, a property development company as an Executive Officer for Property Development. She holds the position as Head of Governmental Affairs in SHL Consolidated Berhad, the holding company of Sin Heap Lee Development Sdn Bhd, where she is responsible for leading the company's objectives involving local, state and federal government affairs, maintaining and nurturing relationships with the government, associated authorities and all committees to facilitate project development.

She also holds several roles in non-governmental organizations. These include among others, Secretary General of Koperasi Pumas Berhad since February 2023, Royal Patron of Persatuan Kebajikan A Plus since March 2020, a Trustee of Yayasan Perintis Malaysia since June 2019, Royal Patron of Humanitarian Aid Selangor Society since June 2017 and Royal Patron of Persatuan Insan Istimewa IMC Selangor since March 2017.

As at the LPD, she holds directorships in several private limited companies, details of which are disclosed in Section 5.2.3(iv) of this Prospectus.

She has no family relationship with the Promoters, Substantial Shareholder, Directors and Key Senior Management of our Group.

(The rest of this is page is intentionally left blank)

5.2.3 Principal directorships and business activities of our Directors outside our Group

Save as disclosed below, our Directors are not involved in other businesses or corporations. Thomas Chew Hock Hin and Lee Siew Mee do not have any present involvement or past involvement in any other corporations.

The following table sets out the principal directorships of our Directors outside our Group and the principal business activities performed by our Directors outside our Group as at the LPD ("**Present Involvement**") and those other principal directorships of our Directors outside our Group that were held within the past 5 years up to the LPD ("**Past Involvement**"):

(i) Tee Chee Chiang

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
Forwen Sdn Bhd	In the process of winding-up, it was previously involved in mobile/wireless business solutions The notice of intention to strike off company had been submitted on 18 December 2023.	Director / Shareholder	19 August 2005	-	90.00
Vetece Sdn Bhd	Investment holding of properties	Director / Shareholder	15 July 2010	-	99.00
VTCGB	Investment holding of VTCS	Director / Shareholder	1 August 2012	-	95.10
Rapidfy Dotcom Sdn Bhd	Dormant, it was previously involved in the provision of mobile/wireless business solution	Director / Shareholder	19 June 2014	-	99.99
Petbacker Sdn Bhd	Operating an online platform providing pet caring services	Director / Shareholder	10 April 2017	-	100.00
Eng Hong Palm Mill Sdn Bhd	Palm oil mill; transportation and common carriers/logistics	Shareholder	-	-	2.83
Tea Yiu Bing & Sons Sdn Bhd	Investment holding in oil palm plantations	Shareholder	-	-	7.34
Petbacker Limited	Pet care services	Director / Shareholder	17 November 2017	-	100.00
Petbacker Pty Ltd	Pet care services	Shareholder	-	-	100.00

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
Petbacker Co. Ltd.	Dormant	Director	24 February 2020	-	-
Petbacker Pte Ltd	Pet care services	Director / Shareholder	27 October 2017	-	100.00
Petbacker India Private Limited	Pet care services	Shareholder	-	-	99.90
Past Involvement					
Nuflit Malaysia Sdn Bhd	Dissolved on 5 June 2020 Previously involved in information communication technology (ICT) system security	Director / Shareholder	10 April 2017	5 June 2020	80.00[(1)]

Note:

(1) He held 80.00% direct equity interest before the company was dissolved on 5 June 2020.

(ii) Chan Wai Hoong

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
Chemfield Hardware Trading Sdn Bhd	Trading in all kinds of chemicals	Director / Shareholder	15 November 2006	-	6.00
VTCGB	Investment holding in VTCS	Director / Shareholder	1 August 2012	-	4.00
Rapidfy Dotcom Sdn Bhd	Dormant, it was previously involved in the provision of mobile/wireless business solution	Director / Shareholder	19 June 2014	-	*
Past Involvement					
-	-	-	-	-	-

Note:

***** *Negligible*

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) Ng Kim Kiat

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
Best Agenda Sdn Bhd	Property investment holding	Director / Shareholder	01 September 2005	-	50.00
SCLN Tax Services Sdn Bhd	Tax compliance and advisory services	Director / Shareholder	24 February 2010	-	30.00
Mesti Perkasa Sdn Bhd	The process for members' voluntary winding-up had commenced on 1 May 2021.	Director	03 March 2010	-	-
Thenar Solutions Sdn Bhd	Provision of OEM software for parking concessionaire	Director / Shareholder	14 June 2016	-	31.10
Padiyo Sdn Bhd	Investment holdings of quoted shares	Director / Shareholder	14 June 2016	-	50.00
NGL Consulting Sdn Bhd	Investment holding of quoted shares	Director / Shareholder	26 April 2021	-	70.00
K Force Headhunting Sdn Bhd	Holding company of Mesti Perkasa Sdn Bhd	Director / Shareholder	24 November 2010	-	52.50
Sterling Academy PLT	Provision of training services	Partner	19 May 2023	-	-
Silver Ocean PLT	Provision of corporate recovery services	Partner	11 October 2022	-	-
SC Lim, Ng & Co PLT	Provision of audit services	Partner	3 January 2024	-	-
Padiyo Solutions Sdn Bhd	Development of cloud-based corporate secretarial solution	Director[(1)] / Shareholder	14 November 2018[(1)]	16 January 2019[(1)]	54.95
Past Involvement					
DYDX Services Sdn Bhd	Provision of business support services including but not limited to accounting services	Director / Shareholder	17 June 2010	10 March 2020	50.00[(2)]
Kairous Acquisition Corp Limited	Special purpose acquisition company	Director / Shareholder	7 April 2021	26 November 2023	0.13[(4)]

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Crowe Muar Consulting Sdn Bhd (operations have ceased)	Ceased operation since July 2023, previously engaged in provision of training, consultancy and corporate recovery services	Director / Shareholder	05 May 2014	29 Dec 2023	50.00[(3)]
Crowe Muar Tax Sdn Bhd	Management and tax consulting	Director / Shareholder	03 March 2005	29 Dec 2023	50.00[(3)]
Crowe Malaysia PLT	Provision of audit services	Partner	01 January 2009	29 December 2023	-
Crowe Muar Advisory PLT	Provision of corporate recovery services	Partner	23 November 2022	16 January 2024	-

Notes:

(1) He was appointed as a director on 14 November 2018 and resigned on 16 January 2019.

(2) He held 50.00% direct equity interest before the disposal of such interest on 5 June 2020.

(3) He held 50.00% direct equity interest before the disposal of such interest on 29 January 2024.

(4) He held 0.13% direct equity interest before the disposal of such interest on 26 November 2023.

(iv) Tengku Munazirah Binti Tengku Abdul Samad Shah

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
Samadiyah Sdn Bhd	Dormant	Director / Shareholder	5 December 2012	-	12.5
Past Involvement					
-	-	-	-	-	-

The involvement of our Directors mentioned above in other principal business activities outside of our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Directors, as:

(a) our Independent Non-Executive Directors are not involved in the day-to-day operations of our Group. Their involvement in other business activities outside our Group will not affect their contributions to our Group as the principal activities of those companies are not similar to our Group's business; and

(b) our Non-Independent Executive Directors are not actively involved in any business activities outside our Group. Their involvement will not affect their ability to perform their roles and responsibilities as well as their contribution to our Group.

5.2.4 Directors' remuneration and benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our current Directors for services rendered to our Group for FYE 2022 and FYE 2023 and proposed to be paid for FYE 2024 are as follows:

FYE 2022	Salaries RM'000	Fees and allowances RM'000	Bonuses RM'000	Statutory contributions (1) RM'000	Benefits-in-kind RM'000	Total RM'000
Non-Independent Executive Directors						
Tee Chee Chiang	325	-	-	18	-	343
Chan Wai Hoong	235	-	-	47	-	282

FYE 2023	Salaries RM'000	Fees and allowances RM'000	Bonuses RM'000	Statutory contributions (1) RM'000	Benefits-in-kind RM'000	Total RM'000
Non-Independent Executive Directors						
Tee Chee Chiang	322	-	-	31	-	353
Chan Wai Hoong	235	-	-	47	-	282

FYE 2024	Salaries RM'000	Fees and allowances (2) RM'000	Bonuses RM'000	Statutory contributions (1) RM'000	Benefits-in-kind RM'000	Total RM'000
Independent Non-Executive Directors						
Thomas Chew Hock Hin	-	22	-	-	-	22
Ng Kim Kiat	-	22	-	-	-	22
Lee Siew Mee	-	22	-	-	-	22
Tengku Munazirah Binti Tengku Abdul Samad Shah	-	22	-	-	-	22
Non-Independent Executive Directors						
Tee Chee Chiang	322	-	-	31	-	353
Chan Wai Hoong	235	-	-	47	-	282

Notes:

(1) Includes employer's contribution to employees' provident fund, social security organisation and employment insurance scheme, where applicable.

(2) Fees and allowances for the Independent Non-Executive Directors are computed on a pro-rated basis, commencing from 1 February 2024 to 31 August 2024.

5.3 BOARD PRACTICES

5.3.1 Directors' term of office

As at the LPD, the date of expiry of the current term of office for each of our Director and the period that each of them has served in that office is as follows:

Directors	Date of appointment	Date of expiry of the current term of office	Approximate no. of years in office up to the date of this Prospectus
Thomas Chew Hock Hin	30 January 2024	Subject to retirement at our first annual general meeting	Less than a year
Tee Chee Chiang	22 November 2023	Subject to retirement at our first annual general meeting	Less than a year
Chan Wai Hoong	22 November 2023	Subject to retirement at our first annual general meeting	Less than a year
Ng Kim Kiat	30 January 2024	Subject to retirement at our first annual general meeting	Less than a year
Lee Siew Mee	30 January 2024	Subject to retirement at our first annual general meeting	Less than a year
Tengku Munazirah Binti Tengku Abdul Samad Shah	22 February 2024	Subject to retirement at our first annual general meeting	Less than a year

Pursuant to our Constitution, all our Directors shall retire from office at the conclusion of the first annual general meeting and an election of Directors shall take place each year at the annual general meeting in every subsequent year where at least one third (1/3) of our Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting.

Our Directors to retire in each year shall be those who have been longest in office since their last 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.

Our Directors shall have power at any time and from time to time, to appoint any person(s), subject to recommendation by the Nomination Committee and the approval by our Board, to be a Director, either to fill a casual vacancy or as an additional Director to the existing Board. Any Director so appointed shall hold office only until the next annual general meeting of our Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Our Board has adopted the following principal responsibilities for effective discharge of our functions:

(i) The Board is to effectively represent and promote the interests of our shareholders and stakeholders with a view to add long-term value to our Company's shares.

(ii) The Board discharges its responsibilities in meeting our Group's goals, the Board should, among others undertake the following:

(a) Strategic planning - to review and approve strategies, business plans and key policies for our Group and monitor Key Senior Management's performance in implementing them to determine whether the business is being properly managed;

(b) Corporate goal - to set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout our Group;

(c) Compliance to regulation - to ensure full compliance and to carry out the duties of the Board in accordance with the relevant provisions of the Listing Requirements, the CMSA, the Act, the MCCG and all applicable laws, regulations and guidelines;

(d) Risk management – to review the information and risk management and internal control system and the effectiveness of the management;

(e) Independent and transparent - to ensure that there shall be unrestricted access to independent advice or expert advice at VETECE's expense in furtherance of our Board's duties;

(f) Code of conduct - to formalise the ethical standards through a code of conduct which will be applicable throughout our Group and ensure compliance to this code of conduct;

(g) Succession planning - to ensure that our Key Senior Management has the necessary skills and experience, has and there is a proper and robust succession plan for our Key Senior Management and Executive Directors ("**ED(s)**") in place. Succession planning refers to the process of selecting, training, appointing, monitoring, evaluating and if warranted, replacing any management to ensure succession;

(h) Management proposals - to review, challenge and decide on our Key Senior Management's proposals for our Group, and monitor its implementation by Key Senior Management;

(i) Judgmental timing - to ensure that our Board has adequate procedures in place to receive reports from our Key Senior Management periodically and / or on a timely manner, so that the Board has reasonable grounds to make proper judgement on financial matters and business prospects of our Group on an ongoing basis;

(j) Financial and non-financial reporting - to ensure all our directors are able to understand financial statements and form a view of the information presented, and to ensure the integrity of our Group's financial and non-financial reporting. Each director shall read the financial statement of our Group and carefully consider whether what they disclose is consistent with the director's own knowledge of our Group's affairs;

(k) Related party management - to establish procedures to assess any related party transactions or conflict of interest situations that may arise within our Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity;

(l) Board committee - to establish and ensure the effective functioning and monitoring of our Board Committees then to delegate appropriate authority and terms of reference to such committees established by our Board;

(m) Board balance - to strive to achieve an optimum balance and dynamic mix of competent and diverse skillsets amongst the members of our Board;

(n) Governance culture - together with our Key Senior Management, promote good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour; and

(o) Stakeholder communication - to ensure that our Group has in place procedures to enable effective communication with stakeholders;

(iii) Our Board will direct and supervise our Key Senior Management, the business and affairs of our Group including, in particular:

(a) Sustainability management - to review and adopt a strategic plan for the long-term value creation and includes strategies on economic, environment and social considerations;

(b) Performance management - to establish policies for strengthening the performance of our Group including ensuring that our Key Senior Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

(c) Risk management - to identify principal risks, set the risk appetite within which our Board expects our Key Senior Management to operate and ensure the implementation of appropriate systems to manage the significant financial and non-financial risks and to ensure there is a sound framework for internal controls and risk management;

(d) Internal audit - to establish an internal audit function to obtain assurance of regular review and / or appraisal of the effectiveness of the system of internal controls within our Company and Group. Our Board should explain in summary the means that exist for obtaining such assurance of regular review and / or appraisal;

(e) Internal control - to review the adequacy and integrity of our Group's internal control system and management information systems, including systems for complying with applicable laws, regulations, rules, directives and guidelines;

(f) Debt repayment capacity - to decide on whatever steps necessary to protect our Company's and Group's financial position and the ability generate cash flow to meet its debts and other obligations when they fall due, and ensuring that such steps are taken; and

(g) Law and regulations - to ensure that the operations of VETECE are conducted prudently and within the framework of relevant laws and regulations.

(iv) Pursuant to the MCCG, the positions of Chairman and CEO are held by different individuals. The Chairman should be leading the Board in its collective oversight of management, while the CEO focuses on business and day-to-day operation of the Group. In the event that the positions of the Chairman of the Board and CEO are held by the same person, our Company shall give an explanation and justification in the Annual Report of our Company.

5.3.2 Audit and Risk Management Committee

The Audit and Risk Management Committee shall solely comprise of Independent Non-Executive Directors. The Audit and Risk Management Committee was constituted on 31 January 2024 with the function of assisting our Board in fulfilling its oversight responsibilities. The composition of our Audit and Risk Management Committee is set out below:

Name	Designation	Directorship
Ng Kim Kiat	Chairman	Independent Non-Executive Director
Lee Siew Mee	Member	Independent Non-Executive Director
Tengku Munazirah Binti Tengku Abdul Samad Shah	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee has full access to both internal and external auditors who in turn have access at all times to the Chairman of our Audit and Risk Management Committee. The key duties and responsibilities of our Audit and Risk Management Committee as stated in its terms of reference include, amongst others, the following:

Matters relating to external audit

(i) Recommend appointment or re-appointment of external auditors, audit fees and any questions of resignation or dismissal of the external auditors;

(ii) Review and report to the board letter of resignation from the external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation with the resignation made by the external auditors, if applicable and whether there is reason /supported by grounds) to believe that the external auditor is not suitable for re-appointment.

(iii) Monitor the effectiveness of the external auditors' performance and their independence and objectivity; and

(iv) Review and discuss with the external auditors on the following and report the same to our Board:

(a) the nature, scope and plan of the audit before the audit commences and ensure co-ordination where more than one audit firm is involved;

(b) audit report;

(c) evaluations of the system of internal controls;

(d) the assistance given by the employees to the external auditors;

(e) external auditors' report of deficiencies in internal control and management's response thereto;

(f) any significant audit findings, reservations, difficulties encountered, or material weaknesses reported by the external auditors;

(g) the annual evaluation of the performance of the external auditors, including the suitability, objectivity and independence of the external auditors which takes into consideration the following:

- the external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- the competence, audit quality and resource capacity of the external auditors in relation to the audit;
- the information presented in the Annual Transparency Report of the audit firm;
- the nature and extent of the non-audit services tendered and the appropriateness of the level of fees;
- written assurance from the external auditors confirming that they are, and have been independent through the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirement; and
- the conduct of an annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required.

(v) Review the external auditor's audit report, management letter and management's response to the management letter;

(vi) Shall be advised of significant use of the external auditors in performing non-audit services within our Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised;

(vii) Review with the external auditors for the Statement on Risk Management and Internal Control of our Group for inclusion in the Annual Report;

(viii) Discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of our Executive Directors and our Key Senior Management where necessary);

(ix) The Management will seek clearance from the Audit and Risk Management Committee, in the event that the non-audit fees paid to our Company's external auditors, or a firm or corporation affiliated to the external auditors' firm are significant (e.g. constitute 50% of the total amount of audit fees paid to our Company's external auditors) and our Company is required to state the details on the nature of non-audit services rendered in the Audit and Risk Management Committee's Report;

(x) To assist in fulfilling our Board's stewardship accountability to its shareholders and financial stakeholders; and

(xi) To provide assurance to our Board with quality and reliable financial information and are responsible for the accuracy and integrity of our Group's financial reporting.

Matters relating to internal audit

(i) Review with the internal auditors on the following and report the same to our Board:

(a) annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of our Group;

(b) effectiveness of the internal audit processes as well as the adequacy of resources, competency and the necessary authority for the internal audit function;

(c) internal audit report containing the internal audit findings, investigations undertaken and whether or not appropriate actions are taken by the management, based on recommendations of the internal auditors and to follow-up on remedial actions;

(d) ensure the internal audit function is independent of the activities its audits and the internal auditors report directly to the Audit and Risk Management Committee and review their performance on annual basis. The head of internal audit should have relevant qualifications and be responsible for providing assurance to the Audit and Risk Management Committee that the internal controls are operating effectively. The internal auditors will be responsible for the regular review and/ or appraisal of the effectiveness of risk management, internal control and governance processes within our Group; and

(e) approve any appointment or termination of internal auditors.

(ii) Take cognizance of resignations of internal auditors and provide the resigning internal auditor with an opportunity to submit his reasons for resigning upon receipt of such notice of resignation;

(iii) Review the appraisal or assessment of performance of the internal auditors on an annual basis;

(iv) Review with the internal auditors on the external auditors' report of deficiencies in internal control and management's response thereto and report the same to our Board; and

(v) Review any special audit which the Audit and Risk Management Committee deems necessary.

Matters relating to risk management and internal control

(i) Review the Statement of Risk Management and Internal Control to be published in the Annual Report and report the same to our Board;

(ii) Review and assess the adequacy and effectiveness of internal control systems and risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;

(iii) Review our Group's risk profile and risk tolerance and our Group's risk management plans to mitigate business risks as identified from time to time;

(iv) Assess the adequacy of the business recovery / disaster recovery procedures;

(v) Assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;

(vi) Ensure that the key risks are effectively managed in accordance with our Group's risk management policies and strategies;

(vii) Carry out other responsibilities, functions or assignments as may be defined by our Board from time to time; and

(viii) Review our Key Senior Management's efforts to embed risk management in all aspects of our Group's activities.

Matters relating to related party transactions / Conflicts of interest situations

(i) Review related party transactions entered into by our Company or our Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that our Board reports such transactions annually to the shareholders via the annual report;

(ii) Review conflict / potential conflict of interests' situation that may arise within our Company or our Group, including any transaction, procedure or course of conduct that raises questions of our Key Senior Management's integrity;

(iii) In order to mitigate any possible conflict of interest situation, our Directors will declare to the Audit and Risk Management Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group.

(iv) The Audit and Risk Management Committee will first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, the Audit and Risk Management Committee will then:

(a) immediately inform our Board of the conflict of interest situation;

(b) make recommendations to our Board to direct the conflicted Director to:

i. withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an executive director); and

ii. abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

(v) In relation to (iv)(b) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of the Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairperson of the Board, be present at the Board meeting for the purpose of answering any questions.

(vi) In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his/her fiduciary responsibility to the Group, the Audit and Risk Management Committee may determine that a resignation of the conflicted Director from the Board is appropriate and necessary.

(vii) Ensure that our Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes; and

(viii) Report to Bursa Securities, if there is any related party transaction which exceeded the shareholders' mandate and provide full reasoning and detailed explanations. Related party transaction and conflict / potential conflict of interest of interests' situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions of management integrity.

Whistleblowing and fraud

(i) To ensure that proper investigations are carried out, on a timely basis, for substantiated cases reported by any whistleblower to the Chairman of our Board or the Chairman of the Audit and Risk Management Committee, and report the results and conclusion of such investigations, with the appropriate cause of action shall be recommended to our Board for approval, in accordance with our Group's whistleblowing policy; and

(ii) Review the Group's policies and procedures for detecting fraud.

Overseeing financial reporting

(i) Review and deliberate the quarterly results and year-end financial statements, before the approval by our Board, focusing particularly on:

(a) any changes in or implementation of accounting policies and practices;
(b) significant or material adjustments with financial impact arising from the audit;
(c) significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
(d) the going concern assumptions;
(e) the appropriateness of Management's selection of accounting policies and disclosures in compliance with approved accounting standards and other regulatory requirements;
(f) compliance with applicable financial reporting standards;
(g) litigation that could affect the results materially; and
(h) Proposed dividend by the Management.

(ii) Monitor the integrity of the financial statements of the Group;

(iii) Assess whether the financial reports represent a true and fair view of the Group's performance and ensure compliance with the regulatory requirements;

(iv) To ensure the competency of the accounting staff and adequacy of the resources and infrastructure of the finance function; and

(v) To propose best practices on disclosure in the financial statements and the annual reports of the Group, to be in line with the recommendations set out in the MCCG and other applicable rules and regulations.

5.3.3 Remuneration Committee

The Remuneration Committee was constituted on 31 January 2024 by our Board. The composition of our Remuneration Committee is set out below:

Name	Designation	Directorship
Lee Siew Mee	Chairwoman	Independent Non-Executive Director
Ng Kim Kiat	Member	Independent Non-Executive Director
Tengku Munazirah Binti Tengku Abdul Samad Shah	Member	Independent Non-Executive Director

The key duties and responsibilities of our Remuneration Committee as stated in its terms of reference include, amongst others, the following:

(i) Review and recommend to our Board the remuneration policy and procedures for Directors and Management, including the fee structure and level of remuneration forour Vice Executive Chairman, Executive Director and Key Senior Management.

In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The remuneration policy should align with our Group's business strategies and long-term objectives, complexity and performance of our Group as well as skills and experience required. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Group;

(ii) Formulate policies, guidelines and set criteria for remuneration packages for our Directors and to ensure that our Directors are fairly and appropriately remunerated according to the general market sentiments or conditions;

(iii) Review and recommend to our Board on the remuneration framework of our Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Directors' contribution, by taking into account the level of expertise, commitment and responsibilities undertaken. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of caliber, and yet not to excessive.

The determination of remuneration packages of Non-Executive Directors shall be a matter for our Board as a whole;

(iv) Review and recommend to our Board on the total individual remuneration package for Executive Directors and Key Senior Management including where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance.

The Executive Directors shall abstain from the deliberation and voting on their own remuneration;

(v) Review and recommend to our Board and subsequently to the shareholders' approval at a general meeting, the fees of our Directors and any benefits payable to the Directors including any compensation payable to the Directors in connection with any loss of employment of Director or former Director. Such compensation shall be determined in accordance with relevant contractual terms and shall be fair and not excessive for our Group;

(vi) Consider the appointment of independent experts to facilitate the Remuneration Committee in carrying out its functions;

(vii) Review any major changes in remuneration policy and employee benefit structures throughout our Company or Group, and if thought fit, recommend them to the Board for adoption;

(viii) Consider and review any renewal of service contracts of the Executive Directors as and when due, as well as any service contracts and remuneration package for newly appointed Directors prior to their appointment; and

(ix) Review and recommend to our Board regarding any proposed new employees' share option scheme to be given to the employees of our Group and/or amendments to the existing scheme.

The individuals concerned must abstain from discussing their own remuneration. The detailed remuneration of each Director should be disclosed in the Annual Report on a named basis.

5.3.4 Nomination Committee

The Nomination Committee was constituted on 31 January 2024 by our Board. The composition of our Nomination Committee is set out below:

Name	Designation	Directorship
Tengku Munazirah Binti Tengku Abdul Samad Shah	Chairwoman	Independent Non-Executive Director
Ng Kim Kiat	Member	Independent Non-Executive Director
Lee Siew Mee	Member	Independent Non-Executive Director

The key duties and responsibilities of our Nomination Committee as stated in its terms of reference include, amongst others, the following:

New Appointment

(i) Assess and recommend to our Board, nominees for all directorships and committee members. In making its recommendations, the Nomination Committee should consider the candidates proposed by our Board, and within the bounds of practicability, by any other senior executive, Director or major shareholder. The Nomination Committee may also utilise independent sources including directors' registry, industry and professional association, open advertisements and independent search firms to identify suitably qualified candidates.

The Nomination Committee shall evaluate the balance of skills, knowledge, experience and diversity on the existing Board and prepare a description of the role and capabilities required for particular appointment and to ensure our Board comprises at least 1 woman director and to review the participation of women in senior management to ensure there is healthy talent pipeline for recommendation to our Board. In making its recommendations, the Nomination Committee shall assess and consider the following attributes or factors:

a) professionalism;

b) existing number of directorships held, including on boards of non-listed companies;

c) confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation;

d) commitment (including time commitment);

e) merit and against objective criteria with due regard for diversity in gender, age, experience, skills and cultural background;

f) contribution and performance;

g) background, character, integrity, and competence;

h) any business interests that my result in a conflict of interest that may arise within the Company or the Group; and

i) in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities / functions as expected from Independent Non-Executive Directors. In considering independence, it is necessary to focus not only a director's background and current activities qualify him or her as independent but also whether the Director can act independently of management.

Our Company should disclose in its annual report how candidates for Non-Executive Directors positions were sourced including whether such candidates were recommended by the existing board members, management or major shareholders.

If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the Nomination Committee should explain why other sources were not used;

(ii) Recommend to our Board, the appointment of Chairman's position (Board/Committee) in consultation of the Board; and

(iii) Recommend to our Board, Directors to fill the seats on Board Committees, in consultation with the Chairman of those committees.

Re-election, Re-appointment, Re-designation and Resignation/Termination

(i) Recommend to our Board on the re-appointment of any Non-Executive Directors at the conclusion of his or her specified term of office, re-election of any Director under the retirement by rotation provisions in the Company's Constitution;

(ii) Make any necessary recommendations to our Board concerning the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of our Company subject to provision of the law and their service contracts;

(iii) Recommend to our Board on the re-designation of the Independent Director to Non-Independent Director should the tenure of an Independent Director exceed a cumulative terms limit of 9 years. If the Board intends to retain an Independent Director beyond 9 years but not more than cumulative term of 12 years, it should be subjected to the following:

a) annual assessment by the Nomination Committee, regarding the independence and contributions; and

b) annual shareholders' approval through two-tier voting process in a general meeting, where our Board provides strong justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting.

Specific Nomination and Succession Planning

(i) Recommend suitable candidates for the role of Senior Independent Director, as applicable.

(ii) Review our Board's succession plans.

(iii) Review and make recommendations on Succession Planning for management.

Annual Performance Assessment of Board, Board Committees and Individual Directors

(i) Assess annually:

a) the required mix of skills and experience of our Board, including the core competencies which Non-Executive Directors should bring to our Board;

b) the effectiveness of our Board as a whole, the Board Committees and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions shall be properly documented;

c) the character, experience, integrity and competence of Directors, chief executive and chief financial officer and to ensure they have time to discharge their respective roles;

d) the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether they have carried out their duties in accordance with their Terms of Reference; and

e) the independence of Independent Directors to ensure the Director can act independently of management.

The Nomination Committee may engage a professional, experienced and independent party to facilitate the Board evaluation.

Induction training programme analysis

(ii) Review and define orientation and induction plans for new Directors.

(iii) Review our Directors' continuing education programmes.

(iv) Assess annually the training needs of each Director, review the fulfilment of such training, and disclose details in the annual report as appropriate.

Size of Board and Independent Directors

(i) Review the structure, size and composition (including skills, knowledge, experience and diversity of our Board and core competencies which Non-Executive Directors should bring to our Board).

(ii) Assess desirable number of Independent Directors.

(iii) Recommend to our Board the Company's gender, age, experience and diversity policies, targets and discuss measures to be taken to meet those targets.

(iv) Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.

Statement about the activities of the Nomination Committee

(i) Review and recommend to our Board a statement about the activities of the Nomination Committee in the discharge of its duties for the financial year for incorporation into the annual report. The statement must include the requirements as set out in Rule 2.20A of the Listing Requirements and contain the following information:

a) the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;

b) our Board nomination and election process of Directors and criteria used in the selection process; and

c) assessment undertaken by the Nomination Committee in respect of our Board, Board Committees and individual Directors together with the criteria for such assessment.

5.3.5 Malaysian Code on Corporate Governance

Our Board acknowledges and take cognisance of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have a Board comprising a majority of independent directors. Further, our Group has at least 30% women directors on our Board whereby we have 2 women directors out of a total of 6 Directors. As such, we are also in compliance with Rule 15.02(1) of the Listing Requirements. Our Chairman of the Board is also not a member of our Audit and Risk Management Committee, Remuneration Committee or Nomination Committee.

5.4 KEY SENIOR MANAGEMENT

5.4.1 Key Senior Management team

The composition of our Key Senior Management is set out below:

Name	Age	Nationality	Designation
Tee Chee Chiang	48	Malaysian	Non-Independent Executive Vice Chairman
Chan Wai Hoong	54	Malaysian	Non-Independent Executive Director and CEO
Yeoh Kim Kooi	40	Malaysian	Chief Financial Officer
Fon Wai Kein	44	Malaysian	Head of Enterprise, Application Integration and SSO Management
Goh Yeh Hwang	45	Malaysian	Head of Enterprise, Infrastructure On-Premises and Cloud Solution
Wong Thean Chee	44	Malaysian	Head of Enterprise, Data Engineering, Analytics and CRM

5.4.2 Profiles of our Key Senior Management

The profiles of our Key Senior Management are as follows:

(i) Tee Chee Chiang

Please refer to Section 5.2.2(ii) of this Prospectus for details of Tee Chee Chiang's profile.

(ii) Chan Wai Hoong

Please refer to Section 5.2.2(iii) of this Prospectus for details of Chan Wai Hoong's profile.

(iii) Yeoh Kim Kooi

Yeoh Kim Kooi, a Malaysian male, aged 40, is our Chief Financial Officer. He is responsible for managing and overseeing financial and accounting functions of our Group.

He graduated from Oxford Brookes University, United Kingdom in July 2008 with a Bachelor of Science in Applied Accounting. He has been a member of the Association of Chartered Certified Accountants since October 2008 and he was admitted as a fellow of the Association of Chartered Certified Accountants in October 2013. He is also a member of the Malaysian Institute of Accountants since January 2010.

He started his career as an Audit Junior with Ng Chin Huan & Associates, an audit firm in December 2004 where he was responsible for assisting senior audits in their audits and then joined another audit firm, Chong & Co, as an Audit Semi-Senior in May 2007. Subsequently, he left Chong & Co in December 2008 to join Crowe Horwath (Kuala Lumpur) (now known as Crowe Malaysia PLT), an audit firm as an Audit Senior

Associate in January 2009. He left Crowe Horwath in November 2010 to join Baker Tilly TFW LLP (Singapore), an audit firm as an Audit Senior in March 2011. At Baker Tilly TFW LLP (Singapore), he audited clients from various industries, which include manufacturing facilities, industrial products and plantation.

In February 2012, he left Baker Tilly TFW LLP (Singapore) to join Lobb Heng Pte Ltd, which was a company involved in commodities trading as an Assistant Finance Manager in March 2012. At Lobb Heng Pte Ltd, he assisted in planning, managing and maintaining all financial and accounting functions of the company until May 2012. In October 2012, he joined Darco Water Systems Sdn Bhd, which was a company involved in water treatment as Financial Controller and in that capacity was responsible for managing the accounting and finance functions of the company in Malaysia. He was subsequently promoted in July 2013 to Group Financial Controller at Darco Water Technologies Limited, Singapore where he was responsible for the group's corporate finance, corporate communications and overall financial operations. He left Darco Water Technologies Limited in March 2016 to join Powerus Sdn Bhd, which was a company involved in commodities export as Group Financial Controller in April 2016, where he was responsible for the overall control and monitoring of financial performance of the company. However, he soon left Powerus Sdn Bhd in August 2016 as the industry was severely impacted by the moratorium of export of bauxite and thereafter he provided freelance assistance to companies on finance and accounting matters.

In November 2016, he joined Nova Laboratories Sdn Bhd, which was a company involved in manufacturing of pharmaceutical products as the Chief Financial Officer overseeing the overall control and monitoring of the financial performance of the Company. He was subsequently redesignated as the Chief Financial Officer of Nova Wellness Group Berhad, the holding company of Nova Laboratories Sdn Bhd, upon its listing on the ACE Market of Bursa Securities in July 2018. He subsequently left Nova Wellness Group Berhad in September 2018 and took a career break before he joined Pecca Leather Sdn Bhd, which was a company involved in leather seat manufacturing in January 2019 as Financial Controller overseeing the overall control and monitoring of the financial performance of the Company . In January 2020, he left Pecca Leather Sdn Bhd and joined Hager + Elsaesser Asia Pte Ltd, which was a water treatment company in February 2020 as the Regional Financial Controller where he oversaw the control and monitoring of the company's regional financial performance. In October 2020, he left Hager + Elsaesser Asia Pte Ltd and resumed his freelancing activities due to the MCO imposed by the Government. In July 2022, he joined Unique Luxury Sdn Bhd, which was a medical center as a Chief Financial Officer overseeing the overall financial activities of the company. In December 2022, he left Unique Luxury Sdn Bhd and continued his freelancing activities until he then joined VTCM in June 2023 where he assumed his current responsibilities.

As at the LPD, he does not hold directorships in other private limited companies. Details of his past involvements are disclosed in Section 5.4.4(i) of this Prospectus.

He has no family relationship with the Promoters, Substantial Shareholder, Directors and other Key Senior Management of our Group.

(iv) Fon Wai Kein

Fon Wai Kein, a Malaysian male, aged 44, is our Head of Enterprise Application Integration and SSO Management. He is responsible for leading the business development, sales and delivery of Enterprise Application Integration & Single Sign-On solutions for our Group.

He graduated with a Bachelor of Science and Information from the University of South Australia in May 2004.

He started his career in May 2004 as an Application Consultant with Hypertronics Pte Ltd in Singapore, where he was responsible for conducting process workshops, developing training materials and job aids, conducting system training and system functionality testing, and providing post-production support to end-users. He left Hypertronics Pte Ltd, which was a company which was involved in the manufacturing of electrical equipment and supplies in January 2006 and returned to Malaysia in February 2006 to join Orisoft Berhad (now known as Tricor Orisoft Technology Sdn Bhd), which was an IT software solutions company as an Application Consultant. At Orisoft Berhad, he was responsible for deploying the human resources management system of the company, system designing, ensuring compliance with system implementation schedules, and providing post-production support to end-users. He left Orisoft Berhad in May 2008.

In June 2008, he joined atQuest Solution Sdn Bhd, a company which was involved in provision of IT solutions and system integration as a Functional Consultant, where he orchestrated user requirements sessions, designed customer relationship management work processes, developed functional specifications documents, performed detailed design specifications for application functionality as well as real-time integrations and batch interfaces with various backend systems.

He left atQuest Solution Sdn Bhd in December 2009 and joined VTCM in the same month as a Consultant. He was promoted to Senior Consultant in September 2011, Manager in September 2013 and Senior Manager in September 2017. Over the years he was with VTCM, he was responsible for managing different projects for VTCM. He was promoted to Associate Director in September 2019 and was re-designated as Head of Enterprise Application Integration and SSO Management where he assumed his current responsibilities.

As at the LPD, he also holds directorships in several private limited companies, details of which are disclosed in Section 5.4.4(ii) of this Prospectus.

He has no family relationship with the Promoters, Substantial Shareholder, Directors and other Key Senior Management of our Group.

(v) Goh Yeh Hwang

Goh Yeh Hwang, a Malaysian male, aged 45, is our Head of Enterprise Infrastructure On-Premises and Cloud Solution. He is responsible for leading the business development, sales and delivery of Enterprise Infrastructure On-Premises and Cloud solutions which includes implementation and migration service for servers and database, as well as cyber security and IT Infrastructure managed service outsource initiatives.

He graduated with a Bachelor's degree in Computer Science, majoring in Software Engineering from the University of Malaya in June 2003.

He started his career as a Developer with eQuad Technology Sdn Bhd, a company which was involved in the trading and servicing of IT equipment, parts and related products in March 2003, where he was involved in game development until July 2003. He joined Scope International (M) Sdn Bhd, which was an IT and operations centre for Standard Chartered Bank Malaysia Berhad in August 2003 as a Graduate Trainee and was later confirmed as a Developer, where he was a Siebel customer relationship management system developer, actuate reporting tool system developer, system administrator and database administrator. He left Scope International (M) Sdn Bhd in August 2005.

In August 2005, he joined VTCM as a Consultant and was promoted to Team Leader in March 2007, Manager in September 2010 and Senior Manager in September 2013. Throughout his tenure with VTCM, he was involved as a Siebel system administrator and database administrator, Siebel developer, as well as deployment and development of Middleware, Java and Database systems. In September 2021, he was promoted to Associate Technical Director where he was responsible for deployment and development of cloud, infrastructure and database systems. He was re-designated as the Head of Enterprise Infrastructure On-Premises and Cloud Solution.

As at the LPD, he does not hold directorships in companies outside of our Group.

He has no family relationship with the Promoters, Substantial Shareholder, Directors and other Key Senior Management of our Group.

(vi) Wong Thean Chee

Wong Thean Chee, a Malaysian male, aged 44, is our Head of Enterprise Data Engineering, Analytics and CRM. He has more than 20 years of experience in enterprise data management and analytics solution in telecommunication, financial services, higher education and logistics industries. He is responsible for leading the business development, sales and delivery of Enterprise Data Engineering and Analytics solutions as well as Enterprise Customer Relationship Management solution for our Company.

He graduated with a Bachelor of Science (Honours) in Computing and Information System from the London Guildhall University in March 2002. He is also a Sales Specialist in Business Intelligence Applications since March 2013 by the Oracle University and a Oracle Business Intelligence Implementation Specialist since September 2014.

He started his career as a Management Information System Executive with Pearson Malaysia Sdn Bhd, which was a company involved in publication and sale of education materials in January 2001, where he provided software and hardware support to end-users. He left Pearson Malaysia Sdn Bhd in August 2001 and joined HSI (M) Sdn Bhd, which was an IT solution provider in the same month, where he was involved in application development and implementation of the product of the company in the hospitality industry. He left HSI (M) Sdn Bhd in April 2003 and joined Sunway University in May 2003 as an Analyst Programmer, where he led the system analysis, design and implementation of the Education Management System for Sunway University until August 2004.

In September 2004, he joined MSTi Corporation Sdn Bhd, a company which was involved in trading of computer software and hardware and the rendering of IT related consulting services as an Analyst Programmer, where he was responsible for product development and project implementation of the company's Enterprise Resource Planning application for their clients. He left MSTi Corporation Sdn Bhd in August 2005 and joined Accenture Solutions Sdn Bhd, which was a management and technology consulting firm in September 2005 as an Analyst Programmer, where he was responsible for delivery and implementation of Oracle Human Resource Management System and SAP Enterprise Resource Planning for their clients. He left Accenture Solutions Sdn Bhd in February 2007.

He joined Swisslog (M) Sdn Bhd, which was a company involved in supply and construction of turnkey logistic systems in February 2007 as a Software Consultant. In this role, he was one of the few key team members that drive and deliver end-to-end project implementation as well as application support to the company's clients across the Europe and Asia regions until January 2009. He subsequently joined Asia-Pacific Information Services Sdn Bhd, which was a company providing technical and IT support services to the DHL group of companies in Asia and Europe regionsin February 2009 as a Senior Service Support Specialist, where he was responsible for providing time critical application support to the DHL group of companies and its clients covering the Asia and Europe regions. He left Asia-Pacific Information Services Sdn Bhd in March 2011.

He joined VTCM in March 2011 as a Manager and was promoted to Senior Manager in September 2013, where he was responsible for overseeing the overall delivery of enterprise data management and business intelligence projects as well as human capital management for the team. He was promoted to Associate Director in September 2017 where he assumed his current responsibilities. He was re-designated as the Head of Enterprise Data Engineering, Analytics and Customer Relationship Management.

As at the LPD, he does not hold directorships in companies outside of our Group.

He has no family relationship with the Promoters, Substantial Shareholder, Directors and other Key Senior Management of our Group.

5.4.3 Shareholdings of our Key Senior Management

The direct and indirect shareholdings of our Executive Directors who are part of the Key Senior Management before and after our IPO are set out in Section 5.2.1 of this Prospectus.

The following table sets out the direct and indirect shareholdings of our other Key Senior Management, assuming full subscription of Pink Form Shares. reserved for our eligible employees.

	Before our IPO(1)				**After our IPO(2)(3)**			
	Direct		**Indirect**		**Direct**		**Indirect**	
Name	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**
Goh Yeh Hwang	2,656,585	0.90	-	-	3,256,585(4)	0.83(4)	-	-
Yeoh Kim Kooi	-	-	-	-	-	-	-	-
Fon Wai Kein	-	-	-	-	600,000	0.15	-	-
Wong Thean Chee	-	-	-	-	600,000	0.15	-	-

***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 upon our IPO.
(3) Assuming full subscription of the Pink Form Shares.
(4) Should the Pink Form Shares not be subscribed, he will hold 2,656,585 Shares representing 0.68% of the enlarged issued share capital of 392,000,000 Shares after our IPO.

5.4.4 Principal directorships of our Key Senior Management and principal business activities performed outside of our Group

The principal activities performed outside of our Group at present and in the past 5 years preceding the LPD by our Executive Directors who are part of our Key Senior Management are set out in Section 5.2.3 of this Prospectus.

Save as disclosed below, our Key Senior Management are not involved in other businesses or corporations. Goh Yeh Hwang and Wong Thean Chee do not have any present involvement or past involvement in other corporations.

The following table sets out the Present Involvement and Past Involvement of our Key Senior Management as at the LPD:

(i) Yeoh Kim Kooi

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
-	-	-	-	-	-
Past Involvement					
Nixel Sdn Bhd	Export and import of computer hardware, software and peripherals; other information technology service activities; activities of holding companies	Director	25 April 2019	8 January 2020	-
Acelence Sdn Bhd	Computer programming activities; other management consultant activities	Director	21 August 2020	11 May 2022	-

(The rest of this page is intentionally left blank)

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) Fon Wai Kein

Name of company	Principal activities	Nature of interest or involvement	Date of appointment	Date of resignation	Equity interest
Present Involvement					
M&H Net Worth Sdn Bhd	Investment advisory services in a gamification application	Shareholder	-	-	0.83
M & H Game Sdn Bhd	Dormant, previously involved in investment advisory services in a gamification application	Shareholder	-	-	1.23
Seraphim Solution Enterprise	Dormant, the business was set up for provision of IT consultancy and solution, sale of hardware and software but has yet to commence business.	Sole Proprietor	17 July 2020	-	100.00
Past Involvement					
-	-	-	-	-	-

The involvement of our Key Senior Management mentioned above in other principal business activities outside of our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Key Senior Management, as they are not actively involved in any business activities outside our Group. Their involvement will not affect their ability to perform their roles and responsibilities as well as their contribution to our Group.

(The rest of this page is intentionally left blank)

5.4.5 Key Senior Management's remuneration and benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Executive Directors who are part of the Key Senior Management for services rendered to our Group for FYE 2022 and FYE 2023 and proposed to be paid for FYE 2024 are set out in Section 5.2.4 of this Prospectus.

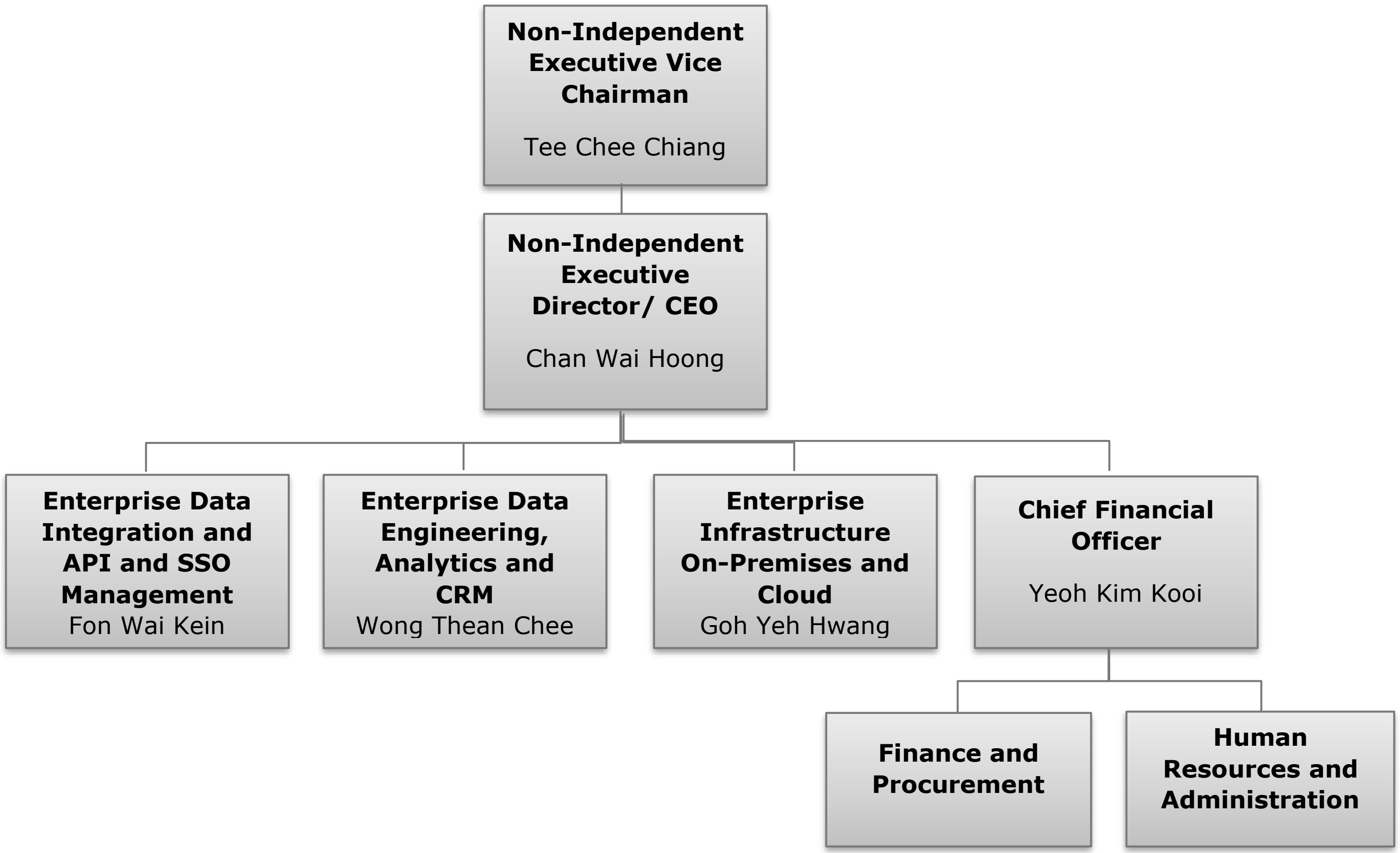
The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our other Key Senior Management for FYE 2022 and FYE 2023 and proposed to be paid for FYE 2024 are as follows:

	Remuneration band (in bands of RM50,000)		
Name	**FYE 2022**	**FYE 2023**	**Proposed for FYE 2024**
Yeoh Kim Kooi	-	50,000 – 100,000	150,000 – 200,000
Fon Wai Kein	200,000 – 250,000	200,000 – 250,000	250,000 – 300,000
Goh Yeh Hwang	200,000 – 250,000	200,000 – 250,000	250,000 – 300,000
Wong Thean Chee	250,000 – 300,000	250,000 – 300,000	250,000 – 300,000

(The rest of this page is intentionally left blank)

5.4.6 Management reporting structure

The management reporting structure of our Group is as follows:



5.5 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors and Key Senior Management is or has been involved in any of the following events (whether in or outside Malaysia):

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him/her or any partnership in which he/she was a partner or any corporation of which he/she was a director or member key senior management;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) in the last 10 years, any judgement was entered against him/her, or finding at fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, he/she was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;

(vi) being the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;

(vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) has an unsatisfied judgement against him/her.

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

There is no family relationship and/or association between any of our Promoters, Substantial Shareholder, Directors and Key Senior Management.

5.7 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or any member of our Key Senior Management with our Group.

(The rest of this page is intentionally left blank)

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

Our Company was incorporated in Malaysia on 22 November 2023 under the Act as a private limited company under the name of VETECE Holdings Sdn Bhd and was subsequently converted to a public limited company and assumed its current name on 8 December 2023 to facilitate our Listing.

Our principal activity is investment holding while the principal activities of our Subsidiaries are disclosed in Section 6.4 of this Prospectus.

6.2 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

As at the date of this Prospectus, our issued share capital is RM16,405,200 comprising 294,000,000 Shares.

Details of the changes in the issued share capital of our Company since its incorporation up to the LPD are as follows:

Date of allotment	No. of Shares	Nature of transaction	Consideration	Cumulative issued share capital (RM)	Cumulative no. of Shares
22 November 2023	2	Subscriber's shares	Cash	2	2
[•]	[293,999,998]	[Allotment of Shares pursuant to the Acquisitions]	[Other than Cash]	16,405,200	294,000,000

Upon completion of our Public Issue, our issued share capital will increase to RM[●] comprising 392,000,000 Shares.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital in respect of our Shares. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the allotments as tabulated above.

As at the LPD, we are not involved in any winding-up, receivership or similar proceedings.

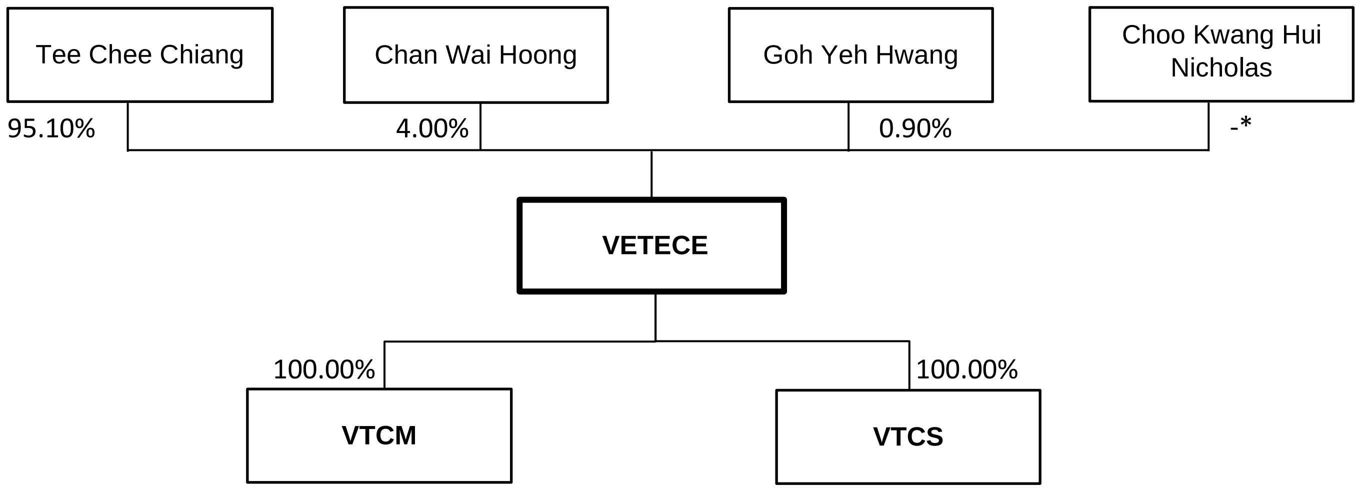
(The rest of this page is intentionally left blank)

6.3 OUR GROUP STRUCTURE

Our Group was formed on [●] pursuant to the completion of the Acquisitions, when VTCM and VTCS became our wholly-owned subsidiaries.

Our Group structure is as follows:

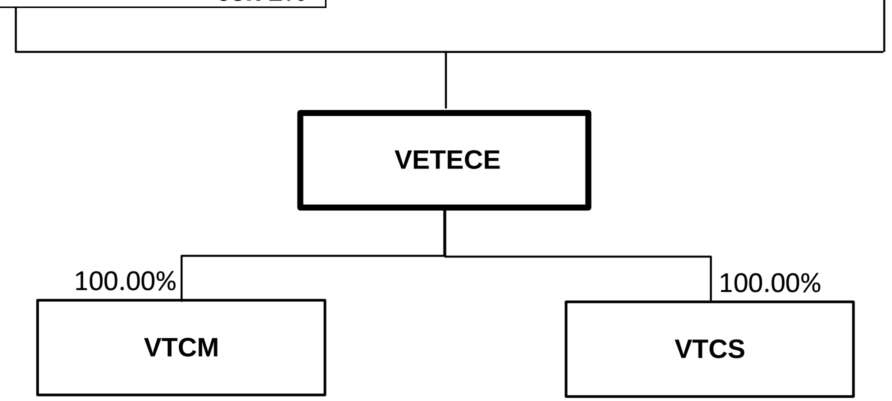
After the Acquisitions but before our IPO[(1)]



After our IPO(2)

Promoters	Shareholdings
Tee Chee Chiang	61.32%
Chan Wai Hoong	3.56%
Other Shareholders	
Goh Yeh Hwang	0.83%
Choo Kwang Hui Nicholas	0.00%*
Total	**65.71%**

Public shareholders	Shareholdings
Placement to Non-Bumi	27.50%
Malaysian Public - Bumi	2.50%
Malaysian Public - Non-Bumi	2.50%
Pink form	1.79%
Total	**34.29%**



Notes:

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

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

* *Negligible*

6. INFORMATION ON OUR GROUP (CONT'D)

In conjunction with the Acquisitions, our Company entered into the SSAs on 7 February 2024 for the acquisition of the entire share capital of VTCM from the VTCM Vendors and VTCS from the VTCS Vendor, the purchase consideration of which were fully satisfied by the issuance of new Shares at an issue price of RM0.0558 each in the proportion as set out in the table below.

Vendor	**No. of ordinary shares acquired**	**Equity interest in companies (%)**	**Purchase consideration (RM)**	**No. of Shares issued**
VTCM Vendors				
Tee Chee Chiang	1,901,909	95.10	15,206,569.07	272,519,159
Chan Wai Hoong	80,000	4.00	639,633.95	11,462,974
Goh Yeh Hwang	18,072	0.90	144,493.32	2,589,486
Choo Kwang Hui Nicholas	19	*	151.90	2,722
Total	**2,000,000**	**100.00**	**15,990,848.24**	**286,574,341**
VTCS Vendor [(1)]	**25,000**	**100.00**	**414,351.66**	**7,425,657**
		Total	16,405,199.90	293,999,998

Notes:

* *Negligible*

(1) *The consideration shares for the acquisition of VTCS from the VTCS Vendor will be issued directly to the shareholders of the VTCS Vendor in the following proportions:*

Shareholder	***No. of ordinary shares acquired***	***Equity interest in companies (%)***	***Purchase consideration (RM)***	***No. of Shares issued***
Tee Chee Chiang	*78,929,230*	*95.10*	*394,029.64*	*7,061,463*
Chan Wai Hoong	*3,320,000*	*4.00*	*16,574.05*	*297,026*
Goh Yeh Hwang	*750,000*	*0.90*	*3,744.12*	*67,099*
Choo Kwang Hui Nicholas	*770*	*0.00*	*3.85*	*69*
Total	***83,000,000***	***100.00***	***414,351.66***	***7,425,657***

The total purchase consideration of RM15,990,848.24 for the acquisition of VTCM was arrived at after taking into consideration the audited NA of VTCM as at 31 August 2023 of RM16,003,210 reflecting a discount of approximately RM12,362 to the foregoing NA for the purposes of computing a whole number of Shares to be issued pursuant to the foregoing acquisition. The acquisition of VTCM was completed on [●].

The total purchase consideration of RM414,351.66 for the acquisition of VTCS was arrived at after taking into consideration the audited NA of VTCS as at 31 August 2023 of RM414,671.65 (represents the audited NA of SGD120,892 converted at the exchange rate of SGD1.00 to RM3.4301 as at 31 August 2023 reflecting a discount of approximately RM321 to the foregoing NA for the purposes of computing a whole number of Shares to be issued pursuant to the foregoing acquisition. The acquisition of VTCS was completed on [●].

Following the completion of the Acquisitions, our issued share capital increased from 2 Shares to 294,000,000 Shares.

6.4 DETAILS OF OUR SUBSIDIARIES

As at the LPD, the details of our Subsidiaries are as follows:

Name and registration no.	Date / Place of incorporation	Principal place of business	Effective equity interest (%)	Principal activities
Vision Technology Consulting Sdn Bhd (20031019443 (621863-V))	16 July 2003 / Malaysia	Malaysia	100.00	IT
Vision Technology Consulting Pte Ltd (200510935W)	8 August 2005 / Singapore	Singapore	100.00	IT consulting and outsourcing, develop computer software

6.4.1 Our Subsidiaries

(i) VTCM

(a) Background and history

VTCM was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 16 July 2003 and deemed registered under the Act, under the name of Vision Technology Consulting Sdn Bhd. VTCM commenced its operations in 2003.

(b) Principal place of business

VTCM's principal place of business is at E-32-3A and E-32-03, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur.

(c) Principal activities and products/services

VTCM is principally involved in the business of IT.

(d) Share capital

As at the LPD, the issued share capital of VTCM is RM2,000,000 comprising 2,000,000 ordinary shares.

(The rest of this page is intentionally left blank)

The changes in VTCM's issued share capital since incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Cash consideration (RM)	Cumulative no. of shares	Cumulative share capital (RM)
16 July 2003	2	Cash	2	2
28 December 2005	99,998	Cash	100,000	100,000
10 February 2012	1,900,000	Otherwise than cash[(1)]	2,000,000	2,000,000

Note:

(1) Allotted and issued pursuant to capitalisation of retained profits standing to the credit of the profit and loss account under the statement of financial position of VTCM as at 28 February 2011.

(e) Shareholder

Upon completion of the Acquisitions, VTCM became our wholly-owned subsidiary.

(f) Subsidiary or associated company

VTCM does not have any subsidiary or associated company as at the LPD.

(ii) VTCS

(a) Background and history

VTCS was incorporated in Singapore under the Singapore Companies Act 1967 as a private limited company on 8 August 2005, under the name of Vision Technology Consulting Pte Ltd. VTCS commenced its operations in 2005.

(b) Principal place of business

VTCS does not currently have a business address as the operations are carried out remotely. The registered address of VTCS is 1, North Bridge Road, #19-09, High Street Centre, Singapore 179094.

(c) Principal activities and products/services

VTCS is principally involved in the business of IT consulting and outsourcing, develop computer software.

(d) Share capital

As at the LPD, the issued share capital of is SGD25,000 comprising 25,000 ordinary shares.

The changes in VTCS's issued share capital since incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Cash consideration (SGD)	Cumulative no. of shares	Cumulative share capital (SGD)
8 August 2005	100	Cash	100	100
5 September 2007	24,900	Cash	25,000	25,000

(e) Shareholder

Upon completion of the Acquisitions, VTCS became our wholly-owned subsidiary.

(f) Subsidiary or associated company

VTCS does not have any subsidiary or associated company as at the LPD.

6.5 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year up to the LPD:

(i) Public take-over offers by third parties in respect of our Shares; and

(ii) Public take-over offers by our Company in respect of other company's shares.

6.6 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, there are no material investments made by us for the Financial Years Under Review and up to the LPD:

	FYE 31 August			
	2021	2022	2023	Up to the LPD
Description	RM'000	RM'000	RM'000	RM'000
Right-of-use assets	93 (1)	-	-	
Computers	27	42	113	20
Furniture and fittings	9	11	-	
Office equipment	*	15	7	1
Renovation	5	389	-	
Total	**134**	**457**	**120**	**21**

***Notes**:*

* *Negligible*

(1) Arising from the additional costs incurred for the purchase of leasehold building, namely the D-07-3A KL Gateway Property.

The above material investments were financed primarily by internally generated funds.

There were no material capital divestitures and write-offs made by us for the Financial Years Under Review and up to the LPD.

As at the LPD, we do not have any material capital expenditures currently in progress, within or outside Malaysia.

6.7 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business within the Financial Years Under Review and up to the date of this Prospectus:

(i) Conditional share sale agreement dated 7 February 2024 entered into between our Company and the VTCM Vendors for the Acquisition of VTCM. The foregoing transaction has been completed on [●]. Please refer to the Section 6.3 of the Prospectus for further details of the foregoing transaction.

(ii) Conditional share sale agreement dated 7 February 2024 entered into between our Company and the VTCS Vendor for the Acquisition of VTCS. The foregoing transaction has been completed on [●]. Please refer to the Section 6.3 of the Prospectus for further details of the foregoing transaction.

(iii) Underwriting agreement dated [●] entered into between our Company and Kenanga IB for the underwriting of up to 29,400,000 Issue Shares under the Public Issue.

(The rest of this page is intentionally left blank)

6.8 MATERIAL PROPERTIES

6.8.1 Owned properties

As at the LPD, we own the following properties:

No.	Registered owner	Title / Postal address	Tenure	Description / Existing use	Date of CF / CCC	Land area / Built-up area (approximate)	Category of land use / Express condition / Restriction in interest	Material encumbrances	NBV as at 31 August 2023 (RM'000)
1.	VTCM	**Title** Geran 253663 No. Bangunan M1-A, No. Tingkat 4, No. Petak 19, Lot 47593, Mukim Dengkil, Daerah Sepang, Negeri Selangor **Postal address** Unit No. 4800-3-1, Block 4800, CBD Perdana, Jalan Perdana 63000 Cyberjaya, Selangor	Freehold	**Description** 1 unit retail/corporate office located on the 3rd floor of a 5-storey stratified shop/office **Existing use** Rented out to third party as office	**CCC** 4 October 2006 (3)	**Land area** N/A **Built-up area** 1,733 sq ft	**Category of land use** Building **Express condition** Business Building **Restriction in interest** The land shall not be transferred, leased or charged without the consent of the state authority.	None.	624
2.	VTCM	**Title** PN11813 No. Bangunan M1-A, No. Tingkat 11, No. Petak 613, Lot 54, Mukim Bandar Sunway, Daerah Petaling, Negeri Selangor **Postal address** Unit No. 1119, Block A4, Pusat Perdagangan Setia	Leasehold of 99 years expiring on 17 July 2091	**Description** 1 unit office located on the 11th Floor of a 12-storey office building **Existing use** External meeting space for our Group	**CF** 16 September 1999	**Land area** N/A **Built-up area** 614 sq ft	**Category of land use** Building **Express condition** Business Building **Restriction in interest** The land shall not be transferred, leased or charged without the consent of the state authority.	None.	161

No.	Registered owner	Title / Postal address	Tenure	Description / Existing use	Date of CF / CCC	Land area / Built-up area (approximate)	Category of land use / Express condition / Restriction in interest	Material encumbrances	NBV as at 31 August 2023 (RM'000)
		Jaya, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor							
3.	VTCM	**Title** PN11813 No. Bangunan M1-B, No. Tingkat 10, No. Petak 911, Lot 54, Mukim Bandar Sunway, Daerah Petaling, Negeri Selangor **Postal address** Unit No. 1007, Block B2, Pusat Perdagangan Setia Jaya, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor	Leasehold of 99 years expiring on 17 July 2091	**Description** 1 unit office located on the 10th floor of a 10-storey office building **Existing use** Rented out as an office(1)	**CF** 4 October 1999	**Land area** N/A **Built-up area** 850 sq ft	**Category of land use** Building **Express condition** Business Building **Restriction in interest** The land shall not be transferred, leased or charged without the consent of the state authority.	None.	264
4.	VTCM	**Title** PN11813 No. Bangunan M1-B, No. Tingkat 10, No. Petak 910, Lot 54, Mukim Bandar Sunway, Daerah Petaling, Negeri Selangor **Postal address** Unit No. 1009, Block B2, Pusat Perdagangan Setia	Leasehold of 99 years expiring on 17 July 2091	**Description** 1 unit office located on the 10th Floor of a 10-storey office building **Existing use** Rented out as an office(1)	**CF** 4 October 1999	**Land area** N/A **Built-up area** 753 sq ft	**Category of land use** Building **Express condition** Business Building **Restriction in interest** The land shall not be transferred, leased or charged without the consent of the State Authority.	None.	236

No.	Registered owner	Title / Postal address	Tenure	Description / Existing use	Date of CF / CCC	Land area / Built-up area (approximate)	Category of land use / Express condition / Restriction in interest	Material encumbrances	NBV as at 31 August 2023 (RM'000)
		Jaya, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor							
5.	Suez Domain Sdn Bhd[(2)]	**Title** PN 51531, No. Bangunan M1C, No. Tingkat 10, No. Petak 745, Lot 480578, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Postal address** D-07-03, Menara Suezcap 1, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur	Leasehold of 99 years expiring on 11 April 2111	**Description** 1 unit office located on the 7th Floor of a 42 storey office building **Existing use** Rented out to third parties as office	**Partial CCC** 9 January 2017	**Land area** N/A **Built-up area** 1,700 sq ft	**Category of land use** Building **Express condition** Office **Restriction in interest** The land shall not be transferred, leased or charged without the consent of Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur.	Charged to Public Bank Berhad[(4)]	1,415
6.	Suez Domain Sdn Bhd[(2)]	**Title** PN 51531, No. Bangunan M1C, No. Tingkat 10, No. Petak 746, Lot 480578, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah	Leasehold of 99 years expiring on 11 April 2111	**Description** 1 unit office located on the 7th Floor of a 42 storey office building **Existing use** Rented out to third parties as office	**Partial CCC** 9 January 2017	**Land area** N/A **Built-up area** 1,200 sq ft	**Category of land use** Building **Express condition** Office **Restriction in interest** The land shall not be transferred, leased or charged without the consent of	Charged to Public Bank Berhad[(4)]	1,008

No.	Registered owner	Title / Postal address	Tenure	Description / Existing use	Date of CF / CCC	Land area / Built-up area (approximate)	Category of land use / Express condition / Restriction in interest	Material encumbrances	NBV as at 31 August 2023 (RM'000)
		Persekutuan Kuala Lumpur **Postal address** D-07-3A, Menara Suezcap 1, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur					Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur.		
7.	Suez Domain Sdn Bhd[(2)]	**Title** PN 51531, No. Bangunan M1D, No. Tingkat 35, No. Petak 1163, Lot 480578, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Postal address** E-32-3a, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur	Leasehold of 99 years expiring on 11 April 2111	**Description** 1 unit office located on the 32nd floor of a 38 storey office building **Existing use** Headquarters of our Group	**Partial CCC** 30 November 2017	**Land area** N/A **Built-up area** 1,200 sq ft	**Category of land use** Building **Express condition** Office **Restriction in interest** The land shall not be transferred, leased or charged without the consent of Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur.	Charged to Public Bank Berhad[(4)]	1,276

No.	Registered owner	Title / Postal address	Tenure	Description / Existing use	Date of CF / CCC	Land area / Built-up area (approximate)	Category of land use / Express condition / Restriction in interest	Material encumbrances	NBV as at 31 August 2023 (RM'000)
8.	Suez Domain Sdn Bhd[(2)]	**Title** PN 51531, No. Bangunan M1D, No. Tingkat 35, No. Petak 1162, Lot 480578, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Postal address** E-32-03, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur	Leasehold of 99 years expiring on 11 April 2111	**Description** 1 unit office located on the 32nd Floor of a 38 storey office building **Existing use** Headquarters of our Group	**Partial CCC** 30 November 2017	**Land area** N/A **Built-up area** 1,700 sq ft	**Category of land use** Building **Express condition** Office **Restriction in interest** The land shall not be transferred, leased or charged without the consent of Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur.	Charged to Public Bank Berhad[(4)]	1,808

Notes:

(1) Our Group's property at Block B of Pusat Dagangan Setia Jaya, being Unit No. 1007 and 1009, Block B2, Pusat Perdagangan Setia Jaya, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan, are currently rented out to a related party, being Petbacker Sdn Bhd via a tenancy agreement dated 1 September 2023 for a monthly rental of RM2,400. The period of tenancy is 3 years with no option to renew. See Section 10 of this Prospectus for further details regarding the related party transaction.

(2) Suez Domain Sdn Bhd, being the developer of the KL Gateway properties, had via letters of notification dated 21 August 2023 and email dated 4 October 2023 notified our Group of the successful subdivision and issuance of the individual strata title of the properties. As at the LPD, the transfer of the property has not been effected and are still in the process of being registered.

(3) Renovations were conducted on the following property of our Group without approval from the local authority. Our Group had taken the following steps to regularise the renovations:

Nature of non-compliance

Pursuant to the relevant laws under the Street, Drainage and Building Act 1974, our Group is required to obtain relevant local authority approval in relation to renovations carried out on its interior of its premises. Our Group had previously carried out renovations of its CBD Perdana Property without obtaining the relevant approvals from the relevant local authority, the details of which are as follows:

CBD Perdana Property	*Erection of partitions/internal renovation without written permission*

Our Group, upon its application to regularise the renovations, was informed by the relevant local authority that a new CCC is required for the renovations carried out on the CBD Perdana Property.

Status as at the LPD

As at the LPD, our Group had, on 26 September 2023, submitted the updated building plans of our Group's properties to regularise the internal renovations in the properties listed above to the relevant local authorities. As at the LPD, our Group had obtained a special permission notice dated 28 November 2023 for the renovations carried out on CBD Perdana Property. Currently, our Group is pending the official approval and inspections from the relevant local authorities and the fire and rescue department prior to the issuance of the CCC in connection with the renovations.

Estimated time and cost for rectification

The estimated time and cost for rectifications are as follows:

Property	***Estimated time to obtain CCC***	***Estimated cost for the rectification[(1)] (RM)***
CBD Perdana Property	*End of July 2024*	*270*

Note:

(1) Estimated cost of the rectification mainly consists of the application cost to the respective local authority for the CBD Perdana Property. Our Group has engaged an architect to facilitate the approval process with local authorities and fire and rescue departments. This cost incurred excludes the architect's professional services fee amounting to RM29,000.00 which also encompasses services for our Group's other properties.

Potential maximum penalty

Pursuant to By-law 28 of the Uniform Building By-laws 1984 and Sections 70(27)(f) and 72 of the Street Drainage and Building Act 1974 as amended by the Street, Drainage and Building (Amendment) Act 2007, our Group may be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years for occupying or permits to be occupied the CBD Perdana Property without a CCC.

	Our Group may be liable on conviction to a fine not exceeding RM250 for every day that the offence is continued after expiry of the period specified in the notice where the local authority is satisfied that the Premises have been erected in contravention of Section 70 of the Street Drainage and Building Act 1974.
Impact to business operations or financial conditions	*No material impact to our Group's business operations and financial condition due to the following:* *(i) The maximum penalty that may be imposed for the CBD Perdana Property is RM250,000 which is approximately 2.87% of our Group's PBT for FYE 2023. In the event our Group receives the notice where the local authority is satisfied that the premise has been erected in contravention of Section 70 of the Street Drainage and Building Act 1974, our Group will use its best endeavor to ensure compliance prior to the expiry of the period specified in the notice;* *(ii) The CBD Perdana Property is not used by our Group for its operation and is currently rented out to a third party; and* *(iii) The total net book value of the CBD Perdana is RM0.62 million which is approximately 2.50% of our Group's total asset value as at 31 August 2023.*

(4) A charge will be created in favour of Public Bank Berhad upon completion of the transfer of the individual strata titles to VTCM.

6.8.2 Rented properties

As at the LPD, our Group does not rent any properties from any party.

(The rest of this page is intentionally left blank)

7.1 HISTORY AND MILESTONES

Our Company was incorporated in Malaysia on 22 November 2023 under the Act as a private limited company under the name of VETECE Holdings Sdn Bhd and was subsequently converted to a public limited company and assumed its present name on 8 December 2023 to facilitate our Listing.

Our Group is an investment holding company. Through our subsidiaries, VTCM and VTCS, we are principally an enterprise IT solutions provider, providing implementation services, maintenance, support and professional services as well as resale of hardware and software.

The history of our Group can be traced back to July 2003 with the incorporation of VTCM to serve as a local Siebel implementation subcontractor in Malaysia to provide Siebel CRM solution implementation services as well as Siebel CRM-related outsourcing services to large corporations and MNCs. In the same year, we secured our first Siebel CRM solution implementation project when we were appointed as a subcontractor for the implementation of a Siebel CRM system for a Malaysian financial services company. Subsequently, Siebel was acquired by Oracle Corporation in January 2006.

The key milestones and achievements of our Group since the commencement of our business are as follows:

<u>Year</u>	<u>Key milestones and achievements</u>
2003	• Appointed as a subcontractor to provide professional services to implement Siebel CRM solution for a company in the financial services industry.
2005	• Appointed as a subcontractor for the implementation of Siebel Key Accounts Management system for a global Swiss pharmaceutical company's subsidiary which is located and operates in Taiwan.
2006	• Secured offshore project through partnership with a foreign consulting firm to provide Oracle technology implementation service to an Indonesian telecommunications company. • Appointed as principal contractor to a tobacco company in Malaysia for Oracle-related outsourcing services. • Awarded MSC Malaysia status for Shared Services and Outsourcing from 2006 to 2011. Pursuant to the MSC Malaysia status, we were granted Pioneer Status which entitles us to a 100% exemption on taxable statutory income derived from approved activities. Our Pioneer Status was subsequently renewed from 2011 to 2016. We were subsequently rebranded as a Malaysia Digital Company pursuant to the Guidelines on Transition of MSC Malaysia Status Company to Malaysia Digital Status issued on 29 December 2022 (now renamed as Guidelines on Transition of MSC Malaysia to Malaysia Digital).
2007	• Penetrated the financial services industry by being appointed as the principal contractor of a foreign bank's Singapore operations for the implementation of its Oracle technology implementation project. • Appointed as the principal contractor for the provision of the development, integration, supply, deployment and maintenance of MyKad readers to our telecommunications client's CRM platform.
2009	• Secured our first Oracle CRM maintenance and support services contract. • Expanded our solution portfolio by securing our first enterprise application integration solution. We were appointed as a principal contractor for the implementation of a short messaging service (SMS) gateway project for a telecommunications company in Malaysia.

Year	Key milestones and achievements
2010	• Secured an Oracle technology implementation project from a Malaysian financial services company to implement Oracle Siebel CRM. This project included the implementation of an Oracle Business Intelligence (BI) package, which marked our first foray into this Oracle technology. • Obtained the Oracle Gold Partner status (1).
2011	• Appointed as the principal contractor for the Oracle Siebel upgrade project from a foreign bank in Malaysia.
2012	• Upgraded to Oracle Platinum Partner status (1). • Selected as one of the Entry Point Project (EPP) 2 Top Selected local outsourcers as recognised under the New Key Economic Area (NKEA) of Business Services.
2013	• Secured our first enterprise data management project with a local telecommunications company.
2014	• Secured our first maintenance and support contract for enterprise application integration services.
2015	• Secured our first Technology Vendor B's data warehouse enhancement project with a foreign bank in Malaysia. This marks the first non-Oracle enterprise data engineering solution offered by our Group.
2016	• Signed-up as Technology Vendor A's Delivery Services Vendor to deliver Technology Vendor A's solution services. • Appointed as a Technology Vendor A's subcontractor to provide our first software testing services for a local telecommunications company.
2017	• Appointed as Technology Vendor A's subcontractor to provide our first Technology Vendor A technology implementation and support services for a local communication company.
2019	• Established business partnership with Salesforce to become a Salesforce partner. • Secured the first software testing services project as a principal contractor with the local utility company.
2020	• Became a WSO2 Integration Partner to deliver WSO2-related integration and SSO products and services. • Secured our first WSO2 integration project with a telecommunications company. This marks the first non-Oracle enterprise application integration solution offered by our Group. • Secured a Pegasystems CRM maintenance and support services with a foreign bank in Malaysia. This marks the first non-Oracle CRM solution offered by our Group.
2021	• Became Technology Vendor B's services vendor to deliver Technology Vendor B and non-Technology Vendor B related technology solution services.
2022	• Appointed as Technology Vendor B's subcontractor to provide our first Technology Vendor B technology implementation services for a local telecommunications company.

Year	Key milestones and achievements
2023	• Awarded as the Best System Integrator 2022 by Telekom Malaysia Berhad. • Awarded as the Top Partner of Year for Asia Pacific Region 2022 by WSO2. • Recognised as the Preferred Supplier 2022 by Universiti Teknologi Petronas. • Established business partnership with Technology Partner A.

Note:

*(1) The partnerships of gold level and platinum level are part of the Oracle's partnership programmes that provide partners with various range of benefits and rights to provide enterprise IT solutions using Oracle's software. In December 2019, Oracle revised their partnership structure and since then, the gold level and platinum level partnership has ceased, and launched the Oracle PartnerNetwork ("**OPN**") member partnership programme. Under Oracle' current partnership structure, which was effective since December 2019, the OPN members that our Group have registered allows our Group to purchase and resell Oracle's software licences to our clients, as well as allow our Group to provide implementation of enterprise IT solutions using Oracle's software directly to our clients.*

7.2 DESCRIPTION OF OUR BUSINESS

Our Group is principally an enterprise IT solutions provider, providing implementation services, as well as maintenance, support and professional services, as well as the resale of hardware and software. The value chain of the enterprise IT services industry is depicted as below:

Core value chain	Design and development of hardware and software	Distribution of hardware and software	Provision of enterprise IT services	Application usage
Description	Technology partners / technology vendors	Appointed distributor of technology vendors	Enterprise IT solutions provider	End users
Companies	• Oracle • Salesforce • WSO2 • Technology Partner A • Technology Partner B • Technology Vendor A • Technology Vendor B	• Computrade Technology (Malaysia) Sdn Bhd • Supplier A	VTC	• Telecommunication companies • Financial services companies • Technology service providers • Manufacturing companies • Higher education institutions • Others[(1)]
Enterprise IT solutions	• Enterprise application integration and SSO management solution • Enterprise data engineering and analytics solution		• Enterprise CRM solution • Enterprise software testing solution • Enterprise infrastructure on-premises and cloud solution	

Notes:

VETECE Group's involvement as an enterprise IT solution provider in value chain of enterprise IT services industry.

(1) Others include companies involved in the automotive industry, distribution and public sectors.

We work closely with our clients and together with our technology partners and vendors (including appointed distributor of technology partners), to deliver enterprise IT solutions which best suit the clients' operational requirements. We assist our clients in the implementation process involving design, installation, customisation and configuration, data integration, testing and deployment of the enterprise IT solutions to ensure that it seamlessly integrates with clients' systems. Post-implementation process, we will continue to provide ongoing support through maintenance, support and professional services which include maintenance and upgrades of the systems, as well as providing training to clients' employees. Our primary technology partners are Oracle and WSO2 whereby we provide their solutions to our clients. We participate in Oracle and WSO2 offered partner programs for various Oracle and WSO2 products and obtain the certification to specialise in the provision of various Oracle and WSO2 products. Some of our other technology partners and vendors include, amongst others, Salesforce, Technology Partner A, Technology Partner B, Technology Vendor A and Technology Vendor B.

In addition, we are involved in the resale of hardware and software products as part of the implementation of enterprise IT solutions, where we purchase the hardware and/or software from our technology partners and resell them to our clients.

The key distinctions between our technology partners and technology vendors are as follows:

Description		Technology partners	Technology vendors
Relationship type	:	We act as a partner to our technology partners whereby we are certified to market, resell as well as provide implementation, maintenance, support and professional services using the said partners' products and platforms.	We act as a subcontractor to our technology vendors whereby we are engaged by the said vendor to provide services to end-clients.
Formal agreement	:	Involves a formal partnership program.	May involve standard procurement or supply agreements.
Collaboration	:	Joint initiatives including joint marketing and co-selling of products and services and integration.	Supply of services independently.
Certification	:	Require to meet specific technical standards.	Not applicable.
Technology companies that we worked with	:	Oracle, WSO2, Sales Force, Technology Partner A and Technology Partner C.	Technology Vendor A and Technology Vendor B.

Through our technology partners and vendors that specialise in their respective enterprise application integration, data engineering and analytics, CRM as well as infrastructure solutions, we are able to provide these enterprise IT solutions to help our clients to increase the quality of their products or services, which enable them to achieve the following:

(i) enhance their business performance (i.e. revenue) by improving the effectiveness of their business process via our services;

(ii) reduce their total cost of ownership (i.e. implementation and maintenance cost) in the respective systems via our cost-effective services;

(iii) streamlining and reducing redundancies by improving their business process and removing redundant or duplicate activities;

(iv) reduce human capital expenditure in maintaining their system by outsourcing the maintenance activities to our Group; and

(v) facilitate a quicker introduction of our clients' new products or services to the market.

7.3 BUSINESS MODEL

Our business model is illustrated as follows:

Business Activity	**Implementation services**	**Maintenance, support and professional services**	**Resale of hardware and software**
Services	• Conduct feasibility study to understand the clients' business operations • Recommend enterprise IT solution to best suit clients' system requirement • Implement enterprise IT solutions into the clients' business processes	• Provide maintenance and support services for maintaining the system and upgrades • Provide IT professionals for clients' internally managed IT projects and/ or to meet their operational needs	• Resale of hardware and software
Enterprise IT Solutions	• Enterprise Application Integration and SSO Management solution • Enterprise Data Engineering and Analytics Solution • Enterprise CRM Solution • Enterprise Software Testing Solution • Enterprise Infrastructure On-Premise and Cloud Solution		
Client Industry	• Telecommunications • Financial services • Technology	• Manufacturing • Higher education • Distribution	• Public sectors • Automotive • Utilities
Client Geographical Segment	**Australia, Singapore, Brunei, Thailand, Papua New Guinea and others (1)**		

Note:

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

7.3.1 Implementation services

We provide implementation of enterprise IT solutions using our technology partners' software. We have a portfolio of enterprise IT solutions as outlined in Section 7.3 to support our clients' business operations. Our enterprise IT solutions enable adoption of new business models, automate repetitive processes, reduce reliance on manual intervention. Additionally, it also enables major IT system upgrade which requires re-implementation, as well as continuous improvement and enhancement of our client's IT infrastructure.

We will assign a dedicated IT project manager to each client to oversee and supervise the overall management of the project. We will advise our clients on the selection of the most suitable enterprise IT solution through a feasibility study. Our business system analyst will conduct the feasibility study to understand the client's business operations, the technology issues and challenges faced by our clients in their daily business operations, as well as assessing the business digital needs of the client. We perform gap analysis focusing on our client's existing infrastructure and business processes against their business digital needs to identify their system requirements, and to provide our clients with an analysis on the potential benefits and improvements of implementing the recommended enterprise IT solutions.

Accordingly, we will have our solution architect with domain expertise in the selected industry, to recommend suitable enterprise IT solutions for our client's system requirements.

Subsequently, we will assist the client in the implementation of the enterprise IT solutions into their business operations. The implementation process includes software design, installation, customisation and configuration, testing and data migration to ensure the operability of enterprise IT solutions and deployment. 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 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. Subsequent to the implementation of the new solution, our Group provides training to our clients in respect of operating the new system before it is rolled out.

Our enterprise IT solutions are most suitable for large organisations for automation of business processes and management of large volumes of data generated by a large employee and end-customer base. Hence, our clients comprise large organisations which include large enterprises, government linked companies and MNCs, that are spread across different industries, including telecommunications, financial services, technology, manufacturing, higher education, distribution, public sector, automotive and utilities.

The tenure for our implementation contracts ranges between 3 months and 2 years, depending on the scope of work that we are engaged to perform. The fee for our implementation contract is generally a fixed fee, taking into account the costs for implementing the types of software and modules including the costs of procuring relevant hardware and/or software and the professional fees involved. Our fee is payable either in one lump sum for the sales of hardware and/or software after delivery, or by stages of completion of progress milestone set out in the contract.

For certain service contracts entered into with our clients, we are required to provide a performance guarantee in the form of a bank guarantee or contract deposit as a security sum to ensure our due performance during the contract period.

7.3.2 Maintenance, support and professional services

Maintenance and support services

Following the completion of implementation of enterprise IT solutions, our clients may engage us to provide maintenance and support services, either under the same implementation services engagement or a separate engagement specifically for maintenance and support services. We also provide maintenance and support services to companies who do not engage us for implementation of enterprise IT solutions.

The maintenance and support services are provided to our clients to ensure that their systems remain operational and responsive to changing user requirements. This includes continual minor system enhancements, such as performance tuning, functional configuration and necessary changes to meet our clients' requirements. This is to ensure that the clients' core operational system is functioning without any faults and issues that may disrupt its intended functionality and aims to make these systems adaptable to their changing strategic and tactical business needs.

The maintenance and support services provided by us involve patch upgrades for bug fixes and security updates, hardware support and maintenance, backup and recovery, as well as troubleshooting and rectification of faults and issues. We also provide training to our clients' employees following any minor enhancement or patch upgrades, so that the trained clients' employees are equipped to oversee their daily operational maintenance effectively.

The tenure of such maintenance and support contracts range between 6 months and 5 years, whereby the contracts stipulate details such as scope of work, types of support, number of IT professionals needed, support timeframe and fees schedule calculated by man-day rates.

Professional services

We are also involved in the provision of professional services, where we supply IT professionals to our clients for their internally-managed IT projects and/ or to meet their IT operational needs, on fixed contractual periods. Our clients may require IT professionals with the relevant expertise for their internally-managed IT projects such as enterprise application integration and SSO management solutions and enterprise data engineering and analytic solution, enterprise CRM solution, enterprise software testing and enterprise infrastructure on-premises and cloud solution, on a short-term project basis.

In some instances, our technology partners and vendors as well as our clients (i.e. technology service providers) secure contracts from their clients but may lack the necessary IT professionals to fulfil these contracts. They will approach us for assistance in providing our professional services to complete the job.

In other instances, our clients may already have an in-house support and maintenance team to oversee the day-to-day maintenance of their system. However, when new applications and modules are added, they may require our services in maintenance and support for a period before their team can fully handle the new additions. In these cases, we will assign our IT professionals to our clients' sites and/or remotely for the modification, enhancement, optimisation and documentation of our clients' system as well as to train our clients' technical team.

The tenure of such professional services contracts range between 3 months and 1 year, whereby the contracts stipulate details such as scope of work, the number and type of IT professionals needed, period of engagement and price schedule of the IT professionals calculated by man-day rates.

Our professional services enable our clients to increase their human capital efficiency by engaging us on a contractual basis for specific projects or contracts. Hence, they will not need to increase their workforce upon the project or contract completion, providing a flexible and cost-effective solution.

For avoidance of doubt, some of our clients may engage us on a single contract that includes both maintenance and support services as well as professional services, that were needed for ongoing system needs and specific project requirement. For certain service contracts entered with our clients, we are required to provide performance guarantee in the form of bank guarantee or contract deposit as a security sum to ensure our due performance.

7.3.3 Resale of hardware and software

We are involved in the resale of hardware and software as part of our implementation, maintenance and support services. We purchase the hardware such as servers and storage products as well as software licences from our technology partners and appointed distributors of technology vendors such as, amongst others, Oracle, WSO2, Computrade Technology (Malaysia) Sdn Bhd and Supplier A, and resell them to our clients, as and when required based on projects awarded.

Following the sale of hardware and software licences to our clients, we carry out the implementation of the enterprise IT solutions for the clients' need. We also purchase and resell software licences to our existing clients as part of maintenance and support services for the purposes of licence renewal on an annual basis.

This approach enables our clients to benefit from a one-stop experience where they can acquire the required hardware and software from us and have the technical services expertise to design, configure, customise and deploy the specific solution that was integrated with our clients' systems to meet their specific requirements. Upon obtaining the order from our clients, we will place an order for the necessary hardware and software to be delivered directly to our clients.

7.3.4 Our enterprise IT solutions

Our enterprise IT solutions can be categorised into 5 different solutions which are as follows:

(i) Enterprise Application Integration and SSO Management Solution

Enterprise application integration solution enables seamless coordination and transmission of data across different application systems within internal and/or external organisation to streamline data flow and communication. Enterprise application integration solutions often use middleware, where the APIs within the middleware define the rules and protocols for the different applications, databases and services to access, request and share data as well as support process automation, resulting in improved business agility and interoperability.

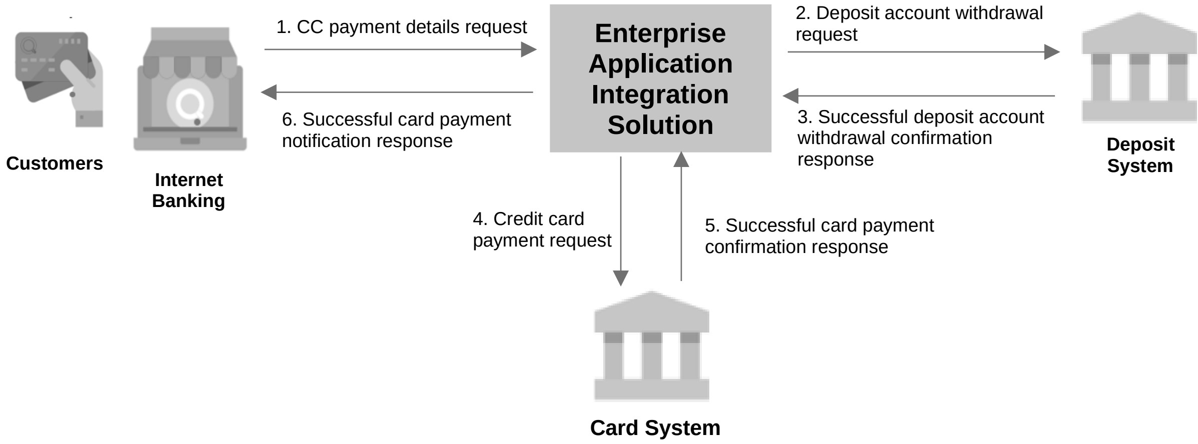
SSO management solution is a security and authentication solution that enables users to access multiple applications, services or websites with a single set of login credentials. SSO simplifies the management of access credentials for users and administrator, particularly for large organisations with numerous applications where it improves security and system management efficiency.

Enterprise application integration and SSO management solutions are able to streamline the integration of diverse systems within an organisation such as the following:

- integration of CRM, enterprise resource planning (ERP) and human capital management (HCM) solutions for collaboration and efficiency;
- integration of solutions tailored to the specific needs of the industry in which the company operates in;
- integration of internally developed or custom-built solutions within the company; and
- integration of LDAP for seamless access to more applications and/or portals with a single user login credentials.

7. BUSINESS OVERVIEW (CONT'D)

The diagram below depicts an example of a credit card payment transaction through online banking that is facilitated by our enterprise application integration solutions:



Steps	Description
1	The process begins when a customer enters the credit card payment details from their deposit account via their internet banking account.
2	The enterprise application integration solution then orchestrates the flow of information to external systems such as the deposit system and card system of the bank. This step involves the enterprise application integration solution which automatically creates and submits the deposit withdrawal to the deposit system.
3	Once the withdrawal request is processed successfully by the deposit system, the system will send a notification to the enterprise application integration solution.
4	The enterprise application solution will then automatically create and submit the credit card payment details to the card system.
5	Once the payment request is received by the card system, it will then send the successful "payment received" response to the enterprise application integration solution.
6	The enterprise application integration solution will then respond to the internet banking portal to notify the customer that the payment has been successfully performed.

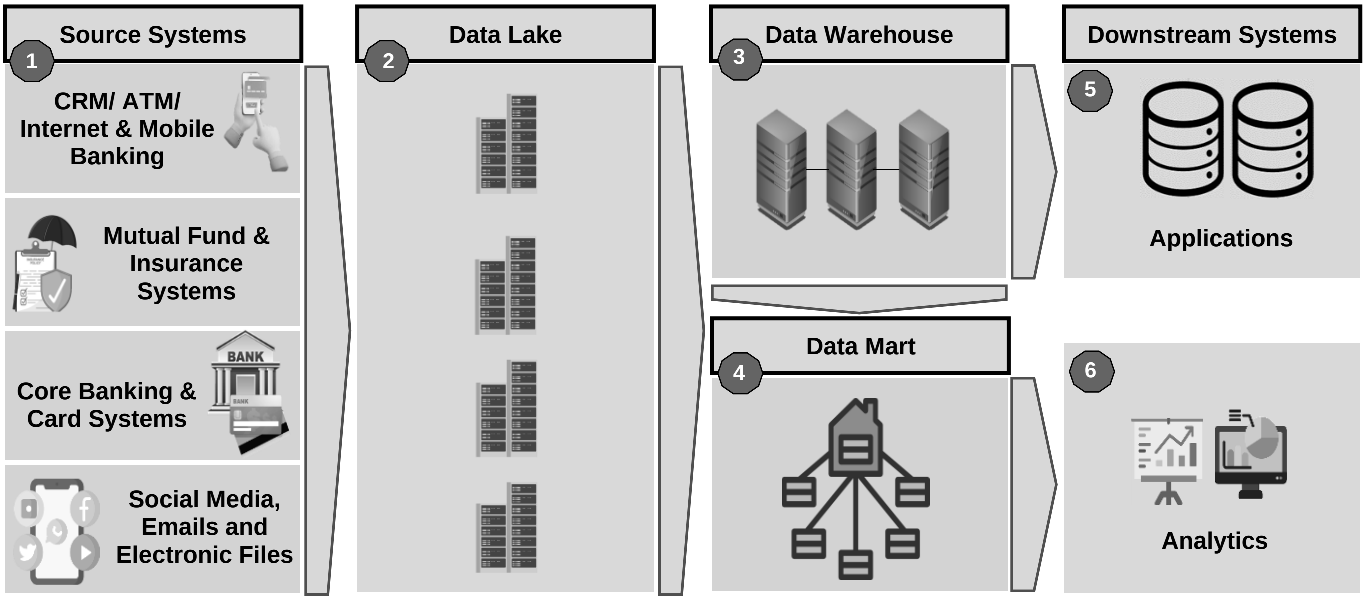
(ii) Enterprise Data Engineering and Analytics Solutions

Enterprise data engineering and analytics solutions are used for collecting, processing, transforming and managing data efficiently from various data sources (e.g. operational databases, data warehouse, data lakes, cloud storage) to provide quality, reliable, and accessible data to be used in the analytics solution and informed decision-making.

The design and implementation of the enterprise data engineering and analytics solutions are based on the clients' business objectives and reporting, as well as data analysis. Some of the benefits of enterprise data engineering and analytics solutions are, amongst others, up-to-the-minute data, compliant data, streamlined operations, improved client experience, improved competitive value, as well as improved data quality and reduced expenses.

Some of the types of solutions under our enterprise data engineering and analytics solutions are, amongst others, data integration tools, operational data store and data warehousing solutions, big data platform, database performance tuning, migration and security services, business intelligence tools and real-time analytics solutions.

The diagram below depicts an example of a financial institution's process flow covering the key aspect of our enterprise data engineering and analytics solution encompassing data integration, transformation, storage and analysis:



Steps	Description
1	Data is collected from various data source systems such as CRM, ATM, Internet and mobile banking, mutual fund and insurance systems, core banking and card systems, social media, emails and electronic files and these data are deposited into the data lake.
2	A data lake is a repository that stores and secures large amounts of unprocessed data.
3	The collected data undergoes processing and transformation before being loaded into data warehouse for data consolidation across the source systems. Some of the data processing and transformation activities which are conducted include, amongst others, data cleansing, data format revision, data consolidation, data aggregation and splitting and data masking.
4	A data mart is a subset of the data warehouse which focuses on a specific business domain such as sales and marketing, which allows for faster access to domain-specific data, facilitating more targeted and efficient analysis.
5	The consolidated data from the data warehouse is shared with any application such as CRM which requires the data.
6	The consolidated data from the data marts are used for business intelligence and analytics tool for in-depth analysis, dashboard creation and reporting purposes.

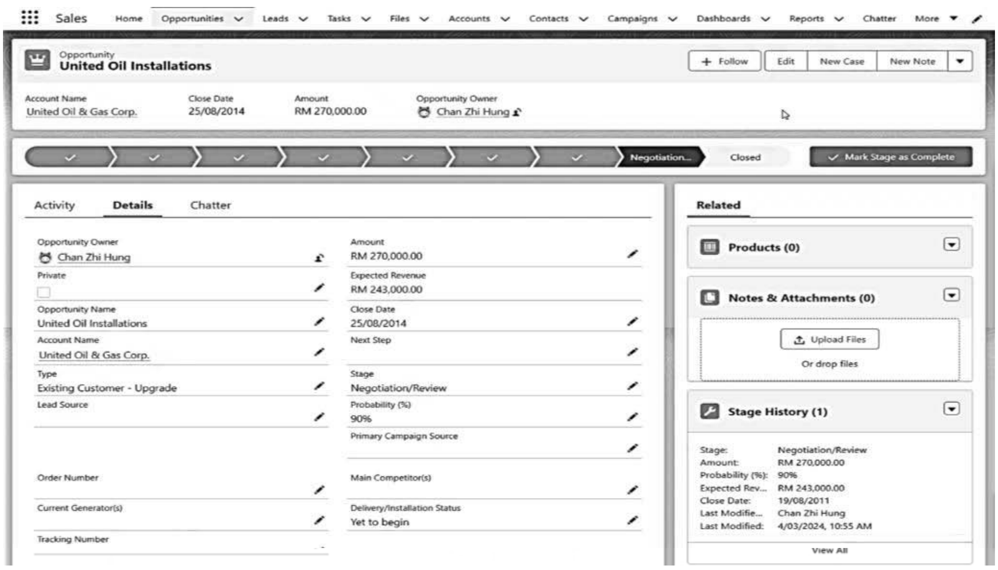
7. BUSINESS OVERVIEW (CONT'D)

The diagram below is a sample screenshot of an enterprise analytics solution for users to have dashboards and reports to monitor their business performance.

(iii) Enterprise CRM Solutions

Enterprise CRM solutions are used to manage and analyse client interactions through the entire client lifecycle, from acquisition, engagement, retention to feedback. We use these enterprise CRM solutions to customise, enhance, support and maintain our clients' CRM environment. They are designed to help our clients to identify and target their end-clients, manage marketing campaigns and generate sales leads; assist in improving communication channels such as voice call, text messaging and in-app messaging; sales management by optimising information shared by multiple employees; nurture end-client relationships, and enhance end-customer satisfaction, loyalty, and retention; providing our clients with data-driven insights and streamlined sales and marketing as well as service processes.

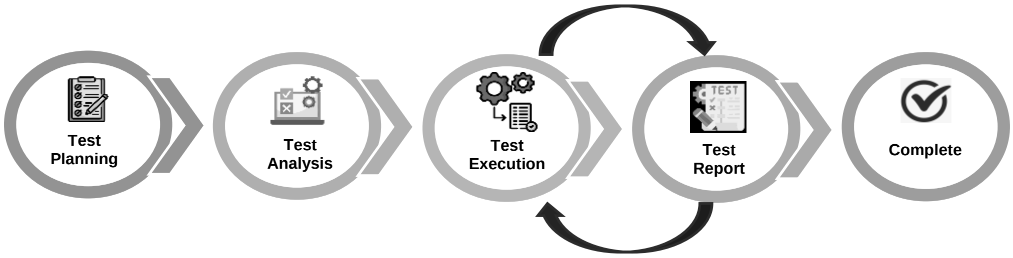
The diagrams below are sample screenshots of user interface of an enterprise CRM applications indicating a customer's service account, billing information and service ticket issued etc.:



(iv) Enterprise Software Testing Solution

Enterprise software testing solutions are tools and practices undertaken to assure the quality, reliability and performance of software applications or systems, which will result in better business optimisation, less maintenance cost, increases reliability and enhances user experience.

The typical testing approach for our enterprise software testing solution is as follows:



(i) Test planning involves determining the scope of testing, testing timeline, testing resources, as well as pass/fail conditions;

(ii) Test analysis involves detailed review of requirements specifications to identify test conditions and create detailed test cases. This is to ensure that testing aligns with the software's intended functionality and user requirement. For example, for checkout process, we may design test cases to validate that users can add items to their cart, proceed to checkout, enter shipping information and complete the purchase;

(iii) Test execution is the phase where the actual testing takes place. Testers execute the test cases, either manually or through automated testing tools, to validate the functionality of the software. During this phase, the system's behaviour is observed and recorded, and any deviations from testing are identified and reported to the technical team for resolution;

(iv) Test reporting phase involves the documentation and communication of test results to our clients. Reports that include details about number of test cases executed, pass/fail status, and any defects identified are generated; and

(v) Test complete phase marks the conclusion of the testing cycle. It includes activities such as summarising test results, conducting a meeting to discuss analysis of the testing results, and preparing for the sign-off of the software to the client.

Some of the types of testing under our enterprise software testing solutions are, amongst others, functional testing solutions, API testing solutions, mobile testing solutions, integration testing solutions, data migration testing solutions, performance testing solutions and stress testing solutions.

(v) Enterprise Infrastructure On-Premises and Cloud Solution

Enterprise infrastructure on-premises involves managing physical servers and storage, and other hardware within our clients' physical data centre. We provide end-to-end services which include operating system and database installation, configuration, database performance tuning, database security implementation and data migration from on-premises environment to cloud environment or cloud-to-cloud environment.

Enterprise infrastructure cloud solutions involves providing cloud platform that are hosted by our technology partners such as Oracle and Technology Partner A as an on-demand solution. This allows our clients to easily scale their computing resources up and down to meet changing demands, as well as pay based on the computing resources consumption which eliminate the need for significant upfront investments.

We provide a hybrid approach that involves combining on-premise infrastructure (physical services and data centres) with cloud-based services. The hybrid approach allows our clients to scale up their infrastructure by leveraging on cloud resources when needed, take advantage of pay-per-use model, as well as having robust disaster recovery and backup.

The type of solutions that we offer under enterprise infrastructure on-premises and cloud solutions are as follows:

Solution	**Description**
Engineered systems and IT infrastructure	• Engineered systems are integrated solutions combining hardware and software, specifically optimised for high performance and efficiency, primarily for Oracle database and applications; • IT infrastructure include servers and storage, where servers process and manage data while storage securely retains data for future access and analysis.
Operating systems	An operating system serves as a fundamental software infrastructure, to manage the hardware resources of a computing system and provide common services for proper functioning of programmes and applications.
Database management systems	A software that stores, retrieves and manages data in the database.
Cloud infrastructure	Cloud platforms that are hosted by our technology partners.
Cloud management and migration	Comprehensive cloud management services involve ongoing monitoring, optimisation, security management, cost control and performance tuning of cloud resources, and cloud migration for our client's needs.

7.4 BUSINESS SEGMENT AND PRINCIPAL MARKETS

The breakdown of our revenue by business segment for the Financial Years Under Review are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Implementation services	5,390	26.89	6,514	31.25	10,328	44.65
Maintenance, support and professional services	11,583	57.78	8,640	41.46	9,862	42.63
Resale of hardware and software	3,072	15.33	5,688	27.29	2,943	12.72
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**

The breakdown of our revenue by clients' geographical location for the Financial Years Under Review are as follows:

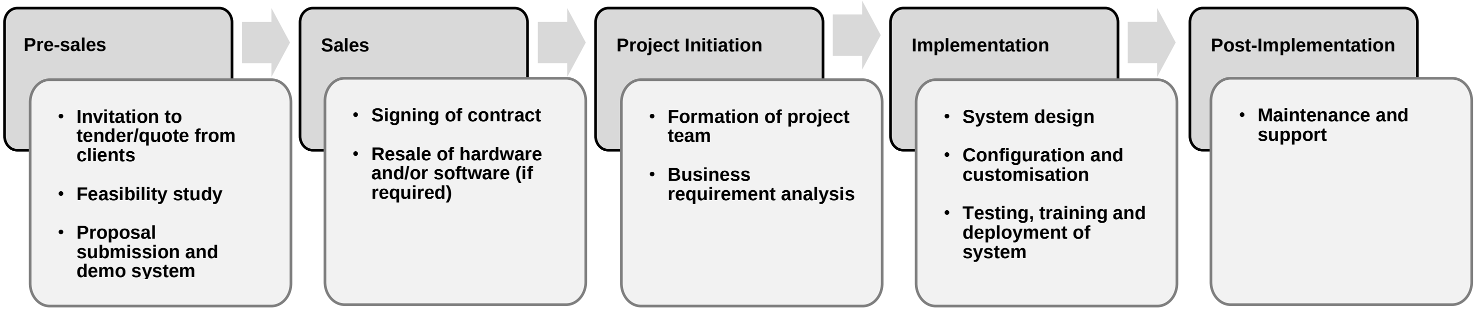
	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	15,408	76.87	18,480	88.67	22,300	96.40
Australia	2,259	11.27	1,338	6.42	304	1.31
Singapore	163	0.81	187	0.90	204	0.88
Brunei	638	3.18	173	0.83	-	-
Thailand	583	2.91	28	0.13	-	-
Papua New Guinea	471	2.35	541	2.59	-	-
Others(1)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

7.5 BUSINESS PROCESS

The typical process flow of our enterprise IT solutions business is depicted below:



Pre-sales

(i) Invitation to tender / quote from clients

We participate in tenders (including open tender and closed tender) or quotations after receiving invitations to tender or to quote directly from our clients.

At this stage, we receive brief description on the project requirements and specifications such as the enterprise IT solution required, operating system and the existing software (where applicable), contract period, which allow us to evaluate the feasibility of the project.

(ii) Feasibility study

For implementation services, we will conduct the feasibility study at the client's office premise and/or remotely to understand their business operations, the technology issues and challenges faced by our clients in their daily business operations, as well as asessing the business digital needs of the client. The feasibility study includes conceptualisation of an idea and gap analysis to ascertain the specific enterprise IT solution requirements and an analysis on the potential benefits and improvements of implementing the recommended enteprise IT solutions. Accordingly, our solution architect with domain expertise in the selected industry, will recommend the suitable enterprise IT solutions for our client's system requirements.

Following the feasibility study and after gaining a better understanding of the client's requirements, our business system analyst will proceed with the requirements planning whereby we will identify and ascertain the specific requirements of the enterprise IT solution. Our solution architect will then assess specific requirements of the enterprise IT solution to determine the suitable enterprise IT solutions from our technology partners that are closely aligned with our client's intended use.

For maintenance and support services, our Group will understand the client's systems which involves understanding the architecture, components, modules and any customisations or integration that have been implemented, scope of support required for their systems such as support team availability, response times and communication protocols. As for professional services, our Group generally obtains a brief description of the client's internal managed IT project and specification of the professional services required.

(iii) Proposal submission and demo system

If the project is feasible, we will prepare a proposal comprising, amongst others, the type of enterprise IT solutions provided by our Group, hardware and software requirement, manpower estimation, cost breakdown in terms of estimated IT professionals required and payment schedule. If required, we will also prepare a demo system according to the brief description of the project requirements provided, for presentation to our client.

A letter of award or purchase order will be issued if our proposal is accepted.

Sales

(i) Issuance of letter of award/purchase order and/ or signing of contract

This stage involves the issuance of a letter of award or a signing of contract which contains details such as the scope of our works, the payment schedule and other terms and conditions. If the projects are relatively straightforward, our client will issue us a purchase order for confirmation of our proposal.

For certain service contracts entered with our clients, we are required to provide a performance guarantee in the form of a bank guarantee or contract deposit as a security sum to ensure our due performance during the contract period.

(ii) Resale of hardware and/ or software (if required)

When we secure implementation or maintenance and support projects which includes the provision of hardware and/ or software licences, we will source the hardware and/ or software licences from our technology partners or appointed distributor of technology partners to be resold to our client.

Project Initiation

(i) Formation of Project Team

We will assemble an internal project team comprising IT project manager, business system analysts, solution architect, software developers, software testers, server administrator and/or database administrator for project planning and implementation. The size of a project team varies depending on the complexity, skill required and scale of the project.

The project team will be responsible for the project from design to delivery, based on the scope of the project. Depending on the requirement of our projects, we may outsource some specialised implementation works which we may not have the expertise to carry out, to other third-party enterprise IT solution providers.

(ii) Business requirement analysis

We will conduct business requirements discovery workshops with the client's key stakeholders to understand their detailed business requirements, the existing 'As-Is' processes and current difficulties and challenges faced. These workshops will bring about a comprehensive understanding of the client's operational landscape.

Following the workshops, we will prepare a detailed business requirements specifications known as the "To-be" processes for the client's system, which is the future state of the client's processes after incorporating the identified improvements and solutions. To ensure accuracy and alignment with the client's expectation, we will conduct future-state workshops to confirm and finalise the business requirements specifications.

Implementation

(i) System design

After obtaining the confirmation of the business requirements specifications, we will proceed to the design stage involving the following:

- Functional design specification blueprint involving visual presentation and layout of user interface design, screen navigation flows to describe how users move through different screen within the applications, detailed field description that provides information such as data type, validation rules and any specific requirements for each field.

- Interface agreement blueprint involving defining the specifications for information exchange between the enterprise IT solutions and external systems, to ensure inter-operability across various interfaces. The interface agreement includes a detailed interface specification outlining information to be sent and received between the enterprise IT solutions and external systems within the client's organisation and/ or third-party system provider. The agreement also incorporate the data flow relationship diagram illustrating the flow of data from one system to another system;

- System design architecture blueprint covering application architecture, integration architecture, data architecture, server architecture and security architecture; and

- Data migration design (applicable when client is implementing new system) blueprint involving specifying details for the migration of historical data to the new system, addressing aspects such as the identification of historical data to be migrated, migration methods, archival duration for the historical data, as well as identifying inconsistencies or discrepancies in the data.

Thereafter, we will present our proposed design of the system to the client for discussion and confirmation to finalise all the design details of the enterprise IT solutions.

(ii) Configuration and customisation

Once the design details of the enterprise IT solutions are approved by our client, we will proceed to customise the solution according to the requirement of the project, which includes configuration and customisation of the modules needed into one platform, linking the modules, building the user interface and integrating the solution with other business operations software used by the customer, where applicable, on a development environment.

The configuration and customisation of the enterprise IT solutions do not encompass the design of our client's security infrastructure. Instead, we adhere to our clients' security protocols during the implementation of our enterprise IT solutions into their system.

(iii) Testings, training and deployment of system

Upon completion of the configuration and customisation, we will perform checks on the system to ensure it meets the specifications stipulated in the contract. Various testings such as functional testing, integration testing, regression testing, system performance testing and stress testing are carried out to evaluate the functional and performance aspect of the system.

Thereafter, we conduct user acceptance testing with the presence of the representative of the client. All the function within the enterprise IT solution wil be tested to determine whether it can handle the required tasks in their real-world business scenarios according to its specifications. The user acceptance test may need to be performed multiple times to ensure that the enterprise IT solution provided by us performs correctly as per the requirements before the solution is deployed. Once the user acceptance test is completed, it will be signed off by us and a representative from our client.

We will conduct user training sessions for our client's employees in terms of practical applications in using the system in real-world scenarios. We further provide system operation and maintenance training to the client's internal IT support, focusing on system start-up and shutdown procedures and routine maintenance tasks, monitoring and troubleshooting, patch management as well as backup and recovery. The client's new software system is then rolled-out and goes live.

Post-implementation

(i) Maintenance and support

Following the deployment of the enterprise IT solutions, we may provide maintenance and support services ranging between 6 months and 5 years, under the same implementation contract or separate engagement to ensure smooth transition.

Under our maintenance and support contract, we may also provide periodic system operation support training as a refresher course to our client. The refresher course serves to maintain continuity in operational expertise and proficiency among our client's employees.

7.6 COMPETITIVE STRENGTH

7.6.1 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, initially with Siebel CRM technology which was subsequently acquired by Oracle. We further 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, Technology Vendor B. As at the LPD, we have a total of 7 technology partners and/or vendors.

We have provided our IT solutions to large organisations, including large enterprises, government-linked companies and MNCs that are across diverse industries such as telecommunications, financial services, technology, manufacturing, higher education, distribution, public sector, automotive and utilities. Our domain expertise caters to the telecommunications and financial services industries as we have been serving those industries since the beginning of our operations, resulting in the majority of our clients being in the telecommunications and financial services industries.

Our ability in delivering projects to numerous large organisations demonstrates our capabilities in implementing large-scale and centralised IT solutions, standardising and streamlining processes across subsidiaries and branches in different locations. We prioritise providing high quality services and establishing strong, long-term working relationships with our clients. With an established client portfolio from various industries, we have built a track record in the enterprise IT solutions industry in Malaysia. This positions our Group with the credentials to attract and secure more projects and business opportunities from both existing and prospective clients, which will contribute positively to our business expansion and financial performance.

7.6.2 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 25 years and 29 years of experience in the enterprise IT services industry, respectively. They are supported by our other Key Senior Management which are as follows:

Name	Designation	Years of relevant working experience
Yeoh Kim Kooi	Chief Financial Officer	20
Fon Wai Kein	Head of Enterprise Application Integration and SSO Management	20
Goh Yeh Hwang	Head of Enterprise Infrastructure On-Premises and Cloud	21
Wong Thean Chee	Head of Enterprise Data Engineering, Analytics and CRM	23

Our experienced management team comprises of a team of individuals with different working experiences which allows us to continuously cater and adapt to the changes in the enterprise IT services industry, as well as seamlessly broadening our solution offerings and extending our capabilities to deliver solutions successfully. Hence, we are of the opinion that our experienced management team will help sustain our business and provide the platform for our future growth.

Kindly refer to Section 5 of this Prospectus for further information on the details of our Non-Independent Executive Vice Chairman, Non-Independent Executive Director and CEO and Key Senior Management.

7.6.3 Internationally accredited quality services

We place importance in providing our clients with satisfactory quality services and offering guidance on the IT solutions in which we offer. Consequently, we have obtained international quality standard certifications as a testament of the quality of our services. 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. Kindly refer to Section 7.14 of this Prospectus for further information on the quality control and assurances certificates obtained by our Group.

7.6.4 We have a network of technology partners and vendors

As at the LPD, we have 7 technology partners and/or 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.

To establish technology partnerships, we will be assessed based on certain criteria which include, amongst others, our reputation and track record in the enterprise IT services industry, financial and manpower resources, annual sales volume, competency assessment, as well as meeting technical qualification and accreditation requirement for specific IT solutions. For reference, Oracle requires its technology partners to have employees who have obtained specific accreditations which are developed and offered by Oracle.

Subsequently, our partnership agreements are subject to annual renewal by our technology partners and/or vendors to maintain our technology partnerships and to continue to be a partner or vendor. Some of the renewal assessment criteria of our technology partners and/or vendors are as follows:

(i) yearly requirement of employees to obtain product training and accreditation of their IT solutions;

(ii) actively perform joint sales activities with the respective technology partners;

(iii) track record of successful delivery of their IT solutions; and

(iv) financial stability to ensure sufficient resources are available to grow our business and partnership with them, as well as to invest in technical training for our IT solution delivery employees to provide support to the clients.

In addition to being able to deliver customised solutions from our technology partners and vendors, our established long-term relationships with our technology partners and vendors provides us with credentials to attract and secure more projects and business opportunities from our existing and prospective clients.

7.6.5 Established software tools dedicated for enterprise application integration frameworks in the telecommunications industry and enterprise data engineering frameworks for the financial services industry

Through our collaborations with our technology partners and vendors, as well as the customisation and configuration of enterprise IT solutions for our clients, we have developed established software tools designed for reusability, catering to the telecommunications and financial services industry. These tools include, amongst others, project document templates and software adapters, which will be fine-tuned to meet the unique requirements of each industry.

We offer tools such as enterprise application integration framework and programs customised for clients in the telecommunications industry and enterprise data engineering frameworks customised for clients in the financial services industry. These tools are not only customisable but also allow for further enhancements, providing our clients with the flexibility to seamlessly implement the tools in their business operations.

These tools are designed to expedite the development and deployment process, as well as enhancing efficiency in the client's business operations. In the ever-changing technological landscape of the enterprise IT services industry, we constantly improve these tools with the latest technological trends.

7.7 TYPES, SOURCES AND AVAILABILITY OF INPUTS

The main inputs for our business are:

(i) Hardware;
(ii) Software and corresponding software licences; and
(iii) Third party contractors that we engage to perform implementation, maintenance and support of software where we do not have the technical skills and experience such as enterprise resource planning and supply chain management software.

The following are the breakdown of the inputs purchased/ sourced by our Group for the Financial Years Under Review:

	FYE 2021		FYE 2022		FYE 2023	
Inputs	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Hardware	895	27.67	277	4.80	413	12.01
Software and licences	1,892	58.49	5,166	89.58	2,356	68.49
Third party contractors	448	13.84	324	5.62	671	19.50
Total purchases	**3,235**	**100.00**	**5,767**	**100.00**	**3,440**	**100.00**

7.8 OPERATING CAPACITY AND OUTPUT

Our Group is an enterprise IT solutions provider involved in the provision of implementation services, maintenance, support and professional services and the reselling of hardware and software. As such, the calculations of operating capacity and output are not relevant to our business.

7.9 SALES AND MARKETING

The sales and marketing strategies of our Group are as follows:

7.9.1 Direct marketing to our clients

Our sales and marketing efforts are driven by our Key Senior Management who are responsible for attending inquiries from potential clients and preparation of proposals and presentation to clients as well as preparation of scope of projects and quotations.

In addition, our Group is registered in various tendering platforms whereby we can access to the tenders posted on the platforms. We will review the tenders and participate in tenders that we are interested in and qualified in. Apart from tendering platform, we also participate in closed tenders when we are invited by the clients directly.

7.9.2 Referrals from our technology partners and vendors, as well as existing clients

Our track record in providing enterprise IT solutions to large organisations has brought in project referrals and enquiries through recommendations by our technology partners and vendors as well as our clients. We work with our clients to optimise their operations through our implementation, maintenance and support as well as professional services. Our previous and existing clients (who have first hand experience) typically refer our Group and solutions to potential clients.

7.9.3 Corporate website and social media

We have established our corporate website at www.vtcholding.com which provides information on our Group and our offerings. We also leverage on social media platforms such as Facebook and LinkedIn to update our company activities to increase our exposure and market our enterprise IT solutions offerings. The use of the Internet as a source of information enables us to cross geographical boundaries and facilitates access to any part of the world, enhancing our potential market reach and exposure.

7.10 MAJOR CLIENTS

Our major clients for the Financial Years Under Review are as follows:

FYE 2021

No.	Client	Country of origin	Type of products / services sold	Approximate length of relationship (years)[(1)]	Revenue RM'000	Revenue %
1.	Telekom Malaysia Berhad	Malaysia	Implementation, support, maintenance and professional services – enterprise application integration and SSO management solution	14	3,156	15.74
2.	Client A Group	Malaysia	Professional services for enterprise CRM solution	9	2,821	14.07
3.	Telstra Corporation Limited	Australia	Professional services for enterprise data engineering	3	2,259	11.27
4.	Client E	Malaysia	Implementation for enterprise data engineering, support and maintenance, professional services for enterprise CRM	14	1,774	8.85
5.	Client D	Malaysia	Implementation services for software testing solution Support and maintenance services for CRM solution	6	1,387	6.92
				Sub-total	**11,397**	**56.85**
				Total	**20,045**	**100.00**

FYE 2022

No.	Client	Country of origin	Type of products / services sold	Approximate length of relationship (years)[(1)]	Revenue RM'000	Revenue %
1.	Telekom Malaysia Berhad	Malaysia	Implementation, support and maintenances, professional services – enterprise application integration and SSO management solution	15	4,754	22.81
2.	Client F	Malaysia	Implementation, support and maintenance for on enterprise IT infrastructure on-premises solution	1	4,162	19.97
3.	Client A	Malaysia	Professional services for enterprise CRM solution	10	2,577	12.36
4.	Client E	Malaysia	Implementation for enterprise data engineering, support and maintenance, professional services for enterprise CRM	15	1,552	7.45
5.	Telstra Corporation Limited	Australia	Professional services for enterprise data engineering	4	1,338	6.42
				Sub-total	**14.383**	**69.01**
				Total	**20,842**	**100.00**

(The rest of this is page is intentionally left blank)

FYE 2023

No.	Client	Country of origin	Type of products / services sold	Approximate length of relationship (years)(1)	Revenue RM'000	Revenue %
1.	Telekom Malaysia Berhad Group(2)	Malaysia	Implementation, support and maintenances, professional services – enterprise application integration and SSO management solution	16	10,550	45.60
2.	Client E	Malaysia	Implementation for enterprise data engineering, support and maintenance, professional services for enterprise CRM	16	1,888	8.16
3.	Client H	Malaysia	Implementation, support and maintenance services for enterprise data engineering and analytic solution	2	1,772	7.66
4.	Client A	Malaysia	Professional services for enterprise CRM solution Implementation services for enterprise IT infrastructure on-premises solution	11	1,729	7.48
5.	Client G	Malaysia	Implementation services for software testing solution	1	1,459	6.31
				Sub-total	**17,398**	**75.21**
				Total	**23,133**	**100.00**

Notes:

(1) Length of relationship as at respective financial year.

(2) Include Telekom Malaysia Berhad and TM Technology Services Sdn Bhd.

Revenue from our major clients collectively contributed 56.95%, 69.01% and 75.21% of our revenue for the Financial Years Under Review, respectively. In particular, Telekom Malaysia Berhad Group has been contributing substantially to our Group's revenue, accounting for 15.74%, 22.81% and 45.60% for the Financial Years Under Review, respectively. We have had projects with Telekom Malaysia Berhad Group which have commenced since 2007. Their significant contribution to our revenue for the Financial Years Under Review may be considered a risk factor to our Group as we will continue to tender for new contracts from Telekom Malaysia Berhad Group should the opportunity arise. Due to their significant revenue contribution, terminations and loss of future opportunities with Telekom Malaysia

Berhad Group without timely replacement may adversely impact our Group. Please refer to Section 9.1.4 of this Prospectus for further details.

During this time, our Group has also been securing contracts from different clients and industry segments which have also increasingly contributed to our Group's revenue. We expect to continue diversifying our customer base in future to replenish our order book.

7.11 MAJOR SUPPLIERS

Our major suppliers for the Financial Years Under Review are as follows:

FYE 2021

No.	Supplier	Country of origin	Type of products and services	Approximate length of relationship (years)(1)	Purchase value RM'000	Purchase value %
1.	Computrade Technology (Malaysia) Sdn Bhd	Malaysia	Enterprise IT infrastructure on premise hardware and software	2	1,476	45.63
2.	WSO2 Inc	United States of America	Enterprise application integration and SSO solution software	1	820	25.35
3.	Germain Software LLC	United States of America	Enterprise IT infrastructure cloud solution software	1	576	17.79
4.	Supplier A	Malaysia	Enterprise IT infrastructure cloud and on-premise solution software	2	155	4.79
5.	Olivestouch Technologies Sdn Bhd	Malaysia	Subcontracting work for ERP system	2	36	1.12
				Sub-total	**3,063**	**94.69**
				Total	**3,235**	**100.00**

FYE 2022

No.	Supplier	Country of origin	Type of products and services	Approximate length of relationship (years)(1)	Purchase value RM'000	Purchase value %
1.	Computrade Technology (Malaysia) Sdn Bhd	Malaysia	Enterprise IT infrastructure on premise hardware and software	3	3,840	66.59
2.	WSO2 Inc	United States of America	Enterprise application integration software	2	1,234	21.40

No.	Supplier	Country of origin	Type of products and services	Approximate length of relationship (years)[(1)]	Purchase value RM'000	Purchase value %
3.	Supplier B	Malaysia	Enterprise application integration software	12	366	6.35
4.	Software One Experts Sdn Bhd	Malaysia	Subcontracting work for ERP system	1	120	2.08
5.	Supplier C	Malaysia	Subcontracting work for enterprise IT infrastructure on-premise hardware and software	1	95	1.65
				Sub-total	**5,655**	**98.07**
				Total	**5,767**	**100.00**

FYE 2023

No.	Supplier	Country of origin	Type of products and services	Approximate length of relationship (years)[(1)]	Purchase value RM'000	Purchase value %
1.	WSO2 Inc	United States of America	Enterprise application integration software	3	1,713	49.79
2.	Computrade Technology (Malaysia) Sdn Bhd	Malaysia	Enterprise IT infrastructure on-premise hardware and software	4	566	16.45
3.	Supplier B	Malaysia	Enterprise application integration software	13	366	10.64
4.	Software One Experts Sdn Bhd	Malaysia	Subcontracting work for ERP system	2	237	6.89
5.	Strateq Systems Sdn Bhd	Malaysia	Subcontracting work for enterprise data analytic solution	2	188	5.48
				Sub-total	**3,070**	**89.25**
				Total	**3,440**	**100.00**

Note:

(1) Length of relationship as at respective financial year.

In the Financial Years Under Review, our Group's top 5 major suppliers collectively contributed 94.69%, 98.07% and 89.25% to our Group's total purchases respectively. The largest contributors for our Group's purchases were Computrade Technology (Malaysia) Sdn Bhd and WSO2 Inc which collectively contributed 70.98%, 87.99% and 66.24% during the Financial Years Under Review. Notwithstanding this, our Group is not dependent on its major suppliers.

7.12 SEASONALITY OF BUSINESS

Our Group's operation is not subject to seasonal trends.

7.13 TECHNOLOGY USED

The technology used in our daily operations are as follows:

Technology	Description
Microsoft Project	A project management software designed to assist in developing a schedule, assigning resources to tasks, tracking progress, managing budget and analysing workloads
Microsoft Visio	A software for drawing diagrams which includes, amongst others, flowcharts, organisational charts, building plans, floor plans, data flow diagrams, process flow diagrams, business process modelling, swimlane diagrams, and 3-dimensional maps
Microsoft Office	A family of client software, server software and services which includes Microsoft Outlook, Microsoft OneDrive, Microsoft Word, Microsoft Excel, Microsoft PowerPoint, Microsoft OneNote, Microsoft SharePoint, Microsoft Teams and Yammer
Symantec Endpoint Protection	Symantec Endpoint Protection is a security software suite that consists of anti-malware, intrusion prevention and firewall features

Kindly refer to Section 7.2 and Section 7.3 of this Prospectus for further information on our technology partners and vendors, as well as enterprise IT solutions provided by our Group, respectively.

7.14 QUALITY CONTROL AND ASSURANCE

We place great emphasis on providing our clients with satisfactory and quality service and advise on the enterprise IT solutions in which we offer. As a testament to our commitment to quality, we have been accredited with the following:

Company	Standard	Certificate No.	Scope	Issuing party	Validity period
VTCM	ISO 9001:2015	KAQM202307044	Provision of Design & Installation of Software	KVQA Assessment Pvt Ltd	28 July 2023 – 28 July 2024
VTCM	TMMi Certified Level 3	HWSA-553904-210426-5484202370	Test Policy & Strategy, Test Planning, Test Monitoring & Control, Test Design & Execution, Test Environment, Test Organization, Test Training, Test Life Cycle & Integration, Non-Functional Testing & Peer Reviews	Malaysian Software Testing Board	26 April 2021 – 30 April 2024

Some of our technology partners and vendors may require our software development and business system analyst employees to obtain specific accreditations, as well as attend product training in respect to their enterprise IT solutions offered.

In addition to our software development and business system analyst employees attending training on a specific enterprise IT solution in which they specialise in, we may conduct ad-hoc training for them to educate them on the products of all our technology partners and vendors for them to better advise our clients on enterprise IT solutions which best suits their business operations.

7.15 EMPLOYEES

The breakdown of our employees as at 31 August 2023 and at LPD:

	Number of employees					
	As at 31 August 2023			As at the LPD		
Category	**Local**	**Foreign**	**Total**	**Local**	**Foreign**	**Total**
Directors	2	-	2	2	-	2
Key Senior Managements	4	-	4	4	-	4
IT Solutions						
- Permanent	75	2	77	69	3	72
- Contractual	18	7	25	16	7	23
Human Resource, Finance, Admin and IT Support	3	-	3	3	-	3
Total	102	9	111	94	10	104

None of our employees belong to any labour union and as at the LPD, there is no material dispute between our management and our employees.

7.16 RESEARCH AND DEVELOPMENT

Due to the nature of our business, we do not carry out research and development activities.

We conduct feasibility studies on the business operations of our clients to ascertain the necessary usage of the enterprise IT solutions. Subsequent thereto, we will provide customisations to the enterprise IT solutions based on the requirements of the client to best suit the usage of their business operations.

7.17 MATERIAL DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS

As at the LPD, save for the licenses disclosed in Section 7.18 of this Prospectus, our Group is not materially dependent on any contracts, arrangements or any matters that could affect our business or profitability.

7.18 APPROVALS, MAJOR LICENCES, PERMITS AND REGISTRATIONS

Save as disclosed below, there are no other major licences, permits and registrations which our Group is materially dependent on for our business as at the LPD:

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
1.	DBKL	Trade, business and industries licence for business office and advertising sign at E-32-03 & E-32-3A, Jalan Kerinchi Bangsar South, 59200 Kuala Lumpur	File No. DBKL.JPPP/02615/05/ 2023/KM01	31 May 2023 / 1 June 2023 to 31 May 2024	1. The mayor of Kuala Lumpur has the right to impose additional conditions as a business control measure from time to time as well as take action based on laws and acts of external departments / agencies related to business activities. 2. License is to be renewed every year 60 days prior to license expiration without notice from the Mayor of Kuala Lumpur. 3. Workers on the premise should be 50% citizens of Malaysia and 50% non-citizens with a valid work permit.	Complied
2.	MBPJ	Trade, business and industries licence for management office at A4-1119, Leisure Commerce Square, Pusat Dagang Setia Jaya, No. 9, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor	Account No. L2540000662166 Reference No. EL2540000674308	4 December 2023 / 1 January 2024 to 31 December 2024	None noted.	Complied
3.	Tenaga Nasional Berhad	Certificate of registration of VTCM as Service Provider and Contractor for the following categories: (i) 210101: Hardware (low end technology) - Supply all types of computer hardware Including personal computer, notebook, printer, document scanner, peripherals and maintenance; (ii) 210102: Hardware (high end technology) - All types of server, mainframe, high end printers, storage area network (SAN, NAS) including maintenance; (iii) 210103: Software – Supply all computer software, operating	Certificate Number: K60661130423368088	6 April 2023 / Until 1 November 2025	None noted.	Not applicable

7. BUSINESS OVERVIEW (CONT'D)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
		system, database, off-the-shelf packages including maintenance; (iv) 210104: Software / System Development / Customization and Maintenance including data entry, data processing; (v) 210105: Telecommunication/ networking-supply product, infrastructure, services including maintenance (LAN/WAN/Internet/wireless/satellite); (vi) 210106: Data management – Provide services including Disaster; (vii) 210107: ICT security and firewall, Encryption, Public Key Infrastructure (PKI), Anti Virus; (viii) 210108: Multimedia-products, services and maintenance (video conferencing, web cast, Graphic design, animation); and (ix) 210109: Hardware and Software leasing/renting.				
4.	Malaysia Digital Economy Corporation	Registration of VTCM as Malaysian Digital Company	Certificate Number: 1444	Effective Date: 6 July 2006	The Malaysian Digital Company hereby agrees to: (i) complete business registration of the proposed entity as a locally incorporated company under the Companies Act 1965 within one (1) month from the date of its letter, commence operations of the proposed entity within six (6) months from the date of this letter, and undertake such activities specified in the MSC Malaysia-Status Company's business plan ("**Business Plan**") as approved by MDEC below ("**MSC Malaysia-Qualifying Activities**") within six (6) months from the date of this letter or by such date(s) as may be specified in the Business Plan (which date(s) may be extended or modified with the	To be complied

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					written consent of MDEC) and thereafter continue with such business and activities unless otherwise approved by MDEC. (a) Research, development and commercialisation of the following Shared Services Outsourcing activities: • Technical account management • Technical professional management • IT outsourcing • Application management • Infrastructure management • Business process outsourcing • Export sourcing (b) Provision of technical support, maintenance and Shared Services Outsourcing services related to the above. Any changes proposed to the above MSC Malaysia-Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDEC. *(ii) No longer applicable* [(1)] (iii) Ensure that at all times at least fifteen percent (15%) of the total number of employees (excluding support staff) of the Malaysian Digital Company shall be "knowledge workers" (as defined by MDEC). Knowledge Workers shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC Malaysia Qualifying Activities. The recruitment, employment and/or appointment of foreign "knowledge workers" (if any) shall be the sole responsibility of the Malaysian Digital Company and MDEC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment; (iv) ensure that any products produced pursuant to the MSC Malaysia-Qualifying Activities are original, and that no part or portion of such product is an infringement or violation of any intellectual property or any proprietary rights of any third party, or constitutes	

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					a misappropriation of know-how belonging to any third party; (iv) submit to MDEC a copy of the Malaysian Digital Company Annual Report and Audited Statements in parallel with submission to the Companies Commission of Malaysia; (v) ensure that all information and/or documents furnished by the Malaysian Digital Company to MDEC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading; (vi) inform and obtain the prior approval of MDEC for any proposed change in the name of the Malaysian Digital Company; (vii) inform MDEC of any change in the equity structure or shareholding structure of the Malaysian Digital Company, or such other changes that may affect the direction or operation of the Malaysian Digital Company. MDEC must be informed of any change before steps are taken to effect such change[(1)]; and (viii) comply with all such statutory, regulatory and/or licensing requirements as may be applicable, including but not limited to the Transfer Pricing Guidelines issued by the Inland Revenue Board of Malaysia on 2 July 2003, and such other amendments as may be applicable from time to time.	
5.	Ministry of Finance	Certificate of registration – Provision of supply and service under the following codes: (i) 210101: ICT / Equipment and computer accessories, hardware and components / Hardware (low end technology) (ii) 210102: ICT / Equipment and computer accessories,	Certificate Number: K60661130423368088	28 October 2022 / 28 October 2022 to 1 November 2025	General Conditions 1. This approval is given based on the information provided by VTCM. 2. Any changes to the said information should be updated online in the Profile Update Module at www.eperolehan.gov.my within twenty-one (21) days from the date of such change and failure to do so may result in action being taken as described in paragraph 5 below. 3. VTCM must submit all such information within the stipulated time as requested by the Ministry of	Complied

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
		hardware and components / Hardware (high end technology) (iii) 210103: ICT / Equipment and computer accessories, hardware and components / Computer software, operating system, database, off-the-shelf packages including maintenance (iv) 210104: ICT / Equipment and computer accessories, hardware and components / System development / Customization and maintenance (v) 210105: ICT / Equipment and computer accessories, hardware and components / Telecommunication / Networking - supply product, infrastructure, services including maintenance (vi) 210106: ICT / Equipment and computer accessories, hardware and components / Data management – Provide services including disaster (vii) 210107: ICT / Equipment and computer accessories, hardware and components / ICT security and firewall, encryption, PKI, anti virus (viii) 210108: ICT / Equipment and computer accessories, hardware and components / Multimedia - products, services and maintenance (ix) 210109: ICT / Equipment and computer accessories, hardware and components /			Finance. Failure to do so will result in action being taken as described in paragraph 5 below. 4. VTCM must ensure that the fields registered in the certificate do not overlap with the fields approved on any of the companies as follows: 4.1 has the same owner or board of directors, directors, management and employees; or 4.2 operating on the same premises. 5. The Ministry of Finance reserves the right to visit or perform audit inspection at any time without prior notice. Failure to comply with the conditions of registration, field code and/or registration may result in suspension/revocation of registration and VTCM, the owner as well as the board of directors/director are subject to disciplinary action including being blacklisted without any notice if any information provided is found to be incorrect. 6. A newly registered company is not allowed to make any changes to the owner or director during the period of six (6) months from the date the company is registered. 7. Failure of VTCM to apply for renewal of registration after one (1) year from the expiry date of the registration may result in the registration of VTCM with the Ministry of Finance to be automatically cancelled and withdrawn from e-Perolehan system. VTCM must then make a new application. <u>Suspension / revocation of registration</u> 1. VTCM's registration will be suspended/revoked in the event that VTCM commits the following offences: 1.1 Company/ owner/ partnership/ director/ any of the management team commits a crime and is found guilty by the court in Malaysia or overseas or undertaking civil liability. 1.2 VTCM withdraws its offer before the tender is considered or rejects once offer is made.	

7. BUSINESS OVERVIEW (CONT'D)

No.	Approving authority / Issuer	Type of approvals / licences / permits	Licence / Permit / Account / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
		Hardware and software leasing / Renting			1.3 VTCM fails to fulfil its contractual obligations signed with the Government. 1.4 VTCM is found to amend the Certificate of Registration of Company for the purpose of fraud or other purposes. 1.5 VTCM allows its Certificate of Registration of Company to be misused by another individual/company. 1.6 VTCM is found to have entered into price fixing arrangements with other companies upon entering into a Government tender or subcontract without prior consent of the Government agency involved. <u>Renewal</u> 1. VTCM must submit the renewal application three (3) months prior to the expiry date. 2. Applications received after the expiry date are considered renewal registration.	

Note:

*(1) Pursuant to the Guidelines on Transition of MSC Malaysia to Malaysia Digital issued on 29 December 2022 ("**Guidelines**"), MSC Malaysia Status Company has been rebranded as Malaysian Digital Company. As such, Malaysian Digital Company is to adhere to the Guidelines and to the existing conditions for the MSC Malaysia status as stated in the approval letter dated 6 July 2006 ("**Approval Letter**"). The new conditions set out in the Guidelines which supersedes the Approval Letter is as follows:*

Condition in the Approval Letter	***Condition in the Guidelines***
<u>Clause A(1)(ii) – Conditions of MSC Malaysia-Status</u> *The MSC Malaysia-Status Company hereby agrees to:* *(ii) locate the implementation and operation of the MSC Malaysia Qualifying Activities in a Designated Zone in Cyberjaya with an office space requirement of 750 sq ft within six (6) months from the date of this letter, and will seek MDEC's prior written approval in the event of any changes in the location or address of the company;*	*<u>Clause 3 – Expansion of location and removal of minimum office space requirement</u>* *3.1 The Company is allowed to operate and undertake its approved activities in any location within Malaysia.* *3.2 Following the above, the minimum office space requirement is no longer applicable for the Company.* *3.3 Item 3.1 and 3.2 take effect from 25 March 2022 as approved by the Government.*

Further, the Guidelines sets out a new method for VTCM to update and notify MDEC in situations where there is a change in the equity structure, name of VTCM and name of the product or services stated under the Approval Letter. The Company has been informed by MDEC that notifications are generally to be made in the Malaysian Digital Portal within one month from the date of change through MDEC's website. Clause 8.2 of the Guidelines states as follows:-

*"**8.2 Post Approval Changes***

(a) The company is required to notify MDEC for the following:

1. Change in the equity structure (paid-up capital and/or shareholder) of the company;

2. Change in the name of the company;

3. Change in the name of the product or services (re-branding) stated under the Approved Activity in the Approval Letter;

by completing, signing and submitting the necessary form in the system, available at MDEC website together with the required supporting documents.

(b) The company is required to notify MDEC in the event the company has changed its business operating address, contact person(s) and/or contact details.

(c) The company will receive an acknowledgement letter once the changes are accepted by MDEC, the Approval Committee and/or National Committee of Investment.

(d) Any variation to the conditions specified in the Approval Letter will require the approval from the Approval Committee and/or National Committee of Investment."

(The rest of this is page is intentionally left blank)

7. BUSINESS OVERVIEW (CONT'D)

7.19 INTELLECTUAL PROPERTY RIGHTS

As at the LPD, the registered trademark of our Group is set out as below:

No	Trademark	Name of applicant / Trademark no. / Application no.	Jurisdiction	Class / Description	Application Date / Registration Date / Validity period
1.	vision technology consulting	VTCM / 2012056516	Malaysia	Class 42 – Advisory services relating to computer software; Computer software advisory services; Computer software consultancy; Computer software design; Computer software development; Computer software engineering; Computer software programming services; Computer support services (programming and software installation, repair and maintenance services); Consultancy in the design and development of computer software; Design and development of computer software (for others); Design of computer software; Development of computer software; Development of computer software application solutions; Development of software; Maintenance of computer software; Online provision of web-based software; Providing information, including online, about design and development of computer hardware and software; Software creation; Software engineering, All included in Class 42.	24 August 2012 / 24 August 2012 / Renewed for a period of 10 years until 24 August 2032

(The rest of this is page is intentionally left blank)

7.20 REGULATORY REQUIREMENTS INCLUDING ENVIRONMENTAL CONCERNS

As at the LPD, there are no major environmental issues which may materially affect our operations and enterprise IT solutions offered.

Our Group's business operations are subject to the following key governing laws and regulations.

Local Government Act 1976 ("LGA")

Section 102 of the LGA provides that local authorities are empowered to make, amend and revoke the by-laws.

Our Group's business office and management office are located in Bangsar, Kuala Lumpur and Petaling Jaya, Selangor respectively. As such, our Group is under the jurisdiction of the DBKL and the MBPJ. The relevant by-laws governing the conduct of our Group's business would be the DBKL Licensing By-Laws and the MBPJ Licensing By-Laws.

By virtue of the DBKL Licensing By-Laws, any person who may use any premise for operating any business activity when a planning approval, if necessary, for that purpose has been obtained under the relevant planning law and a business premise license has been issued pertaining to the said premise by the Commissioner under these by-laws.

In respect of VTCM's trade, business and industries licence with DBKL, there was a short gap from 7 April 2023 to 31 May 2023 where VTCM was operating without a valid licence. VTCM has obtained its trade, business and industries licence with DBKL on 31 May 2023, with a validity period of 1 June 2023 until 31 May 2024. Moving forward, we will task the administration department to monitor and procure all renewals of licences prior to their expiry.

The MBPJ Licensing By-Laws provide that no person shall carry out any trading, business and industrial activities or use any place or premise located within the jurisdiction of MBPJ for any trading, business and industrial activities without a licence issued by the licensing authority of MBPJ.

VTCM had previously occupied the A4-1119 Setia Jaya Property as a meeting room and storage without a trade, business and industries licence from MBPJ for the period approximately from 1 June 2006 to 4 September 2023. VTCM has obtained its trade, business and industries licence with DBKL on 5 September 2023, with a validity period of 5 September 2023 until 31 December 2023. VTCM had also renewed said licence for the period of 1 January 2024 to 31 December 2024. The administration department monitors and procures all renewals of licences prior to their expiry.

A contravention of the by-laws would result in an offence, which upon conviction, would result in a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

As at the LPD, our Group holds and maintains valid business licences issued by DBKL and MBPJ.

Street, Drainage and Building Act 1974

Section 79(1) of the Street, Drainage and Building Act 1974 provides that no person shall erect or cause or permit to be erected any building any partition, compartment, gallery, loft, roof, ceiling or other structure without having the prior written permission of the local authority. Any person who fails to do so shall be liable on conviction to a fine not exceeding RM500 and shall also be liable to a further fine not exceeding RM100 for every day during which the offence is continued after conviction.

Our Group had previously carried out internal renovations on its properties, namely CBD Perdana Property, A4-1119 Setia Jaya Property, B2-1007 and B2-1009 Setia Jaya Property and Block E KL Gateway Property without renovation permits from the respective local authorities. Our Group has since obtained renovation permits for all the aforementioned properties from the local authorities without any fines or penalties imposed save for CBD Perdana Property, which is currently pending the issuance of the CCC as disclosed in Section 6.8.1 Note (3) of this Prospectus.

By-law 28 of the Uniform Building By-laws 1984 ("**UBB**") provides that no person shall occupy or permit to be occupied any building or any part thereof unless a CCC, a partial CCC or a temporary CCC has been issued under these UBB for such building and any failure to comply with this by-law shall render such person liable to prosecution under the Street, Drainage and Building Act 1974 ("**SDBA**").

Sections 70(27)(f) and 72 of the SDBA as amended by the Street, Drainage and Building (Amendment) Act 2007 provides that our Group may be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years for occupying or permits to be occupied the CBD Perdana Property without a CCC. The CBD Perdana Property is currently tenanted to a third party as disclosed in Section 6.8.1 of this Prospectus. Our Group had obtained a special permission notice dated 28 November 2023 issued by the relevant local authority for the renovations carried out on CBD Perdana Property. Currently, the official approval and inspections from the relevant local authorities and the fire and rescue department are pending prior to the issuance of the CCC in connection with the renovations. The Group expects to obtain the approvals in relation to the CBD Perdana Property by end of July 2024. As at the LPD, no fine has been imposed on our Group nor has any order been issued by the regulatory authority in relation to the renovations on CBD Perdana Property.

7.21 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our Board is aware of the sustainability governance as set out in the Listing Requirements in Relation to Sustainability Reporting Framework, Bursa Securities' Sustainability Reporting Guide (3rd Edition) and Malaysian Code on Corporate Governance 2021. As such, our Group has adopted several Environment, Social and Governance (ESG) practices in our operations to minimise our environmental impact, conduct business ethically, and create positive social outcomes.

We are committed to sustainability and have implemented the following:

Environmental Practices

- Environmental stewardship: Designing and committing to protect the environment in daily operations.
- Waste management: Implementing practices to minimise consumable waste and ensure proper disposal methods.
- Regulatory compliance: Assessing and ensuring our Group's adherence to environmental regulations and legal requirements.

Social Practices

- Employee health and safety: Enforcing and maintaining a safe, healthy, and conducive work environment for employees.
- Diversity and inclusion: Fostering a diverse and inclusive culture that appreciates and values individual differences.
- Equal opportunities: Developing and implementing measures that ensures fair and equal opportunities regardless of age, gender, ethnicity, religion, and other relevant characteristics.

- Eliminating improper conduct: Introducing measures to eradicate inappropriate behaviour and practices such as discrimination, workplace bullying, and harassment of any form.
- Empowerment and growth: Cultivating employee growth by supporting their personal and professional development.
- Upholding workers' rights: Respecting and safeguarding fundamental workers' rights, including the elimination of forced labour.
- Community engagement: Contributing to the well-being and advancement of the surrounding community through corporate social responsibility programs, employee volunteerism, and job creation.

Governance Practices

- Ethical business practices: Upholding high standards of business ethics, corporate governance, and integrity.
- Enhanced corporate governance: Instituting and continuously refining suitable governance structures and processes.
- Legal compliance: Ensuring adherence to all relevant laws and regulations concerning corporate governance.
- Transparent complaint handling: Addressing credible complaints, grievances, and conflicts through a transparent, open, and consultative resolution process.
- Robust internal controls: Implementing policies and procedures that ensures the adequacy and integrity of our Group's internal control system.

7.22 INTERRUPTIONS TO BUSINESS AND OPERATIONS

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. Subsequent thereto, the Government implemented the conditional MCO, recovery MCO, enhanced MCO where restrictions were either relaxed and/or tightened for certain areas, based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government announced the National Recovery Plan, a phased exit strategy from the COVID-19 crisis which consisted of 4 phases where the restrictions were gradually eased in each phase.

On 1 April 2022, Malaysia entered the endemic phase whereby all economic sectors were allowed to operate, and interstate and international travel were allowed, subject to adherence to the relevant SOP and guidelines.

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 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.

7.23 FUTURE PLANS AND BUSINESS STRATEGIES

7.23.1 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. Among the features of the AI-driven data handling and analytic solutions that we intend to introduce include:

(i) AI-driven segmentation facilitated ML algorithms categorises customers by identifying patterns and behaviours based on extensive customer datasets.

The segmentation goes beyond customers' demographics, incorporating factors such as purchase history, online behaviour and preference. By understanding the specifics among different group of customers, AI empowers marketers to improve their marketing strategies, by optimising content of messaging, the channels through which messages are delivered, and the timing of campaigns for each segment of customers. The AI segmentation approach ensures that marketing efforts resonate more effectively with diverse audience segments, leading to improved engagement, higher conversion rates, and a more efficient allocation of resources.

(ii) AI-driven recommendation engines and ML capabilities that learn, analyse and provide personalised recommendation based on collected data.

For example, in the financial services industry, the integration of AI-driven recommendation engines and ML capabilities can assist to enhance credit risk assessment processes, by analysing client's data encompassing internal data i.e. customer demographics and historical transaction records, and external data i.e. economic indicators and to provide personalised insight on the loan applicant's credit worthiness, to assist in client's decision on whether to approve or reject loan application. This can contribute to a more accurate evaluation of credit risk and a reduction in number of loan default cases.

(iii) AI-driven identity and access management tool that enhances system access security.

For example, AI-driven biometric authentication tools such as facial recognition, voice recognition and fingerprint scanning provide heightened security parameters compared to conventional username and password authentication. In addition, AI-driven anomaly detection identifies unusual patterns or behaviours such as suspicious login attempts and access from unfamiliar locations that may indicate a security threat. Any deviations from the established login patterns can trigger alerts or prompts additional authentication steps to identify and prevent unauthorised access.

(iv) AI-driven analytics tools to analyse large datasets, which aim to automatically identify patterns, trends, and anomalies in the dataset, to provide valuable insights.

For example, AI-driven analytic tools facilitate the automation of financial data analysis with interactive explanation using graphical charts and/or tables in response to questions raised by its users.

We intend to establish partnerships with 2 new and/ or existing technology partners with expertise in AI-driven data handling and analytic solutions, to secure access to the essential software and resources including the base software for the AI-driven data handling and analytic solutions, training materials and user guides. Additionally, these technology partners offer expertise through dedicated technical support portals, which enable our IT technical team to gain in depth knowledge of the base software for seamless configuration and integration. As at the LPD, our Group is in the midst of identifying these suitable technology partners.

In anticipation of the introduction of AI-driven data handling and analytic solutions, we intend to expand our workforce, focusing on recruiting new IT professionals and sales and marketing personnel. The recruitment of new IT professionals facilitates technology partners' requirements and criteria (i.e. number of certified IT professionals with the specific skills) while allowing us to accelerate our expansion of AI-driven data handling and analytic solutions to new and existing clients. The recruitment of new sales and marketing personnel on the other hand, will enable us to increase our efforts in promoting and driving the sales of new AI-driven data handling and analytic solutions.

We intend to participate in tradeshows and events held by government agency such as MDEC or private sector such as the National Tech Association of Malaysia (PIKOM) or our technology partners to drive the awareness of AI and ML and to promote and showcase our portfolio of enterprise IT solutions including the new AI-driven data handling and analytic solutions.

We intend to allocate approximately RM[●] million from proceeds from our Public Issue for the roll out of the new AI-driven data handling and analytic solutions, of which breakdown of the proceeds to be incurred are set out in Section 4.7(a) of this Prospectus.

7.23.2 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.

We also recognise that AI and ML are among the future technologies that companies are expected to adopt in the ongoing digital transformation of the economy to stay competitive and relevant in their respective markets. With the introduction of AI data handling and analytic solutions, our Group anticipates an increase in demand for enterprise application integration solution and enterprise data engineering and analytics solutions to increase accordingly. The enterprise application integration and data engineering solutions are fundamental to ensuring seamless connectivity across diverse systems facilitating the flow of data needed for AI and ML algorithms.

7.23.3 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 enterprise 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. The establishment of a COE further enhances our competitive edge by reducing project cost, the travel, accommodation and operational expenses for our IT professionals during the course of the projects. This allows us to provide more competitive pricing to our prospective clients.

Furthermore, our COE will act as a demonstration centre to showcase our enterprise IT solutions to existing and prospective clients in meeting their business and IT requirements as well as showcase the enhanced capabilities whenever new versions are released to the market.

We intend to renovate 2 of our existing properties located at D-07-03 KL Gateway Property and D-07-3A KL Gateway Property, for the purpose of the establishment of our COE. The renovation works will include installation of partitions, fixtures and fittings to create designated secured rooms for different project teams, as well as set up and implementation of IT security infrastructure that will conform with the requirement for ISO 27001 Information Security Certification.

We will engage ISO 27001 consultants to assist us to develop comprehensive security policies that align with ISO 27001 standards covering security management, risk assessment and incident response, as well as audits and assessments with a view to apply for the ISO 27001 certification.

The set up and implementation of a secure IT infrastructure is an important aspect of the establishment of a COE and the ISO 27001 certification as it encompasses the following:

(i) Physical access controls – installation of physical security measures such as secure access points, CCTV surveillance system and controlled entry to restricted areas. Our Group will carry out live monitoring to ensure that we can promptly detect and prevent any potential data leakages;

(ii) Security protocols – implementation of access controls which include user authentication and special authorisation for access to client information on the network as well as regular reviews of access control. We will maintain logs documenting user activities, exceptions, faults and information security events, to facilitate timely response to potential security incidents;

(iii) Data access and encryption solutions – implementation of encryption system to secure the data while being transferred as well as protecting data that are stored. We will set up a virtual desktop infrastructure enablement that will be hosted on our IT infrastructure that is equipped with cryptography capabilities rather than on our individual devices for enhanced data security;

These measures are implemented not only to safeguard sensitive information and meet the stringent standards set by ISO 27001 but also aligns with international best practices in information security that may be required by our overseas clients.

With the establishment of our COE, we intend to recruit up to 10 IT professionals to be actively engaged in projects or services at our COE. Further, our Group will recruit a dedicated marketing manager to drive sales for our new COE as well as invest in advertising and marketing expenditures to promote our COE capabilities to prospective clients. The advertising and marketing expenditures will be utilised for various advertising and marketing tools and platforms as well as to carry out site visits to our client's premises to understand and analyse their requirement and their current operating environments in order to propose a suitable solution for our clients prior to the engagement.

We have earmarked approximately RM[●] million from proceeds from our Public Issue for the establishment of our COE, of which breakdown of the proceeds to be incurred are set out in Section 4.7(c) of this Prospectus.

7.23.4 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 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. At this early stage, we will focus on building relationship and exploring sales avenues. In terms of talent acquisition, we intend to recruit a country manager that will be responsible for managing the sales and accounts operations in Singapore. He/ she will be supported by a pre-sales consultant tasked with presentation of product demo to our prospective clients as well as a solutions architect that is tasked with designing and recommending suitable enterprise IT solutions to prospective clients. In terms of establishing a Singapore office, we intend to rent a coworking office to provide our new Singapore-based personnel with a base of operations as well as providing us with the flexibility to scale up when we receive more sales opportunities.

We have earmarked approximately RM[●] million from the proceeds of our Public Issue for the strengthening of our Singapore operations through talent acquisition and establishing a Singapore office, of which the breakdown of the proceeds to be incurred are set out in Section 4.7(b) of this Prospectus.

PROTEGE ASSOCIATES SDN BHD (200401037256 (675767-H))
SUITE C-09-12, PLAZA MONT' KIARA
2 JALAN KIARA, MONT' KIARA
50480 KUALA LUMPUR, MALAYSIA
GEN +603 6201 9301 FAX +603 6201 7302
www.protege.com.my

Protégé ASSOCIATES

BRAND | FINANCE | MARKET

The information in this Section 8 is based on the market research conducted by Protégé Associates commissioned by VETECE for the purpose of the IPO.

Date: 26 FEB 2024

The Board of Directors
VETECE Holdings Berhad
E-32-3A and E-32-03
Menara Suezcap 2, KL Gateway
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur
Wilayah Persekutuan

Dear Sirs/Madams,

Independent Market Research Report on the Enterprise Information Technology Services Industry in Malaysia ("IMR Report")

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion in the prospectus of VETECE Holdings Berhad ("**VETECE**" or the "**Company**") in relation to its initial public offering and listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

We have been engaged to provide independent market research of the abovementioned industry in which VETECE and its subsidiaries ("**VETECE Group**" or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information at the time of reporting is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of this IMR Report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/ or actions of the readers of this IMR Report. This IMR Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this IMR Report.

Thank you.
Yours sincerely,

Seow Cheow Seng
Managing Director

About Protégé Associates Sdn Bhd

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Seow Cheow Seng

Seow Cheow Seng is the Managing Director of Protégé Associates. He has 23 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.

COPYRIGHT NOTICE

No part of this IMR Report may be given, lent, resold, or disclosed to non-customers or any other parties, in any format, either for commercial or non-commercial reasons, without express consent from Protégé Associates. Furthermore, no part of this IMR Report may be extracted, reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, for purposes other than the for inclusion in the prospectus of VETECE in relation to its listing on the ACE Market of Bursa Securities, without the express consent from Protégé Associates.

Any part of this IMR Report used in third party publications, where the publication is based on the content, in whole or in part, of this IMR Report, or where the content of this IMR Report is combined with any other material, must be cited and sourced to Protégé Associates.

The research for this IMR Report was completed on February 2024.

For further information, please contact:

Protégé Associates Sdn Bhd
Suite C-09-12, Plaza Mont' Kiara,
2 Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur, Malaysia.
Tel: 603 6201 9201

1.0 Introduction to the ICT Services Industry

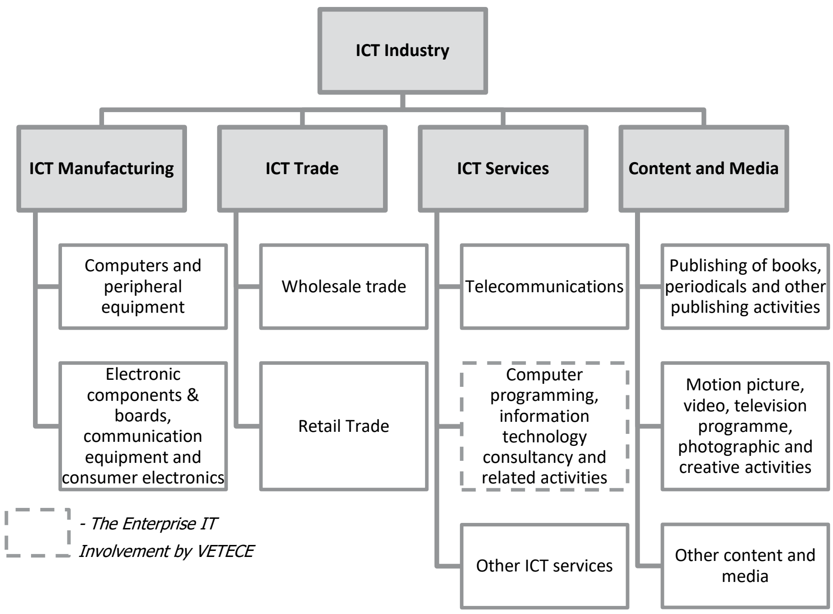
The information and communication technology ("**ICT**") industry is centered on providing technologies and services that facilitate the access, storage, processing, transformation, alteration and dissemination of information, including the transmission of voice, image, and data over various communication media. This industry plays a crucial role in enhancing the efficiency and effectiveness of product and service delivery, continually reshaping how people work, learn and play. It has evolved beyond being a mere collection of technological tools and has instead become a key driver of business transformation and a socio-economic enabler.

The Southeast Asian countries (i.e., Indonesia, Malaysia, the Philippines, Singapore, Thailand) experienced rapid surge in Internet users, with more than 100,000 new internet users daily. This growth is primarily driven by the ongoing improvement in the affordability of ICT products and services across the region. With availability of robust infrastructure, affordable mobile handsets and decreasing Internet expenses, access to broadband Internet and mobile phone services among the Southeast Asian population has steadily increased over the years. The Internet penetration rate in Southeast Asia is estimated at 75.6% with over 400 million Internet users. As an emerging regional market, the ICT services industry (also known as the digital economy) in the Southeast Asian region is expanding, mainly in areas including e-commerce, transport and food, online media, online travel as well as e-financial services, that growth was accelerated due to the pandemic.

The digital economy in the Southeast Asian region reached about USD200 billion in gross merchandise value ("**GMV**") in 2022 and is projected to further increase to reach USD218 billion in 2023. The travel and transport sectors are anticipated to surpass its pre-pandemic levels in 2024, while the e-commerce sector is expected to continue on a expansionary trajectory. Consumers are also adopting digital financial services (refers to all financial transactions done using a digital device) at a rapid pace, with digital payments making up more than half of the region's transactions. In 2022, Indonesia led the digital economy among other Southeast Asia countries with an estimated GMV of USD76 billion. This was followed by Thailand at USD36 billion, Vietnam at USD25 billion, Malaysia at USD22 billion, the Philippines at USD22 billion and Singapore at USD20 billion. As the digitalisation trend continues in the region, ICT services will be increasingly embraced across the telecommunication, financial institution, higher education, and manufacturing sectors. The GMV in Southeast Asian countries is expected to continue on an upward trajectory in the medium and long term.

In Malaysia, the ICT industry encompasses businesses involved in manufacturing or providing ICT products and services. According to the Department of Statistics Malaysia ("**DOSM**"), the primary categories of the ICT industry include ICT manufacturing, ICT trade, ICT services as well as content and media.

Figure 1: ICT Industry Segmentation

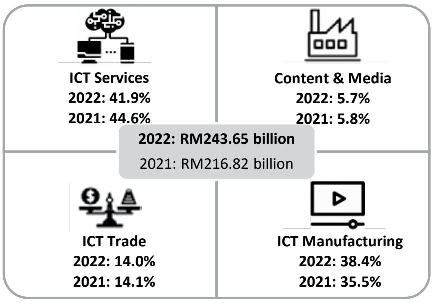


Source: DOSM

According to the Information and Communication Technology Satellite Account 2022 published by DOSM, the overall ICT industry (made out of 4 main individual industries, namely ICT manufacturing, ICT trade, ICT services, as well as content and media) contributed RM243.65 billion to Malaysia's gross domestic product in 2022, accounting for 13.6% of the total. This marked a growth of 12.4% compared to the previous year when it stood at RM216.82 billion. In 2022, as depicted in Figure 2 below, the ICT services industry held the largest share at 41.9%, followed by ICT manufacturing at 38.4%, ICT trade at 14.0%, and content and media at 5.7%.

In 2022, the ICT services industry experienced a 5.6% growth, reaching a value of RM102.14 billion, up from RM96.69 billion in 2021. In the same period, the ICT manufacturing industry saw a robust 21.3% growth, reaching RM93.53 billion, primarily driven by electronic components and boards, communication equipment and consumer electronics. The ICT trade industry also recorded growth of 12.0% in 2022, with the retail trade of ICT products and services being the main driver. The content and media industry also increased by 10.2%, primarily due to higher activity in motion pictures, video, television programs, photography, and creative activities.

Figure 2: Value of the Malaysian ICT Industry, 2022



Source: DOSM

The main categories of the ICT services industry and its key features are set out below:-

Figure 3: Main Categories of the ICT Services Industry

Subsectors of ICT services	Key features
Telecommunications services	Operating, maintaining and providing access to telecommunications infrastructure for transmission of voice, data, text, video and etc.
Computer programming, information technology ("**IT**") consultancy and related activities	▪ Planning and designing of IT systems to gather requirements from stakeholders. This includes consultancy services as part of designing a complete system architecture and/or solution for customers. ▪ Designing the architecture, interface, structure and content of computer code of and/or writing the computer code needed to develop and implement system software and applications (including subsequent updates and patches), databases and webpages. ▪ Testing and deployment of software systems and applications so that it is functional within the customers' systems environment. ▪ Provision of onsite management and operation of customers' IT systems (including system security and disaster recovery) and/or data processing facilities and related support services.
Other ICT services	Web search portal and streaming services, data processing and hosting activities (including payment services), business and productivity software and licensing services, leasing or rental services for ICT equipment as well as other information service activities of supplying information.

Source: Protégé Associates

1.1 Enterprise IT Services Industry

The enterprise IT services industry is considered a sub-sector of the ICT services sector. In general, enterprise IT services encompass a wide range of IT services that are aimed to support businesses or organisations in achieving and improving operational efficiency. These services include design, planning and implementation of IT systems and infrastructure for company operations with the use of technologies such as artificial intelligence ("**AI**") and the Internet of Things ("**IoT**"), along with a combination with computer hardware and software.

Enterprise IT services also include maintenance and support services such as IT management, application and hosting services, installation and support of software and hardware, system integration, as well as IT education and training services. The industry also covers business outsourcing services, where IT-based business processes such as human resources, finance, accounting and customer services are outsourced to third-party service providers.

These enterprise IT services improve operational efficiency by integrating different aspects/ departments of a business through an enterprise IT architecture, enabling seamless exchange of information and data across various areas, systems, or departments, streamline data management and automate business processes and/or resource management. System integration is a critical aspect of enterprise IT services that involves seamless integration of hardware components, software application and IT systems to enable the flow of data and efficient management of information exchange between different applications. In particular, the integration of applications streamlines operations, minimises manual interventions and automates workflows, which heightened operational agility, accuracy and efficiency that translates into quicker response time and optimised resource utilisation. The demand for integration services is anticipated to be propelled by the surge in digital transformation initiatives among businesses, the increased complexity of IT ecosystem of application, databases and platforms, the growing adoption of cloud computing, as well as greater emphasis on data-driven decision making processes.

Considering the global trend towards increasing digitisation, the enterprise IT services industry has a wide pool of end-user markets in both the private and public sectors, in which these end-user markets are embracing and/or implementing new advanced technologies and IT solutions to improve their operational efficiency. Examples of these end-user markets include but are not limited to, telecommunications, financial services, insurance, consumer products, education, healthcare, manufacturing, retail, hospitality and leisure, automotive, logistics and transportation.

In particular, Singapore stands out as a preferred destination for IT firms to engage in technology development among the Southeast Asian countries. The enterprise IT industry in Singapore was estimated at SGD52.10 billion in 2023. The nation boasts robust infrastructure, a skilled talent pool, government support and favourable regulatory environments and a focus for cybersecurity. At the same time, the country has a collaborative ecosystem of partners. Notably, Singapore hosts a myriad of global technology companies, including Google, Facebook, Alibaba as well as regional leaders such as Garena, Grab, Lazada and Razer; fostering the development of cutting-edge technologies and solutions to support its Smart Nation vision. Established companies like IBM and Huawei have forged partnerships across financial services, manufacturing and services industries in Singapore, working collaboratively to create and deliver new solutions not only for the local region but also on a global scale. At present some of the trending industries in the ICT services industry in Singapore include financial technology ("**fintech**"), healthcare IT, e-commerce and logistics, Smart Nation solutions, cybersecurity, AI and machine learning, gaming and Esports, as well as educational technology. Going forward, the industry is expected to grow at a CAGR of 11.4% from SGD57.31 billion in 2024 to SGD89.38 billion in 2028.

VETECE is principally an enterprise IT solution provider, primarily focusing on providing implementation services, maintenance, support and professional services, as well as resale of hardware and software. Protégé Associates has provided an overview of the telecommunications and financial services industries in Malaysia given that the major clients of VETECE's enterprise IT solutions are primarily in the telecommunication and financial services industries in Malaysia.

2.0 Overview of the Telecommunications Industry in Malaysia

Over the last decade, Malaysia has seen extensive shifts in the telecommunications industry, mainly from wired to wireless platforms and from narrowband to broadband services. Due to high population densities and initiatives to catch up on connectivity in rural areas, the country has posed much potential for telecommunications growth.

Telecommunication firms in Malaysia have consistently allocated capital expenditure to stay at the forefront of technological advancements, extend their network coverage, and enhance their service offerings. According to the Malaysia Communications and Multimedia Commission ("**MCMC**"), the capital expenditure of the multimedia and communications industry (the telecommunications industry is part of the multimedia and communications industry) in Malaysia was RM5.42 billion in 2022, an increase of 8.8% compared with RM4.98 billion in 2021 mainly from investments made to expand network infrastructure. Among the total capital expenditure, investment into fixed service providers contributed 52.4% (RM2.84 billion), while investment into mobile service providers contributed the remaining 47.6% (RM2.58 billion). The capital expenditure investments in the short term will be directed towards accommodating the surge in data consumption, meeting the requirements of the Jalinan Digital Negara ("**JENDELA**") network, and ensuring service quality is maintained. JENDELA is a comprehensive digital infrastructure plan aimed at addressing the rising needs and demand for better quality for fixed and mobile broadband coverage due to COVID-19 pandemic and the movement control orders implemented by the Government.

The number of broadband subscriptions in Malaysia increased by 3.8% from 47.5 million at the end of 2022 to approximately 49.3 million in 3Q 2023. The mobile broadband penetration rate per 100 people in Malaysia increased from 131.0% at the end of 2022 to 133.8% in 3Q 2023. Mobile broadband is the dominant broadband used in Malaysia. The number of mobile broadband subscriptions reached 44.8 million in 3Q 2023, a growth of 3.7% from 43.2 million at the end of 2022. The increase in mobile broadband subscriptions was mainly due to a higher number of devices being connected through mobile networks as well as availability of affordable devices and data packages. Meanwhile, fixed broadband subscriptions increased to 4.5 million in 3Q 2023 from 4.2 million at the end of 2022.

The mobile cellular penetration rate in Malaysia in 3Q 2023 stood at 148.6% compared to 145.3% at the end of 2022. Among the 49.7 million mobile cellular subscriptions in 3Q 2023, postpaid subscriptions increased by 2.3% to approximately 14.6 million, whilst prepaid subscriptions increased by 4.3% to approximately 35.1 million from the end of 2022. The increase in postpaid subscriptions was driven by increased demand for attractive data packages bundled with smartphones, free or discounted access to mobile apps and roaming. The performance indicator for mobile cellular market in Malaysia has been positive and points to a sustained growth, with the increasing demand for 5G technology to further boost its expansion. As the demand for data services continue to grow, the seamless integration of diverse systems becomes imperative for interoperability of enterprise IT infrastructures with cloud and migration solutions to facilitate efficient data management.

3.0 Overview of the Financial Services Industry in Malaysia

The Malaysian financial system is a well-developed and diversified system that plays a crucial role in supporting the country's economic growth and stability. It comprises a wide range of institutions to serve the increasingly complex and varied needs of the domestic economy. The financial system consists of the conventional and Islamic financial system which co-exists and operates in parallel. According to the official website of the Bank Negara Malaysia ("**BNM**"), the central bank of Malaysia which is responsible for overseeing the country's financial system, there are 177 licensed financial sector participants operating in Malaysia as at November 2023. These institutions are categorised into different types such as commercial banks, Islamic banks, digital banks, investment banks, insurance companies, takaful operators, reinsurers and retakaful, development financial institutions, money services businesses, principal dealers and e-money issuers. In 2022, based on the Malaysian Investment Development Authority ("**MIDA**"), a total of 49 projects amounting to RM11.2 billion were approved under financial services, mainly from the insurance and banking segment, specifically onshore conventional and Islamic banking activities.

A major development confronting the Malaysian financial services industry is the transformative forces of digitalisation fuelled by rapid technological advancements such as AI and machine learning ("**ML**"), distributed ledger technology and potential future applications from quantum computing. These will affect the delivery of finance in a multitude of ways. Digitalisation has enabled the emergence of new innovative and technology-intensive industries requiring financing, such as aerospace, biomass energy, electrical & electronics ("**E&E**"), halal, creative and smart agriculture industries. Meanwhile the shifting consumer and business behaviour towards the adoption of digital solutions and the accompanying 'new' experiences, necessitates the digitalisation of financial services to remain competitive. At the same time, financial institutions are increasingly making use of AI and ML to better understand consumer behaviour and spending patterns in support of better risk management practices, more accessible financial services, and more customer-centric innovation. Financial service providers are also entering into an array of strategic partnerships, such as with fintech and other firms, as the lines blur between financial and non-financial services. Collectively, these trends translate to increased competition and collaboration as well as more efficient and innovative financial services going forward, and accordingly greater demand for financial services. The competitive nature of the financial services industry highlights the importance of seamless system integration for providers to remain relevant. Through the cohesive connection of diverse software applications and data sources, financial service providers can streamline and automate internal processes, resulting in reduced operational costs and an enhanced customer experience. These advancements are anticipated to drive a higher demand for enterprise IT services, particularly system integration services. The industry's evolution towards more integrated, efficient and customer-centric financial services reflects the ongoing digital transformation and the need for financial institutions to adapt to these changing dynamics.

As Malaysia is expected to become an ageing nation by 2030, this coupled with slower population growth, represents new opportunities and challenges for the financial sector going forward. In light of this, financial services will need to remain accessible and affordable in tandem with shifting societal needs of various segments of the population. Going forward, the financial sector is expected to develop sufficient diversity in financial products and services that are linked to health and income protection in response to such needs and thereby bolstering demand for financial services going forward.

The Malaysian financial services industry is also confronted with climate change and the broader sustainability agenda. As the implications of climate change becomes increasingly evident, there is a pressing need to foster a climate-resilient financial sector that supports an orderly transition to a low-carbon economy, in tandem with the goals of the Paris Agreement which came in force in November 2016 and the Government's longer-term commitment to become a net zero nation. This provides ample opportunities for market participants within the financial sector to innovate and cater for such growing demand moving forward.

Malaysia, being a small and open economy, will continue to see its opportunities and risks being shaped by external developments and uncertainties. Amid geopolitical tensions in an increasingly multi-polar world order, there are possibilities for prolonged effects on global trade. Additionally, there are on-going pressures for deglobalisation alongside rising protectionist sentiments and shifting global supply chains. These trends will continue to weigh on the global growth, and ultimately the country's financial sector.

The outlook for the Malaysian financial sector remains positive as demand for financing is expected to be sustained by the continued expansion of economic activity and improvement in labour market conditions. Additionally, the supply of credit remains forthcoming, enabled by banks' healthy capital, liquidity buffers and willingness to lend. Domestically, on-going progress on key reforms along with sound economic policies would provide impetus for sustained inflows and boost further improvement in domestic financial markets. However, there remains challenges from the external fronts for the Malaysia's financial sector including expectations surrounding the path of global monetary policy, the continued uncertainty arising from geopolitical conflicts and global growth outlook, and China's economic prospects.

4.0 Historical Market Performance and Growth Forecast

Protégé Associates has provided the following historical performance and growth forecast of the enterprise IT services industry in Malaysia based on a combination of resources including the data obtained from DOSM, Malaysia Digital Economy Corporation ("**MDEC**"), the MCMC and MIDA. Data has also been gathered from further secondary and primary research works conducted. Searches on private limited industry players have also been conducted with the Companies Commission of Malaysia ("**CCM**") while financial information from public listed enterprise IT services industry players has been extracted from the website of Bursa Securities to gather more information on their business performance. Primary research works have been conducted with stakeholders in the local enterprise IT services industry in order to gather their insights on the industry. All the findings have been collated, analysed and/or computed to ascertain the outlook of the enterprise IT services industry in Malaysia. ***As the enterprise IT services industry revolves mainly in providing IT consultancy services and supporting activities, the gross value added of "computer programming, IT consultancy and related activities" has been used as a proxy for the size of the enterprise IT services industry in Malaysia. This excludes revenue derived from telecommunications and other ICT services (including repair of electrical equipment, installation of industrial machinery and equipment, and***

publishing of ready-made (non-customised) software) under the ICT services industry as set out in Figure 3 above.

Figure 4: Historical Market Size (Revenue) and Growth Forecast for the Enterprise IT Services Industry in Malaysia, 2020-2028

Year	Market Size (Revenue) (RM billion)	Growth Rate (%)
2020	19.44	-
2021	19.98	2.8
2022	21.30	6.6
2023e	22.36	5.0
2024f	23.48	5.0
2025f	24.77	5.5
2026f	26.14	5.5
2027f	27.70	6.0
2028f	29.51	6.5

CAGR (2024-2028) (base year of 2023): 5.7%
e denotes estimate; f denotes forecast

Sources: DOSM and Protégé Associates

In 2022, the enterprise IT services industry in Malaysia was valued at an estimated size of RM21.30 billion, marking a 6.6% increase from the RM19.98 billion recorded in 2021. The surge in demand for enterprise IT services, particularly for digitalisation of business operations, has been a notable trend in recent years. This trend gained momentum during the COVID-19 pandemic, as social distancing measures necessitated the adoption of technology to facilitate remote work and addressing changes in supply chain management. Companies relied on technologies like remote access solutions and process automation to sustain their operations.

Additionally, the introduction of new digital technologies such as 5G and the emergence of tech-driven sectors like financial technology further fuelled the demand for enterprise IT services. Following the Malaysian Government's announcement of transitioning COVID-19 into an endemic phase and a return to normal economic activities in the country, the work from home trend continued to persist. Despite the restoration of normalcy, the ongoing preference for remote work is likely to endure, emphasising the continued importance of a robust IT system, including remote work infrastructure. This trend is anticipated to drive demand for enterprise IT services.

Although the local enterprise IT services industry is expected to slowdown in 2023 due to global economic uncertainties, the industry is still projected to register positive growth throughout the year. The market size of the enterprise IT services sector in Malaysia is expected to increase to RM22.36 billion in 2023. Going forward, the industry is forecast to reach RM23.48 billion in 2024 and grow to RM29.51 billion by 2028, registering a CAGR of 5.7% for the 2024-2028 period, driven by the ongoing digital transformation of the local economy.

4.1 Competitive Landscape

The enterprise IT services industry in Malaysia is fragmented with various players offering a broad spectrum of services. These services encompass IT consulting, ICT planning, design, and implementation, ICT systems integration and management, ICT management and support services, as well as data processing and web hosting services. It is estimated that approximately 9,000 establishments were engaged in activities related to computer programming, IT consultancy, and related services in 2022.

Industry players within the local enterprise IT services industry compete among each other based on a series of factors, including, amongst others, the following:

- **Industry reputation** – A company's reputation is cultivated over time by consistently delivering satisfactory IT services to its customers. Enterprise IT service providers with established reputations and a proven track record are typically perceived as capable of providing high-quality services and possessing the technical expertise required to handle large and intricate ICT service projects. On the other hand, new entrants who lack such established reputations are likely to encounter challenges in securing business opportunities and gaining a foothold in the market, especially when competing with established service providers.
- **Business relationship with other IT product and service suppliers and vendors** – Enterprise IT service providers are typically tasked with integrating diverse IT hardware and software components into a cohesive operating system. They often procure these IT products and software from a variety of suppliers and vendors. Through the establishment of long-term business relationships, these providers can secure favourable pricing, credit terms and customer support from their suppliers and vendors. This can, in turn, create a barrier to entry for new competitors.
- **Ability to attract and retain skilled IT professionals** – Typically, experienced and proficient IT professionals are inclined to favour employment with well-established, sizable IT firms due to the enticing salary and compensation packages, along with the satisfaction of working on substantial and intricate IT projects. Consequently, new entrants may encounter difficulties in attracting, recruiting and retaining such experienced and skilled IT professionals.

4.1.1 Selected Market Players

VETECE is principally an enterprise IT solution provider, primarily focusing on providing implementation services, maintenance, support and professional services, as well as resale of hardware and software. For the financial year ended ("**FYE**") 31 August 2023, VETECE recorded a revenue of RM23.13 million from its operations.

Protégé Associates has selected the following industry players that are comparable to VETECE, based on the following criteria:

- A company registered in Malaysia participating in the enterprise IT services industry in Malaysia; and
- A company involved in the provision of IT consulting and implementation services, operations, maintenance and other support services.

It needs to be highlighted that the list of market players is not exhaustive and only serves as a reference.

Figure 5: VETECE Group and Selected Comparable Market Players

	Business Activities	Latest available FYE	Revenue (RM'000)	Gross Profit (RM'000)	Profit Before Tax (RM'000)	Profit After Tax (RM'000)	Gross Profit Margin (%)	Profit Before Tax Margin (%)	Profit After Tax Margin (%)
VETECE	**The company is principally involved in the provision of implementation services, maintenance, support and professional services as well as resale of hardware and software.**	**31 August 2023**	**23,133**	**9,739**	**8,700**	**6,564**	**42.1**	**37.6**	**28.4**
ACT Technology Solution Sdn Bhd	The company is principally involved in providing IT systems integration and field services support, IT out-tasking and hosting, licensing of software packages and related professional and consulting services.	31 July 2022	11,428	4,051	360	296	35.4	3.2	2.6
Beans Group Sdn Bhd	The company is principally involved in the dealing of computer software, IT program consultancy and trading in computer hardware.	31 January 2023	8,917	6,082	1,641	1,292	68.2	18.4	14.5
CTC Global Sdn Bhd	The company is principally involved in the provision of IT systems integration and field services support, IT out-tasking and hosting, licensing of software packages and related professional and consulting services.	31 March 2023	877,971	82,541	35,755	26,562	9.4	4.1	3.0
Deloitte Consulting Malaysia Sdn Bhd	The company is principally involved in the business of consultants and advisers in the field of information and communication technology and other related services.	31 May 2022	44,973	NA	5,756	3,954	NA	12.8	8.7
Ernst & Young Consulting Sdn Bhd	The company is principally involved in provision of advisory and consultancy services involving business solutions, project management and share support services.	31 December 2022	244,797	NA	48,523	36,849	NA	19.8	15.1

Hitachi eBworx Sdn Bhd	The company is principally involved in the provisions of computer software applications and dealing in computer software and hardware for the financial services industry.	31 March 2023	225,667	84,054	45,824	40,493	37.2	20.3	17.9
Infomina Berhad	The company is principally involved in the provision of technology hardware, software, consultancy, support and services and investment holding.	31 May 2023	251,262	72,755	49,001	39,850	29.0	19.5	15.9
Microlink Solutions Berhad	The company is principally involved in investment holding and provision of research and development for IT solutions to the financial services industry, while its subsidiaries are mainly engaged in the provision of IT solutions, research and development for IT solutions, deployment services, IT consultancy services, system integration services, distribution and maintenance of computer hardware and software.	31 March 2023	248,449	71,264	31,924	26,033	28.7	12.8	10.5
Ramssol Group Berhad	The company is principally engaged in the business of investment holding, while the principal activities of its subsidiaries include provision of software development and advisory services, provision of computer programming activities, education IT program and applications, IoT, user interface and user experience, design and support, knowledge process outsourcing and conducting courses and seminars.	31 December 2022	27,852	15,426	3,352	3,096	55.4	12.0	11.1
Telcowin Sdn Bhd	The company is principally involved in the supply and maintenance of computer software and hardware, general trading and services and its related activities.	31 January 2023	22,196	10,071	261	146	45.4	1.2	0.7
Tentacle Technologies Sdn Bhd	The company is principally involved in the business of formulating, developing, improving, designing and selling software and programme products and support related services.	31 December 2022	605	109	126	105	18.0	20.8	17.4
Uberfusion Sdn Bhd	The company is principally involved as software developers and providers of IT related services.	31 December 2022	35,834	10,909	2,267	1,697	30.4	6.3	4.7

Notes:
(1) The above figures only provide an indication and are not considered directly comparable to VETECE as not all companies carry out activities which are identical to VETECE and each other and serve the same end-user markets.
(2) Gross Profit Margin = Gross Profit/ Revenue
(3) Profit before Tax Margin = Profit before Tax/ Revenue
(4) Profit after Tax Margin = Profit after Tax/ Revenue

Sources: VETECE, CCM, annual reports of Infomina Berhad, Microlink Solutions Berhad and Ramssol Group Berhad, and Protégé Associates

4.1.2 Estimated Market Share

For the FYE 31 August 2023, VETECE generated revenue of RM23.13 million, equivalent to 0.1% share of the enterprise IT services industry in Malaysia of RM22.36 billion in 2023.

5.0 Demand and Supply Conditions

5.1 Demand Conditions

Figure 6: Demand Conditions Affecting the Enterprise IT Services Industry in Malaysia, 2024-2028

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	Digital Transformation of the Economy	High	High	High
+	High Broadband Penetration Rate	High	High	High
+	Continued Capital Expenditure by Telecommunications Operators	Medium	Medium	Medium
+	Shifting Consumer and Business Behaviours Post Pandemic	Medium	Medium	Medium

Source: Protégé Associates

Digital Transformation of the Economy

In an increasingly inter-connected world that is rapidly transitioning to a digital economy, technologies like 5G, AI, cloud computing, robotics, IoT, and big data analytics ("**BDA**") are being adopted more extensively by businesses to maintain competitiveness. Notably, cloud computing allows users to access various digital services, including servers, storage, applications and services, over a network. Due to its convenience and scalability, cloud computing is progressively gaining ground in numerous industries such as communications, healthcare, education, government affairs, finance, e-commerce, and even sectors that were traditionally not heavy technology users, like transportation and agriculture. IoT encompasses a network of physical objects interconnected within a system designed for data collection and exchange. These objects utilise a variety of information sensing devices, including QR code scanners, radio frequency identification (RFID), infrared sensors and global positioning systems ("**GPS**"), to facilitate intelligent identification, location tracking, monitoring and management. Additionally, in the adoption of IoT, businesses establish connections between their physical infrastructure and the Internet to enable the exchange of data and information among diverse devices and platforms, ensuring interoperability and connectivity. This process necessitates consultation, planning, the development of ICT infrastructures and the provision of related support services.

Simultaneously, there has been a growing utilisation of digital technologies such as robotics, AI, BDA and IoT in the healthcare and manufacturing sectors. In healthcare, for instance, medical robotic technology and robot-assisted surgical procedures are now integrated with computer systems and networks, while patient records have transitioned into digital formats. These advancements in digital business practices are anticipated to stimulate the demand for enterprise IT service offerings. Similarly, the implementation of smart manufacturing processes which involve the connection of robotics to manufacturing systems and automated inventory systems for replenishing low stock, is poised to generate a greater need for enterprise IT services.

In 2022, Malaysia registered a total of RM264.6 billion in approved investments spanning the manufacturing, services, and primary sectors. The services sector emerged as the primary contributor to these investments, accounting for 58.2% (RM154.0 billion) of the total. Notably, the information and communications sub-sector played a significant role within this sector, featuring five data centre and cloud computing services projects. During the same year, the manufacturing sector secured the second position, amassing RM84.3 billion (31.9% of total investments), while the primary sector recorded RM26.3 billion (9.9%). The manufacturing sector's progress has been driven by the adoption of automation and smart manufacturing technologies associated with the Fourth Industrial Revolution ("**4IR**"), including IoT, AI, machine learning and BDA. These technologies have contributed to increased efficiency and reduced reliance on foreign labour.

Meanwhile, the ongoing process of digitalisation is increasingly influencing the financial services industry, driven by customer expectation for faster, smoother and more personalised services coupled with the increasing awareness of data privacy and security. Furthermore, financial service providers are undergoing a fundamental shift towards an ecosystem-oriented strategy. This transformation involves a strategic reconfiguration, where these providers are either establishing themselves as comprehensive platforms or fostering extensive networks of partnerships. Whether through a centralised platform or collaborative networks, the aim is to create a seamless and interconnected financial ecosystem that offers customers a holistic suite of services. The key challenge for Malaysia's financial services industry lies in harnessing the benefits of digitalisation while effectively managing associated risks such as addressing the potential threats to overall system stability, maintaining consumer satisfaction and fostering trust in the financial services industry.

The investments and integration of IT systems across various industries are expected to have a positive impact on the local enterprise IT services industry by providing the latter with larger pool of potential customer base and end-user markets.

High Broadband Penetration Rate

Malaysia has a relatively high broadband penetration rate. According to the MCMC, between 2017 and 2022, the mobile broadband penetration rate per 100 inhabitants consistently exceeded 100%, with the caveat that this can happen due to multiple subscriptions per individuals. This upward trajectory is expected to continue as the country increasingly shifts its daily activities online. By 3Q 2023, all states in Malaysia had mobile broadband penetration rates exceeding 100%, except for Sabah (97.8%) and Wilayah Persekutuan Labuan (95.3%).

Simultaneously, the penetration rate for fixed broadband per 100 premises increased from 47.6% at the end of 2022 to 49.9% in 3Q 2023. The enterprise IT services industry in Malaysia is poised to benefit from this trend, as its offerings cater to businesses seeking IT enterprise services to enhance their efficiency. Furthermore, the implementation of the national digital infrastructure plan known as JENDELA, including the future deployment of the 5G technology standard for broadband cellular networks, is expected to further drive broadband usage. Overall, the digital advancement in Malaysia is expected to lead to more industries integrating IT systems into their operations. This, in turn, will boost growth for the local enterprise IT services industry.

Continued Capital Expenditure by Telecommunications Operators

Capital expenditure is an important cost component to the telecommunications operators in order for them to sustain their existing business and support future growth. Part of the capital expenditure involves undertaking the necessary infrastructure construction for telecommunications network services. For existing network infrastructure, telecommunications network services are required to continue providing the necessary support and maintenance. As the ICT industry is characterised by rapid change in technology, the telecommunications operators are also likely to install new or constantly upgrade its network infrastructure to expand signal coverage and improve network services. The continued upgrade of mobile data networks is expected to generate greater demands for the enterprise IT services industry.

Shifting Consumer and Business Behaviours Post Pandemic

In the wake of the pandemic, the prevalence of the 'low-touch' economy where businesses reduced on physical interactions and transactions has significantly increased. This shift has been driven by heightened customers' familiarity with digital and remote access allowing authorised personnel to access a computer or network from a different location through a network connection. Simultaneously, there has also been an increase in online and cashless payments as consumers seek to minimise physical contact. While traditional physical channels such as brick-and-mortar retail stores, bank physical branches, cash transaction and in-person meetings are expected to maintain their relevance, this change in consumer and business behaviours is likely to stay for specific demographic segments, particularly among those who are digitally savvy.

Increasingly, customers will seek an experience characterised by a seamless, cost-effective and personalised approach. At the same time, there has also been an increase in demand for cloud computing services as organisations adopt the cloud for various purposes, including data backup, disaster recovery, email, virtual desktops, software development and testing, BDA and other web-based applications. In response to these shifting preferences and to remain relevant, businesses and organisations are expected to develop clear and comprehensive digitalisation strategies as well as continuously invest in digitising their businesses in areas such as operational stability, marketing and cybersecurity to remain competitive. Given these developments, the demand for enterprise IT services is expected to rise accordingly.

5.2 Supply Conditions

Figure 7: Supply Conditions Affecting the Enterprise IT Services Industry in Malaysia, 2024-2028

Impact	Supply Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	Strong Government Support to Drive the Adoption of Digital Technology	High	High	High
+	Availability of Skilled IT Professionals	Medium	Medium	Medium

Source: Protégé Associates

Strong Government Support to Drive the Adoption of Digital Technology

- National Policy Framework for the 4IR and Digital Economy Blueprint

  On 31 October 2018, the Industry4WRD initiative was launched with an initial focus on the manufacturing sector and related services. Subsequently, in 2021, the National 4IR Policy (2021-2030) was introduced as a comprehensive national policy designed to foster the socioeconomic development of the country through the adoption of 4IR technologies. This policy serves as a guiding principle for ministries and agencies, enabling them to establish suitable policies and regulatory frameworks. These measures aim to provide businesses and society with access to the opportunities and socioeconomic benefits offered by the 4IR.

The allocation of resources will be concentrated on developing technological capabilities in five key 4IR technologies: AI, IoT, blockchain, cloud computing and BDA, as well as advanced materials and technologies. The deployment of 4IR technologies will be focused on ten core sectors complemented by six supporting sectors. This strategic approach is intended to create new opportunities for socioeconomic growth in the economy. The core sectors include manufacturing, transport and logistics, healthcare, education, agriculture, utilities, finance and insurance, professional, scientific and technical services, wholesale and retail trade, and tourism. The supporting sectors encompass construction, property, mining and quarrying, arts, entertainment and recreation services, , information and communication services, and administrative and support services.

The National 4IR Policy is complemented by the Digital Economy Blueprint (2021-2030), known as MyDigital. This blueprint was developed in response to the significant advancements in digital technology and the growth of high-speed internet connectivity, which have transformed the way goods and services are produced, distributed, and consumed, as well as how people interact. MyDigital outlines 22 strategies aimed at establishing the necessary digital infrastructure and cultivating digital talents to drive digital transformation in both the public and private sectors.

- Incentives offered to encourage adoption of digitalisation

  Recognising the significance of digital integration, MIDA has introduced several initiatives, including the Industry4WRD Intervention Fund, the Automation Capital Allowance and the Smart Automation Grant. These measures are aimed at promoting automation and digitalisation among small and medium enterprises operating in the manufacturing and related service sectors. In the Budget for 2022, tax incentives have been made available for activities falling under the Digital Ecosystem Acceleration Scheme, initially catering to companies within the Multimedia Super Corridor. The proposal also extends these incentives to digital technology providers and digital infrastructure companies. In Budget 2023, RM100 million was allocated under the Geran Digital PMKS MADANI for micro, small and medium entrepreneurs ("**MSME**") to support business automation and digitisation. This was followed by RM100 million provided in Budget 2024 for digitisation grants of up to RM5,000 for the benefit of more than 20,000 MSME.

  Furthermore, in alignment with the National Transport Policy (2019-2030), the Malaysian Government is dedicated to advancing IoT within the transport sector through the adoption of automation and digitisation. Additionally, the government is actively endorsing the establishment of an open data platform to facilitate enhanced data integration across all transport sectors, as well as the introduction of a single entry pass/payment method for seamless journeys.

Availability of Skilled IT Professionals

The presence of qualified and experienced manpower is a critical success factor for enterprise IT service providers striving to maintain their competitiveness in the industry. It is imperative that these enterprise IT service providers can attract, recruit and retain talented employees as they play a crucial role in daily operations, from development, implementation and maintenance of IT products and solutions, to the installation of related software and hardware. In 2017, the ICT services industry employed approximately 132,000 high-skilled workers (includes managers, professionals and technicians) and the number of high-skilled workers increased to around 134,000 by 2021. Generally, there is no shortage of skilled talents in the ICT services industry.

However, the various movement control orders implemented during the COVID-19 pandemic resulted in a surge in job losses and subsequently led to an increase in the country's unemployment rate. The competition among graduates for job opportunities has become more challenging due to the larger pool of unemployed individuals who lost their jobs during the pandemic. To mitigate the pandemic's impact, the government has introduced various initiatives, including the Wage Subsidy Program to promote employee retention, assistance for hiring and training to encourage businesses to employ workers, and reskilling and upskilling programs aimed at enhancing the employability of both young people and the unemployed. While companies faced challenges in recruiting qualified and experienced IT professionals in 2020 and 2021 due to the restrictions imposed by the various movement control orders, this is expected to be a short-term issue with the situation anticipated to improve in line with the economic recovery.

6.0 Prospects and Outlook of the Enterprise IT Services Industry

The enterprise IT services industry in Malaysia is anticipated to have a positive outlook and promising prospects throughout the forecast period. The COVID-19 pandemic and the subsequent lockdown measures have expedited the utilisation of the Internet and the adoption of digital platforms, paving the way for increased potential demand for enterprise IT services. Consequently, this has created extensive opportunities for local enterprise IT services to broaden their business scope.

Factors priming growth within the enterprise IT services industry include the ongoing digital transformation of the economy and the increasing demand for cloud computing and IoT technologies. Notably, even sectors that were not traditionally considered heavy technology users, such as transportation and agriculture, have started integrating IT components into their operations. Furthermore, the relatively high broadband penetration rate coupled with continuous capital expenditure into the multimedia and communications industry is conducive to the growth of the local enterprise IT services industry. Simultaneously, demand for enterprise IT services is expected to rise due to shifting consumer and business behaviours post pandemic. On the supply side, the Malaysian Government's robust support and the availability of skilled IT professionals are expected to further bolster the local enterprise IT services industry.

The enterprise IT services industry was valued at RM21.30 billion in 2022 and expanded to an estimated RM22.36 billion in 2023. Moving forward, the local enterprise IT services industry is projected to expand at a CAGR of 5.7% from RM23.48 billion in 2024 to reach RM29.51 billion in 2028.

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Our growth and profitability are dependent on our ability to 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. Our contracts with clients vary in length and scope of services depending on the nature of the project. 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. We do not enter into long-term contracts with our clients for our implementation services due to the rapid technological changes and market trends of the industry in which our clients operate in. As for our maintenance, support and professional services contracts, the tenure of the contracts is slightly longer, but we are subject to termination or reduction of our services by the clients in the event that there are changes to the clients' strategies or changes in the enterprise IT solutions required for their operations.

The potential loss of clients, especially with our major clients, or risk of facing difficulties in securing new clients or additional projects from existing clients in a timely manner, may adversely affect our business and financial performance. Further, the volume and size of contracts, as well as the revenue generated from them, can be affected by several factors which include, among others, economic downturns, industry-specific slowdowns and clients' financial constraints. As a result, our revenue may experience fluctuations across different financial years. For the Financial Years Under Review, we have not encountered any termination of contracts with our major clients. However, there have been instances of variations or additions to the scope of services within existing contracts.

9.1.2 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 clients' 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.

In the event that project delays are caused by our clients, it has a direct impact on the progress of our projects. This, in turn, affects our delivery timelines, subsequently affecting the timing for revenue recognition and the collection of payment from our clients. As a result, our financial performance is directly tied to the availability and cooperation of our clients. The minimisation of delays in project deliverables is crucial to ensuring timely and successful project outcomes.

(The rest of this page is intentionally left blank)

9.1.3 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. His leadership is instrumental in determining the overall strategic direction and driving the business development and growth of our Group. Additionally, we also attribute our continuous success to the capabilities, skills, experience and efforts of our Non-Independent Executive Director / CEO, Chan Wai Hoong for overseeing the operational functions, spearheading the execution of the Group's business strategies and leads to the implementation of expansion plans.

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. Hence, the loss of any of our Non-Independent Executive Vice Chairman, Non-Independent Executive Director and other Key Senior Management, without suitable and timely replacements could have an unfavourable impact on our Group's operations, financial performance and prospects of our Group.

9.1.4 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 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.

Although we have not encountered any material disputes with Telekom Malaysia Berhad Group to-date, there is no assurance that our current working relationship with them will not deteriorate or we would continue to secure new projects from Telekom Malaysia Berhad Group in the future upon completion of the existing projects or renew our maintenance and support services contract. As such, our Group's sustainability, revenue and financial performance will be materially and adversely affected if there is any termination of our business relationship with Telekom Malaysia Berhad Group and we are unable to secure any new contracts of similar or greater value to replace the loss of business.

9.1.5 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.

The retention and attraction of skilled IT solution delivery employees are crucial factors for our continued success, future business growth and expansion. The potential loss of these employees and our inability to promptly secure suitable replacements could disrupt project deliverables. Consequently, if our Group is unable to adhere to our project delivery schedules, our billing schedule will be delayed as invoices are issued according to project delivery milestones. Further, based on the contracts for our current on-going projects as at the LPD, our clients are allowed to claim for liquidated damages. In the event that our clients claim for liquidated damages in relation to delays or failures caused by our Group to meet any milestones as specified in the contracts, it will increase our project cost and this may adversely affect our financial performance. Since the commencement of our business, our Group has not received any requests for claims for liquidated damages arising from delays in meeting project milestones.

In addition, based on the contracts for our current on-going maintenance, support and professional services, our clients are allowed to claim for liquidated damages. If our clients claim for liquidated damages in relation to delays or failures caused by our Group to provide such services, it may adversely affect our financial performance.

9.1.6 We source our enterprise IT solutions from technology partners and/or vendors for the implementation, maintenance, support and professional services as well as for the resale of hardware and software

As an enterprise IT solutions provider, our services encompass the provision of implementation, maintenance, support and professional services as well as the sale of hardware and software of enterprise IT solutions. As we do not develop our own enterprise IT solutions, we source our enterprise IT solutions from 7 technology partners and/or vendors.

Each of our technology partner specialises in distinct enterprise IT solutions, which enables us to recommend the most suitable IT solution based on our clients' requirements and business operations. Nevertheless, we are particularly dependent on our technology partners'/ vendors' products to provide implementation, maintenance, support and professional services as well as resale of hardware and software.

Our technology partners conduct yearly assessment on our Group to ensure that we have sufficient capabilities and resources to maintain as their technology partners and/or vendors. Some of the assessment criteria of our technology partners are as follows:

(i) yearly requirement of our employees to obtain product training and accreditation of their enterprise IT solutions;

(ii) active participation in joint sales activities with the respective technology partners;

(iii) meeting yearly delivery quantity requirement for the deployment of enterprise IT solutions; and

(iv) maintaining financial stability to ensure sufficient resources for business growth, sustaining the partnerships, and investing in technical training for our enterprise IT solution delivery employees to enhance customer support capabilities.

In the event that we are unable to adhere to the yearly assessment of our technology partners, or a decision by technology partners to cease our partnership, we may lose referrals from our technology partners, which may impact our profitability. For clients in which we act as sub-contractors to our technology partners, termination of our contracts with our technology partners would adversely impact our business operations and financial performance. Therefore, maintaining strong partnerships and adhering to the criteria set by our technology partners are vital for the continuity and success of our business.

9.1.7 We may not be able to successfully execute our future plans and business strategies

Our future growth, to a certain extent, is dependent upon the successful execution of our future plans and business strategies. Our future plans and business strategies are as follows:

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

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

(iii) establishment of our COE for software solutions; and

(iv) strengthening of our Singapore operations.

Kindly refer to Section 7.23 of this Prospectus for more information on our future plans and business strategies.

Furthermore, our future plans and business strategies to expand our partnerships with new technology partners and expansion of geographical presence may be influenced by factors which are beyond the control of our Group, such as, amongst others, general market conditions, technological changes or advancements and political environment in Malaysia, Singapore and other countries in Asia Pacific in which we transact in. The execution of these strategies necessitates additional expenditures for talent acquisition, training, certifications, as well as setting up of offices and marketing efforts. While such additional expenditures aim to drive growth, there is a risk that increased operational costs may adversely impact our profit margins if sufficient revenue is not generated following strategy implementation. Moreover, factors like new technologies used by our competitors or attractive pricing offered by our competitors may affect the attractiveness of our offerings.

Hence, there is no assurance that we will successfully implement our future plans and business strategies, nor can we assure the anticipation of all the business, industry and operational risks arising from our business strategies. Failure to execute our future plans and business strategies within the estimated timeline, as well as failure to anticipate all the business, industry and operational risks may adversely affect our future growth, as well as our financial performance.

9.1.8 We are exposed to risks related to data and cybersecurity breaches

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 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.

Our Group has established stringent policies and protocols, which are designed to protect the security, integrity and confidentiality of the system information that we handle. These stringent policies and protocols include installation of firewall systems, enforcement of authentication and user access restriction at workstations through the use of password protection on devices and access cards to access our offices, monitoring of security logs and installation of closed-circuit cameras within our office.

We adhere to our client's established policy and security protocols for remote working arrangements such as either the use of client Virtual Desktop Infrastructure (VDI) or client's Virtual Private Network (VPNs) to connect to customer's network. We also utilise certain tools and applications to monitor the activities and data usage by our employees. We also impose strict confidentiality obligations on all our employees and any contravention will result in disciplinary action, dismissal and/or court proceedings.

As at the LPD, we have not experienced any security breaches to our systems and information to date, whether arising from internal sources (such as technical malfunctions, employee error or misconduct) or external sources (such as malware, hacking, espionage and cyber intrusion). However, despite our stringent efforts, there is no guarantee that inadvertent disclosure (which may arise from software bugs or other technical malfunctions, employee error or misconduct, or other factors) or unauthorised disclosure or loss of personal or confidential information will not occur or that third parties will not gain unauthorised access to our systems and information.

In January 2024, news surfaced concerning a purported hacker who claimed to have gained unauthorised access to customer database system of one of our major clients. It was reported that the client had subsequently confirmed the user data breach. Our Group was involved in implementing the client's customer database system in 2013.

Our Group's enterprise IT solutions implementation includes of designing customer database system using technology partners' application which has been designed to be hosted in the client's local network infrastructure or hosted by technology partners and/or secured cloud infrastructure. It is subject to the client's internal network firewalls in which its network infrastructure is fully managed by the client and their security team. Additionally, the hosting of data and database access is controlled by our clients or hosting technology partners.

Any data leakage or loss of data or cybersecurity breaches to our client's IT infrastructures or as a result of the provision of our services, whether actual or perceived could adversely affect the market perception of our services and this in turn may damage our Group's reputation. If any such incident relating to the leakage or loss of confidential information of our clients is by us, this could expose us to significant liability if we are subject to litigation or other action resulting in monetary damages and legal fees. As a result, our revenue could decline and/or we may incur additional costs in defending any claims which could adversely affect our business, and financial performance.

For the Financial Years Under Review and up to the LPD, there have not been any claims made against us in respect of data or cybersecurity breaches. Nonetheless, there can be no assurance that we will not be subject to any data or cybersecurity breaches in the future which may adversely affect our reputation and financial performance.

9.1.9 We are exposed to risk of termination of contracts without cause

Our Group's current contracts with clients and technology vendors are subject to various clauses which both parties are required to adhere to. In some of the contracts, our clients and technology vendors have the right to terminate our services without cause by giving us the requisite notice period as stipulated in the contract. If our contracts are terminated and we are unable to replace the contracts with other contracts of similar value, our financial performance and business operations may be adversely affected.

9.1.10 We are subject the risk of fluctuations of foreign exchange rates which may impact the profitability of our Group

Our proportion of sales and purchases transactions denominated in local and foreign currencies are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Revenue denominated in:						
- RM	19,513	97.35	20,710	99.37	22,929	99.12
- SGD	532	2.65	132	0.63	204	0.88
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**
Purchases denominated in:						
- RM	2,415	74.65	4,533	78.60	1,727	50.20
- USD	820	25.35	1,234	21.40	1,713	49.80
Total	**3,235**	**100.00**	**5,767**	**100.00**	**3,440**	**100.00**

We are exposed to transactional currency exposure as 25.35%, 21.40% and 49.80% of our purchases were denominated in USD for the Financial Years Under Review, respectively. Our purchases comprising software licences from technology partners and appointed distributor of technology partners are denominated in USD.

As at the LPD, we do not have a formal policy with respect to our foreign exchange transactions and we do not hedge our exposure to fluctuation in foreign currency exchange rates. As such, we are subject to foreign exchange fluctuation risk for our revenue and purchases denominated in foreign currencies which we transact.

A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion. For the Financial Years Under Review, our gains and losses from foreign exchange fluctuations are as follows:

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Net realised foreign currency exchange loss/ (gain)	45	(16)	(2)

9.1.11 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in the course of our business operations

We maintain insurance levels which are customary in our industry to protect us against various losses and liabilities. As at the LPD, some of the insurance policies taken by our Group are as follows:

(i) professional indemnity insurance policies which includes technology liability, cyber enterprise risk management, public and product liability;

(ii) fire insurance policies for both our properties in Cyberjaya and Petaling Jaya; and

(iii) personal medical insurance policies for our employees in Malaysia and Singapore.

Notwithstanding the above, in the event of claims, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations as a result of exclusions and limitations of liability both in amount and with respect of the insured events. Moreover, we will be subject to the risk that, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates in the future. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our business operations and financial performance.

For the Financial Years Under Review, we have not encountered any events or incidences that have resulted in any insurance claims of a material nature.

9.1.12 We are exposed to risk of natural disasters, accidents, and future outbreak of disease and/ or pandemics

Unexpected events such as pandemics, accidents and natural disasters may also pose potential constraints on our business operations. These events may restrain our employees' movements, particularly impacting our implementation teams' ability to travel to customer premises. As the delivery of our services and project deliverables is dependent on our employees and cannot be replaced or automated with machines, any unexpected significant interruptions to our manpower which are not promptly resolved may affect project timelines. This, in turn, could impact the timing of project delivery, subsequently affecting revenue recognition and payment collection from our clients.

While, our business operations were not materially impacted by the COVID-19 pandemic, we did experience minor disruptions. These disruptions were evident in our supply chain, where travel restrictions hindered our ability to carry out implementation and maintenance works at clients premises and minor disruptions to our business operations as some of our clients had insufficient IT infrastructure which prevented us for conducting implementation works remotely, as well as our inability to travel overseas due to the travel restrictions which prohibited us from selling our enterprise IT solutions overseas, as well as securing new clients in overseas.

Kindly refer to Section 7.22 of this Prospectus for further information on the interruptions to our business and operations.

(The rest of this page is intentionally left blank)

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We face competition within our industry

We face competition from existing industry players and we compete in terms of technology, range and quality of solutions, price and timeliness of project delivery. Our competitors may have longer histories, equipped with better resources and possess comparable software and technical expertise than us, thereby enabling them to offer better value proposition to our prospective client. As such, we may experience and expect to continue to face competition from local and international solution providers.

Further, we may also compete with existing and new entrants who adopt aggressive pricing strategies and offer more attractive sales terms which may result in stiffer competition and reduction of our market share in the enterprise IT services industry. If we are unable to remain competitive and adapt to changes in the industry, our business operations and financial performance may be adversely affected.

9.2.2 We may not be able to keep up with rapid technological advancements

The enterprise IT solutions industry is characterised by rapid technological changes, evolving industry standards, frequent introductions and enhancements of new products and services, and changing customer demands. The introduction of new technology and the emergence of new industry standards may render our services to be obsolete and uncompetitive.

Our future success will depend on our ability to adapt to the rapid technological changes, evolving industry standards and continuous improvement on the know-how of our employees in response to evolving demands of the marketplace. If we are unable to keep up with the technological changes or we are unable to adapt in a timely and effective manner, we may lose our competitive advantage and in turn, will adversely affect our business operations and financial performance.

9.2.3 We are exposed to risks relating to economic, political, legal and regulatory changes in Malaysia and other countries in which we derive revenue

Notwithstanding that we principally operate in Malaysia, we derive a portion albeit small percentage of our revenue from foreign markets. For the Financial Years Under Review, our revenue generated from foreign markets accounted for approximately 23.13%, 11.33% and 3.60%, respectively. As we continue to expand our business, our financial performance and results of operations may be affected by any adverse developments in the economic, political, legal and regulatory environments that are beyond our control in the countries where we operate and transact business. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests and foreign exchange controls.

Any changes in government policies that may cause disruptions in business operations and financial performance of businesses, may consequently cause a decline in IT budgets and demand for our Group's products and services. Such events may adversely affect our business, results of operations and financial performance. There can be no assurance that any adverse economic, political, legal and regulatory changes will not lead to adverse effect on the business performance of our Group.

9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

9.3.1 No prior market for our Shares and it is uncertain whether a sustainable market will ever develop

Prior to our IPO, there has been no public trading for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or if developed, that such a market will be sustainable. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the selling prices at which holders would be able to obtain for our Shares.

We and our Promoters have no obligation to cause our Shares to be marketable. The IPO Price was determined after taking into consideration various factors and these factors could cause our Share price to fluctuate which may adversely affect the market price of our Shares.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and that the market price of our Shares will not decline below the Issue Price.

9.3.2 The trading price and volume of our Shares upon Listing may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and global stock market and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes in capital market, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of the capital market as the business activities of our Group have no direct correlation with the performance of securities listed in the capital market.

Our Shares could trade at prices lower than the IPO Price depending on various factors, including current economic, financial and fiscal condition in Malaysia, our operations and financial results and the price volatility in the markets for securities in similar or related industry in Malaysia or emerging markets. There is no assurance that any market for our Shares will not be disrupted by price volatility or other factors, which may have a material adverse effect on the market price of our Shares.

Further, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

(i) variation in our results and operations;

(ii) success or failure in our management team in implementing business and growth strategies;

(iii) gain or loss of an important business relationship

(iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(v) change in market valuations and share prices of companies with similar businesses with our Group that may be listed on Bursa Securities

(vi) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events and factors;

(vii) national disasters, health epidemics and outbreaks of contagious diseases;

(viii) additions or departures of our Key Senior Management;

(ix) fluctuations in stock market prices and volumes; or

(x) involvement in litigation.

In addition, many of the risks described herein could materially and adversely affect the market price of our Shares. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated. Accordingly, there can be no assurance that our Shares will not trade lower than the original IPO price of our Shares.

9.3.3 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

As disclosed in Section 5.1 of this Prospectus, our Promoters will collectively hold in aggregate 64.88% of our enlarged issued share capital after our Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

9.3.4 The sale or the possible sale of a substantial number of Shares in the public market following our IPO could adversely affect the price of our Shares

As disclosed in Section 5.1 of this Prospectus, our Promoters will directly and collectively hold, in aggregate, 64.88% of our enlarged issued share capital upon Listing.

It is possible that our Promoter and Substantial Shareholder, Tee Chee Chiang may dispose of some or all of his Shares after their respective moratorium period, pursuant to their own investment objectives. If our Promoters sell, or are perceived as intending to sell, a substantial amount of our Shares, the market price of our Shares could be adversely affected.

9.3.5 Delay in or cancellation of our Listing

(i) The occurrence of certain events, including the following, may cause a delay in or termination of our Listing:

(a) our Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations under such agreement;

(b) our inability to meet the minimum public spread requirement under the Listing Requirements of having at least 25.00% of the total number of our Shares for which our Listing is sought being in the hands of at least 200 public shareholders holding at least 100 Shares each at the point of our Listing; or

(c) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

(ii) Where prior to the issuance and allotment of our IPO Shares:

(a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall repay all monies paid in respect of the applications for our Issue Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(b) our Listing is aborted, investors will not receive any of our Issue Shares, all monies paid in respect of all applications for our Issue Shares will be refunded free of interest within 14 days.

(iii) Where subsequent to the issuance and allotment of our IPO Shares:

(a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our Issue Shares shall be redeemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(b) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules to the extent that our Issue Shares form part of our share capital. Such cancellation can be implemented by either:

(aa) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

(bb) the sanction or our shareholders by special resolution in a general meeting supported by a solvency statement from the directors.

(The rest of this page is intentionally left blank)

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

(The rest of this page is intentionally left blank)

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.1 Our Group's Related Party Transactions

Save as disclosed below, our Group has not entered into nor proposes to enter into any material related party transactions for the Financial Years Under Review, and for the subsequent financial period up to the LPD:

No.	Transacting Parties	Nature of relationship	Nature of transaction	Arm's Length (Yes/No)	Transaction value			
					FYE 2021 (RM'000)/%	FYE 2022 (RM'000)/%	FYE 2023 (RM'000)/%	Up to LPD (RM'000)/%
1.	VTCM and VGSB	Tee Chee Chiang and Chan Wai Hoong are Directors of the Company. They are also directors of VGSB. Tee Chee Chiang is a major shareholder of the Company and VGSB while Chan Wai Hoong is a shareholder of the Company and VGSB.	Advances by VTCM to VGSB for VGSB's administrative expenses.	No(1)	17 / 0.90%(a)	18/ 1.01% (a)	19/ 1.51% (a)	-
2.	VTCM and Petbacker Sdn Bhd	Tee Chee Chiang is a Director and major shareholder of the Company. He is also a Director and major shareholder of Petbacker Sdn Bhd.	Advances by VTCM to Petbacker Sdn Bhd for Petbacker Sdn Bhd's administrative expenses.	No(1)	*	2 / 0.11% (a)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting Parties	Nature of relationship	Nature of transaction	Arm's Length (Yes/No)	Transaction value FYE 2021 (RM'000)/%	FYE 2022 (RM'000)/%	FYE 2023 (RM'000)/%	Up to LPD (RM'000)/%
3.	VTCM and Petbacker Sdn Bhd	Tee Chee Chiang is a Director and major shareholder of the Company. He is also a Director and major shareholder of Petbacker Sdn Bhd.	Rental paid by Petbacker Sdn Bhd to VTCM(2).	No(2)	- (3)	- (3)	- (3)	12 (4)
4.	VTCM and Tee Chee Chiang	Tee Chee Chiang is a Director and major shareholder of the Company.	Payment by Tee Chee Chiang on behalf of VTCM for its administrative expenses.	No(1)	-	19/ 1.07% (a)	11/ 0.87% (a)	-
5.	VTCS and Petbacker Pte Ltd	Tee Chee Chiang is a Director and major shareholder of the Company. He is also a Director and major shareholder of Petbacker Pte Ltd.	Provision of outsourcing services of software maintenance / IT support services from VTCS to Petbacker Pte Ltd(5).	No(5)	145/ 0.72%(b)	149/ 0.71%(b)	-	-
6.	VTCS and Petbacker Limited	Tee Chee Chiang is a Director and major shareholder of the Company. He is also a Director and major shareholder of Petbacker Limited.	Provision of outsourcing services of software maintenance / marketing services from VTCS to Petbacker Limited(5).	No(5)	46/ 0.23% (b)	47/ 0.23% (b)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

***Notes**:*

* *Negligible*

(a) *Based on our Group's administrative expenses for each of the respective FYE.*

(b) *Based on our Group's audited revenue for each of the respective FYE.*

(1) *The advances provided were non-trade related, unsecured and interest free. As the advances were given interest free, they were not given on arm's length basis. As at the LPD, all the advances have been fully repaid and there are no outstanding balances with the related parties.*

(2) *The property owned by VTCM which is B2-1007 and B2-1009 Setia Jaya Property is partially occupied by Petbacker Sdn Bhd.*

(3) *FYE 2021 to FYE 2023*

Petbacker Sdn Bhd had occupied B2-1007 and B2-1009 Setia Jaya Property partially but had not been charged any rental amount by VTCM. As there had been no rental paid, the transaction was not carried out on arms' length basis. VTCM has since entered into a tenancy agreement with Petbacker Sdn Bhd to collect rental on the B2-1007 and B2-1009 Setia Jaya Property.

(4) *Up to LPD*

VTCM had entered into a tenancy agreement dated 1 September 2023 with Petbacker Sdn Bhd for the rental of B2-1007 and B2-1009 Setia Jaya Property at a monthly rental rate of RM2,400 for 3 years commencing from 1 September 2023. The transaction has been carried out on an arm's length basis and on normal commercial terms which are not unfavourable to the Group based on prevailing market rate and are not detrimental to the minority shareholders.

(5) *VTCS had been engaged by Petbacker Pte Ltd and Petbacker Limited to provide outsourcing services of software maintenance and marketing services. As the services included highly customisable services of software configuration and development services, the transaction was not carried out on arms' length basis and was based on commercial terms negotiated between the parties, which were not unfavourable to the Group.*

Save as disclosed in note 1, 2, 3 and 5 whereby our Directors does not deem that the transaction has been carried out on arms' length basis, our Directors confirm that all the related party transactions outlined above between our Group and our Directors and/or major shareholders of our Company and/or persons connected to them were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are not detrimental to our minority shareholders.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Group has not entered into any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, with a related party in the Financial Years Under Review and up to the LPD.

10.3 OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE TO OR FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) and/or financial assistance that have been granted by our Company and/or any of our Subsidiaries to or for the benefit of the related parties for the Financial Years Under Review and up to the LPD.

No.	Transacting parties	Nature of relationship	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	From 1 September 2023 up to the LPD RM'000
Amount due from related parties [(1)]						
1.	VTCM and Vetece Sdn Bhd	Our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman, namely Tee Chee Chiang, is a director and shareholder of Vetece Sdn Bhd.	30	48	-	-
2.	VTCM and Petbacker Sdn Bhd	Our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman, namely Tee Chee Chiang, is a director and shareholder of Petbacker Sdn Bhd.	35	37	-	-
3.	VTCM and Petbacker Limited	Our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman, namely Tee Chee Chiang, is a director and shareholder of Petbacker Limited	2	2	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	From 1 September 2023 up to the LPD RM'000
4.	VTCM and Petbacker Pte Ltd	Our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman, namely Tee Chee Chiang, is a director and shareholder of Petbacker Pte Ltd	200	200	-	-
Amount due to Directors (2)						
5.	VTCM and Tee Chee Chiang	Tee Chee Chiang is our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman	17	30	-	-

***Notes**:*

(1) This amount comprises expenses paid by our Group on behalf of the related parties.

(2) This amount comprises expenses paid by our Directors on behalf of our Group.

The advances provided were non-trade related, unsecured and interest free. As the advances were given interest free, they were not given on arm's length basis. However, our Directors are of the view that the advances provided to related parties are not detrimental to our Group. As at the LPD, all the advances have been repaid and there are no outstanding balances with the related parties.

Moving forward, our Group has put in place strict internal control and compliance procedures in relation to advances and loans to third parties, and no further advances or loans will be given to any related parties of our Group unless such advances and loans are permitted under applicable law and the Listing Requirements and brought to the Audit and Risk Management Committee and our Board for deliberation and approval.

10.4 PROVISION OF GUARANTEES BY OUR PROMOTERS FOR BANKING FACILITIES GRANTED TO OUR GROUP

Our Directors and/or Promoters, namely, Tee Chee Chiang and Chan Wai Hoong, have jointly and severally provided personal guarantees for the banking facilities extended by Public Bank Berhad to our Group. The breakdown of the facilities secured by our Group and the personal guarantees provided by our Directors and/or Promoters as at the LPD is set out below:

Financier	Guarantors	Amount utilised RM'000	Unutilised balance RM'000	Total amount of guarantee provided RM'000
Public Bank Berhad	• Tee Chee Chiang • Chan Wai Hoong	4,124	349	4,473
	Total	**4,124**	**349**	**4,473**

In conjunction with the Listing, we have applied to Public Bank Berhad to obtain a release and/or discharge of the guarantees provided by Tee Chee Chiang and/or Chan Wai Hoong by substituting the same with corporate guarantees to be provided by our Company.

Until such release and/or discharge are obtained from Public Bank Berhad, the Directors and shareholders will continue to guarantee such banking facilities extended to our Group.

As at the date of this Prospectus, we have received conditional approvals from Public Bank Berhad to discharge the relevant personal guarantees by substituting the same with corporate guarantees from our Company.

10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Our Audit and Risk Management Committee will review the terms of all related party transactions (including recurrent related party transactions), and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the direct or indirect interest of our Directors, our interested Directors shall disclose to our Board the nature and extent of their interest including all matters in relation to the proposed related party transactions that they are aware or should reasonably be aware of, which is not in our best interest. Our interested Directors shall also abstain from any of our Board's deliberation and voting on the relevant resolutions in respect of such proposed related party transactions.

Further, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions. The interested persons shall abstain from voting on the relevant resolutions in respect of such proposed related party transactions at our general meetings. Under the Listing Requirements, related party transactions may be aggregated to determine their materiality if the related party transactions occurred within a 12-month period, are entered with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one particular corporation/asset or of various parcels of land contiguous to each other.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS OF OUR GROUP, OUR CLIENT AND/OR SUPPLIER

As at the LPD, none of our Directors and/or Substantial Shareholder have any interest, whether direct or indirect, in other businesses or corporations which are carrying on a similar trade to that of our Group or which are the clients and/or suppliers of our Group.

For information purposes, our Director and Substantial Shareholder, namely Tee Chee Chiang is also a director and shareholder of Petbacker Pte Ltd and Petbacker Limited, who were our clients for FYE 2021 and FYE 2022. Please refer to Section 10.1.1 of this Prospectus for more details.

In order to mitigate any possible conflict of interest situation, our Directors will declare to the Audit and Risk Management Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group.

The Audit and Risk Management Committee will first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, the Audit and Risk Management Committee will then:

(a) immediately inform our Board of the conflict of interest situation;

(b) make recommendations to our Board to direct the conflicted Director to:

  (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an executive director); and

  (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of the Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairperson of our Board, be present at our Board meetings for the purpose of answering any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with the Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, the Audit and Risk Management Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

(The rest of this page is intentionally left blank)

11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by Kenanga IB

Kenanga IB confirms that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our IPO.

11.2.2 Declaration by Wong Beh & Toh

Wong Beh & Toh confirms that there is no existing or potential conflict of interest in its capacity as the Solicitors for our IPO.

11.2.3 Declaration by Baker Tilly Monteiro Heng PLT

Baker Tilly Monteiro Heng PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our IPO.

11.2.4 Declaration by Protégé Associates Sdn Bhd

Protégé Associates Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the IMR for our IPO.

(The rest of this page is intentionally left blank)

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated in Malaysia on 22 November 2023 under the Act as a private limited company under the name of VETECE Holdings Sdn Bhd and was subsequently converted to a public limited company and assumed its present name on 8 December 2023 to facilitate our Listing.

We have completed the Acquisitions on [●]. As such, the historical combined financial statements for the Financial Years Under Review were prepared as if our group structure had been in existence throughout the Financial Years Under Review. All intra-group transactions and balances have been eliminated on combination.

As such, the financial statements of our Group comprise:

(i) the combined statements of financial position as at 31 August 2021, 31 August 2022 and 31 August 2023;

(ii) the combined statements of comprehensive income for the Financial Years Under Review;

(iii) the combined statements of changes in equity for the Financial Years Under Review; and

(iv) the combined statement of cash flows for the Financial Years Under Review.

Our audited combined financial statements were prepared in accordance with the MFRS and IFRS.

You should read the historical financial information presented below together with:

(i) Management's Discussion and Analysis of Financial Conditions and Results of Operations as set out in Section 12.2 of this Prospectus; and

(ii) Accountants' Report, together with its accompanying notes as set out in Section 14 of this Prospectus.

(The rest of this page is intentionally left blank)

12.1.1 Historical combined statements of profit and loss and other comprehensive income

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Revenue	20,045	20,842	23,133
Cost of sales	(14,170)	(13,796)	(13,394)
GP	**5,875**	**7,046**	**9,739**
Other income	267	395	395
Administrative expenses	(1,878)	(1,774)	(1,262)
Operating profit	**4,264**	**5,667**	**8,872**
Finance costs	(136)	(138)	(172)
PBT	**4,128**	**5,529**	**8,700**
Income tax expense	(989)	(1,377)	(2,136)
PAT	**3,139**	**4,152**	**6,564**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation surplus, net of deferred tax liabilities	582	-	-
Exchange differences on translation of foreign operations	45	240	396
Total comprehensive income for the financial year	**3,766**	**4,392**	**6,960**

EBITDA [(1)]	4,426	5,804	9,030
GP margin (%) [(2)]	29.31	33.81	42.10
PBT margin (%) [(3)]	20.59	26.53	37.61
PAT margin (%) [(3)]	15.66	19.92	28.38
Effective tax rate (%) [(4)]	23.96	24.91	24.55
Basic and diluted EPS (sen) [(5)]			
- After the Acquisitions but before IPO (sen) [(6)]	1.07	1.41	2.23
- After IPO (sen) [(7)]	0.80	1.06	1.67

Notes:

(1) EBITDA are calculated as follows:

	Audited		
	FYE 2021	***FYE 2022***	***FYE 2023***
	RM'000	***RM'000***	***RM'000***
PAT	*3,139*	*4,152*	*6,564*
Less:			
Interest income	*(91)*	*(97)*	*(90)*
Add:			
Finance costs	*136*	*138*	*172*
Income tax expense	*989*	*1,377*	*2,136*
Depreciation	*253*	*234*	*248*
EBITDA	***4,426***	***5,804***	***9,030***

(2) Calculated based on GP divided by revenue.

(3) Calculated based on PBT divided by revenue and PAT divided by revenue.

(4) Calculated based on income tax expense divided by PBT.

(5) The basic EPS is the same as the diluted EPS as there were no outstanding convertible securities for the Financial Years Under Review.

(6) Calculated based on the PAT for the financial year over our number of Shares in issue of 294,000,000 Shares after the Acquisitions but before our IPO.

(7) Calculated based on the PAT for the financial year over our enlarged number of Shares in issue of 392,000,000 Shares after our IPO.

12.1.2 Historical combined statements of financial position

	Audited		
	As at 31 August		
	2021	2022	2023
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	7,323	7,546	7,418
Total non-current assets	**7,323**	**7,546**	**7,418**
Current assets			
Trade and other receivables	3,715	3,841	8,377
Contract assets	1,657	716	3,680
Fixed deposits placed with licensed banks	5,605	5,700	1,343
Cash and bank balances	11,639	12,741	4,026
Total current assets	**22,616**	**22,998**	**17,426**
TOTAL ASSETS	**29,939**	**30,544**	**24,844**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Invested equity	2,077	2,077	2,077
Other reserves	1,189	1,429	1,825
Retained profits	18,241	5,952	12,516
Total equity	**21,507**	**9,458**	**16,418**
Non-current liabilities			
Loans and borrowings	4,235	4,107	4,009
Other payables	1,083	-	-
Deferred tax liabilities	287	351	385
Total non-current liabilities	**5,605**	**4,458**	**4,394**
Current liabilities			
Loans and borrowings	126	129	115
Trade and other payables	2,636	16,138	3,256
Current tax liabilities	65	361	661
Total current liabilities	**2,827**	**16,628**	**4,032**
TOTAL LIABILITIES	**8,432**	**21,086**	**8,426**
TOTAL EQUITY AND LIABILITIES	**29,939**	**30,544**	**24,844**

12.1.3 Historical combined statements of cash flows

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Cash flows from operating activities			
PBT	4,128	5,529	8,700
Adjustments for:			
Depreciation of property, plant and equipment	253	234	248
Loss on disposal of property, plant and equipment	38	-	-
Interest income	(91)	(97)	(90)
Interest expense	136	138	172
Unrealised loss/(gain) on foreign exchange	84	83	(101)
Operating profit before changes in working capital	**4,548**	**5,887**	**8,929**
Changes in working capital:			
Receivables	(1,429)	(187)	(4,789)
Contract assets	65	941	(2,964)
Payables	1,056	(1,529)	1,643
	4,240	5,112	2,819
Tax paid, net	(835)	(1,017)	(1,802)
Interest received	91	97	90
Net cash from operating activities	**3,496**	**4,192**	**1,107**
Cash flows from investing activities			
Purchase of property, plant and equipment	(134)	(457)	(120)
Sale proceeds from disposal of property, plant and equipment	78	-	-
Net cash used in investing activities	**(56)**	**(457)**	**(120)**
Cash flows from financing activities			
Fixed deposits pledged as security values	(90)	(95)	(31)
Dividends paid	(1,458)	(2,200)	(14,241)
Interest paid	(136)	(138)	(172)
Repayments of term loans	(107)	(125)	(112)
Drawdown of terms loans	93	-	-
Advances (to)/by related parties	(23)	(22)	354
Advances from/(Repayment to) a director	156	(293)	(284)
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)**
Cash and cash equivalents at the beginning of the financial year	**13,837**	**15,951**	**17,129**
Effects of exchange rate charges on cash and cash equivalents	239	316	396
Cash and cash equivalents at the end of the financial year[(1)]	**15,951**	**17,129**	**4,026**

Note:

(1) Cash and cash equivalents comprise the following:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Cash and bank balances	11,639	12,741	4,026
Fixed deposits placed with a licensed bank	5,605	5,700	1,343
	17,244	18,441	5,369
Less: Fixed deposits pledged as security values	(1,293)	(1,312)	(1,343)
Total	**15,951**	**17,129**	**4,026**

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following management's discussion and analysis should be read together with the Accountant's Report included in Section 14 of this Prospectus.

The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

12.2.1 Overview of our operations

(i) Principal activities

(a) Implementation services

We provide implementation of enterprise IT solutions using our technology partners' software. We have a portfolio of enterprise IT solutions as outlined in Section 7.3 of this Prospectus to support our clients' business operations. Our enterprise IT solutions enable adoption of new business models, automate repetitive processes and reduce reliance on manual intervention. Additionally, it also enables major IT system upgrade which requires re-implementation, as well as continuous improvement and enhancement of our client's IT infrastructure.

The tenure for our implementation contracts ranges between 3 months and 2 years, depending on the scope of work that we are engaged to perform. The fee for our implementation contract is generally a fixed fee, taking into account the costs for implementing the types of software and modules including the costs of procuring relevant hardware and/or software and the professional fees involved. Our fee is payable either in one lump sum for the sales of hardware and/or software after delivery, or by stages of completion of progress milestone set out in the contract.

For certain service contracts entered into with our clients, we are required to provide a performance guarantee in the form of a bank guarantee or contract deposit as a security sum to ensure our due performance during the contract period.

(b) Maintenance, support and professional services

Following the completion of implementation of enterprise IT solutions, our clients may engage us to provide maintenance and support services, either under the same implementation services engagement or a separate engagement specifically for maintenance and support services. We also provide maintenance and support services to companies who do not engage us for implementation of enterprise IT solutions.

The tenure of such maintenance and support contracts range between 6 months and 5 years, whereby the contracts stipulate details such as scope of work, types of support, number of IT professionals needed, support timeframe and fees schedule calculated by man-day rates.

We are also involved in the provision of professional services, where we supply IT professionals to our clients for their internally-managed IT projects and/ or to meet their IT operational needs, on fixed contractual periods. Our clients may require IT professionals with the relevant expertise for their internally-managed IT projects such as enterprise application integration and SSO management solutions and enterprise data engineering and analytic solution, enterprise CRM solution, enterprise software testing and enterprise infrastructure on-premises and cloud solution, on a short-term project basis.

The tenure of such professional services contracts range between 3 months and 1 year, whereby the contracts stipulate details such as scope of work, the number and type of IT professionals needed, period of engagement and price schedule of the IT professionals calculated by man-day rates.

(c) Resale of hardware and software

We are involved in the resale of hardware and software as part of our implementation, maintenance and support services. Our hardware and software resale services involves buying and selling of computer equipment, devices and software licenses, as well as subscription from our technology partners and vendors such as, amongst others, Oracle and WSO2 to our clients. Upon obtaining the order from our clients, we will place an order for the necessary hardware and software to be delivered directly to our clients.

Please refer to Section 7 of this Prospectus for our Group's detailed business overview.

(ii) Revenue

Our Group recognises revenue that depicts the transfer of promised goods or services to clients in an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

Our revenue stream can be segregated into three segments, namely implementation services, maintenance, support and professional services and resale of hardware and software.

Implementation services

We are appointed by our clients in implementing the enterprise IT solutions selected for their business operations.

The service fee for our implementation services contract takes into account our clients' requirements, scope of work, costs for carrying out the contract with reference to the costs of procuring the relevant hardware and/or software and whether any third-party technical support or maintenance services are engaged.

Under the terms of the contracts, control is transferred over time as our Group creates or enhances an asset that the client controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, such as activation of software licences, professional services rendered, warranty and support and training provided. Our Group becomes entitled to invoice clients based on achieving a series of performance-related milestones.

Maintenance, support and professional services

Our maintenance and support services to our clients are on a contract basis, to ensure that their systems remain operational and responsive to changing user requirements, upgrades and on-going enhancements as required by our clients. The payment milestones for our maintenance and support services are typically based on the manpower days.

Our professional services are on a contract basis and the charges vary for each client, depending on the type of services required, as well as the type of IT solution implemented, together with its customisations. Similarly, the payment milestones for our professional services are typically based on the manpower days.

Resale of hardware and software

Our Group's hardware and software resale services involve buying and selling computer equipment, devices and software licenses, as well as software subscription from our technology partners and vendors. Revenue from the sale of hardware and software is recognised upon clients' acceptance.

(iii) Cost of sales

Our cost of sales comprises 2 major components, i.e. staff costs and project-related costs, which consists of licences and software costs, hardware costs, third party contractor costs and other costs.

Our cost of sales amounted to RM14.17 million, RM13.80 million and RM13.39 million representing approximately 70.69%, 66.19%, and 57.90% of our total revenue for FYE 2021, FYE 2022 and FYE 2023, respectively.

(a) Staff costs

Staff cost accounted for approximately 77.12%, 57.78% and 73.91% of our cost of sales for FYE 2021, FYE 2022 and FYE 2023, respectively.

Staff costs are mainly related to the renumeration for employees and director who are involved in the provision of implementation services and maintenance, support and professional services that are relatively fixed in nature, which includes, amongst others, salaries, allowances, bonuses, and employer contribution for Employees Provident Fund (EPF), Social Security Organisation ("**SOCSO**") and Employment Insurance System (EIS).

(b) Project-related costs

Project-related cost accounted for approximately 22.88%, 42.22% and 26.09% of our cost of sales for FYE 2021, FYE 2022 and FYE 2023, respectively.

Project-related costs are mainly costs required and stated in the contracts, comprising the purchase of hardware and software, third party contractors costs, as well as other cost.

- Hardware and software costs

  Hardware and software cost accounted for approximately 19.67%, 39.45% and 20.68% of our cost of sales for the Financial Years Under Review.

  Our hardware and software cost consists of purchases of software licences and hardware for the purposes of reselling them to our clients. We purchase software licences from software vendors and resell them to our clients based on number of software licences, as and when required based on projects awarded, with a percentage mark-up.

  After the purchases of software licences are made upon request based on projects awarded or from our existing clients for licence renewal, these software licences are subsequently resold to our clients. Therefore, we do not hold any software licences as inventories. Our clients have the option to purchase the software licences from us or directly from software vendors. In view of this, not all of our projects will require the need to purchase software licences prior to the implementation stage for the software.

  The cost of software licences is usually incurred before commencement of the implementation projects. The revenue from the resale of software licences which was purchased pertaining to the implementation or support and maintenance projects is recognised based on actual work done and cost incurred. The billings to the clients, however, are done after meeting the project milestone, as the billings for resale of these licences is bundled together with the revenue from implementation or support and maintenance projects. As such, contract assets will be recognised in the statement of financial position on the revenue recognised until the billings are issued. Then, the contract assets will be reclassified as trade receivables.

- Third-party contractors costs

  Third-party contractors cost accounted for approximately 3.16%, 2.35% and 5.01% of our cost of sales for FYE 2021, FYE 2022 and FYE 2023, respectively.

  Our clients may require specialised expertise on an immediate basis and after taking into account their cost and operational efficiencies, we may outsource some specialised implementation works which we may not have the expertise to carry out, to other third-party enterprise IT solution providers.

- Other costs

  Other costs accounted for approximately 0.05%, 0.42% and 0.40% of our cost of sales for FYE 2021, FYE 2022 and FYE 2023, respectively.

  Other costs consist of membership fees (mainly for Oracle) and other miscellaneous costs.

(iv) Other income

Other income comprises mainly realised and unrealised gain on foreign exchange, interest income, rental income and miscellaneous income.

Our other income amounted to approximately RM0.27 million, RM0.39 million and RM0.39 million representing 1.33%, 1.89% and 1.71% of our revenue for FYE 2021, FYE 2022 and FYE 2023, respectively.

(v) Administrative expenses

Administrative expenses comprise mainly director remuneration, staff cost, travelling expenses, depreciation, software expenses, service charges and sinking fund, professional fee, foreign exchange loss and upkeep of office.

Our administrative expenses amounted to approximately RM1.88 million, RM1.77 million and RM1.26 million representing 9.37%, 8.51% and 5.46% of our revenue for FYE 2021, FYE 2022 and FYE 2023, respectively.

(vi) Finance costs

Finance costs arose from the utilisation of our term loans.

Our finance costs amounted to approximately RM0.14 million, RM0.14 million and RM0.17 million representing 0.68%, 0.66% and 0.74% of our revenue for FYE 2021, FYE 2022 and FYE 2023, respectively.

(vii) Changes to accounting policies and estimates

There were no changes to our accounting policies and estimates during the Financial Years Under Review.

(viii) Significant events subsequent to FYE 2023

Save as disclosed in Section 7.23 of this Prospectus, there were no other significant events which may have a material effect on the financial position and results of operations subsequent to our Group's audited combined financial statements for the FYE 2023.

(ix) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Years Under Review. In addition, our audited combined financial statements for the Financial Years Under Review were not subject to any audit qualifications.

(x) Risk relating to out business and operations

There are a number of risk factors relating to our business and industry in which we operate. Some of these risk factors have an impact on our Group's financial condition and result of operations. Please refer to Section 9 of this Prospectus for the full list of risk factors related to our business and industry.

(xi) Our growth and profitability are dependent on our ability to 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. Our contracts with clients vary in length and scope of services depending on the nature of the project. 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. We do not enter into long-term contracts with our clients for our implementation services due to the rapid technological changes and market trends of the industry in which our clients operate in, as well as the time required for the implementation process. As for our maintenance, support and professional services contracts, the tenure of the contracts is slightly longer, but we are subject to termination or reduction of our services by the clients in the event that there are changes to the clients' strategies or changes in the IT solutions required for their operations.

The potential loss of clients, especially with our major clients, or risk of facing difficulties in securing new clients or additional projects from existing clients in a timely manner, may adversely affect our business and financial performance. Further, the volume and size of contracts, as well as the revenue generated from them, can be affected by several factors which include, but are not limited to, economic downturns, industry-specific slowdowns and clients' financial constraints. As a result, our revenue may experience fluctuations across different financial years. For the Financial Years Under Review, we have not encountered any termination of contracts with our major clients. However, there have been instances of variations or additions to the scope of services within existing contracts.

(xii) 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.

In the event that project delays are caused by our clients, it has a direct impact on the progress of our projects. This, in turn, affects our delivery timelines, subsequently affecting the timing for revenue recognition and the collection of payment from our clients. As a result, our financial performance is directly tied to the availability and cooperation of our clients. The minimisation of delays in project deliverables is crucial to ensuring timely and successful project outcomes.

(xiii) 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. His leadership is instrumental in determining the overall strategic direction and driving the business development and growth of our Group. Additionally, we also attribute our continuous success to the capabilities, skills, experience and efforts of our CEO/ Executive Director, Chan Wai Hoong for overseeing the operational functions, spearheading the execution of the Group's business strategies and leads to the implementation of expansion plans.

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. Hence, the loss of any of our Vice Chairman, Non-Independent Executive Director and other Key Senior Management, without suitable and timely replacements could have an unfavourable impact on our Group's operations, financial performance and prospects of our Group.

(xiv) 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 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.

Although we have not encountered any material disputes with Telekom Malaysia Berhad Group to-date, there is no assurance that our current working relationship with them will not deteriorate or we would continue to secure new projects from Telekom Malaysia Berhad Group in the future upon completion of the existing projects or renew our maintenance and support services contract. As such, our Group's sustainability, revenue and financial performance will be materially and adversely affected if there is any termination of our business relationship with Telekom Malaysia Berhad Group and we are unable to secure any new contracts of similar or greater value to replace the loss of business.

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

The implementation of the respective 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.

The retention and attraction of skilled IT solution delivery employees are crucial factors for our continued success, future business growth and expansion. The potential loss of these employees and our inability to promptly secure suitable replacements could disrupt project deliverables. Consequently, if our Group is unable to adhere to our project delivery schedules, our billing schedule will be delayed as invoices are issued according to project delivery milestones. Further, based on the contracts for our current on-going projects as at the LPD, our clients are allowed to claim for liquidated damages. In the event that our clients claim for liquidated damages in relation to delays or failures caused by our Group to meet any milestones as specified in the contracts, it will increase our project cost and this may adversely affect our financial performance. Since the commencement of our business, our Group has not received any requests for claims for liquidated damages arising from delays in meeting project milestones.

In addition, based on the contracts for our current on-going maintenance, support and professional services, our clients are allowed to claim for liquidated damages. If our clients claim for liquidated damages in relation to delays or failures caused by our Group to provide such services, it may adversely affect our financial performance.

(xvi) We source our IT solutions from technology partners and vendors for the implementation, maintenance, support and professional services as well as for the resale of hardware and software

As an enterprise IT solutions provider, our services encompass the provision of implementation, maintenance, support and professional services as well as the resale of hardware and software of IT solutions. As we do not develop our own IT solutions, we source our IT solutions from 7 technology partners and/or vendors.

Each of our technology partner specialises in distinct IT solutions, which enables us to recommend the most suitable IT solution based on our clients' requirements and business operations. Nevertheless, we are particularly dependent on our technology partners'/ vendors' products to provide implementation, maintenance, support and professional services as well as resale of hardware and software.

Our technology partners conduct yearly assessment on our Group to ensure that we have sufficient capabilities and resources to maintain as their technology partners. Some of the assessment criteria of our technology partners and/or vendors are as follows:

(i) yearly requirement of our employees to obtain product training and accreditation of their enterprise IT solutions;

(ii) active participation in joint sales activities with the respective technology partners;

(iii) meeting yearly delivery quantity requirement for the deployment of enterprise IT solutions; and

(iv) maintaining financial stability to ensure sufficient resources for business growth, sustaining the partnerships, and investing in technical training for our enterprise IT solution delivery employees to enhance customer support capabilities.

In the event that we are unable to adhere to the yearly assessment of our technology partners, or a decision by technology partners to cease our partnership, we may lose referrals from our technology partners, which may impact our profitability. For clients in which we act as sub-contractors to our technology partners, termination of our contracts with our technology partners would adversely impact our business operations and financial performance. Therefore, maintaining strong partnerships and adhering to the criteria set by our technology partners are vital for the continuity and success of our business.

12.2.2 Review of our results of operations

(i) Revenue

Our revenue by business segment, industry segments and geographical location for the Financial Years Under Review is as follows:

(a) Revenue by business segments

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Implementation services	5,390	26.89	6,514	31.25	10,328	44.65
Maintenance, support and professional services	11,583	57.78	8,640	41.46	9,862	42.63
Resale of hardware and software	3,072	15.33	5,688	27.29	2,943	12.72
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**

(b) Revenue by industry segments

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Telecommunications	6,636	33.10	6,293	30.20	10,854	46.92
Financial services	6,690	33.38	10,436	50.07	5,468	23.64
Technology	3,865	19.28	2,745	13.17	4,326	18.70
Others[(1)]	2,854	14.24	1,367	6.56	2,485	10.74
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**

Note:

(1) Others include higher education, manufacturing, distribution, public sector, utilities and automotive.

(c) Revenue by geographical location

	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 rest of this page is intentionally left blank)

Comparison between FYE 2021 and FYE 2022

Our revenue increased by approximately RM0.79 million or 3.94% from RM20.05 million in FYE 2021 to RM20.84 million in FYE 2022 due to an increase in revenue from implementation services segment and resale of hardware and software segment which is partially offset by the decrease in revenue for the maintenance, support and professional services segment.

Our revenue from maintenance, support and professional services segment was the main revenue contributor which has contributed approximately RM8.64 million or 41.46% of our revenue for FYE 2022 and approximately RM11.58 million or 57.78% of our revenue for FYE 2021.

In terms of industry segments, financial services industry was the largest revenue contributor, which accounted for approximately RM10.44 million or 50.07% of our revenue in FYE 2022 and RM6.69 million or 33.38% of our revenue in FYE 2021.

The Malaysia market was our primary revenue contributor, which accounted for approximately RM18.48 million or 88.67% of our revenue for FYE 2022 and RM15.41 million or 76.87% of our revenue in FYE 2021. For the FYE 2021, Australia, Brunei and Thailand were our major revenue contributors from the overseas market, which recorded revenue of approximately RM2.26 million, RM0.64 million and RM0.58 million, respectively. For FYE 2022, Australia, Papua New Guinea and Singapore were our major revenue contributors from the overseas market, which recorded revenue of approximately RM1.34 million, RM0.54 million and RM0.19 million, respectively.

Revenue by business segment: Implementation services

Our revenue from the implementation services segment increased by approximately RM1.12 million or 20.78% from RM5.39 million for FYE 2021 to RM6.51 million for FYE 2022, which was mainly due to the following:

(a) increase in revenue from the following existing projects:

  (i) there was an increase in revenue for the deployment of WSO2 enterprise application integration and SSO management solutions from one of our clients in the telecommunications industry by approximately RM1.32 million or 67.69% from RM1.95 million in FYE 2021 to RM3.27 million in FYE 2022. The project commenced in FYE 2021, and more milestones were achieved during the FYE 2022 which translated to higher billings in FYE 2022; and

  (ii) there was an increase in revenue for additional works incurred for enterprise data engineering and analytics solutions from one of our clients from the financial services industry by RM0.46 million or 270.59% from RM0.17 million in FYE 2021 to RM0.63 million in FYE 2022.

(b) revenue contribution of approximately RM0.89 million from a new project secured from one of our clients from the technology industry which commenced in FYE 2022, for the implementation of enterprise data engineering and analytics solutions.

The above increase in revenue for the implementation services segment was partially offset by the following:

(a) the decrease in revenue from one of our clients from the technology industry by RM0.98 million or 96.08% from RM1.02 million in FYE 2021 to RM0.04 million in FYE 2022, mainly due to the completion of two projects (i.e. for enterprise software testing solution and enterprise infrastructure on-premises solution);

(b) completion of three projects in FYE 2021 from the following clients:

(i) two of our clients from the financial services industry which contributed approximately RM0.15 million and RM0.11 million in relation to enterprise data engineering and analytics as well as CRM solutions for the FYE 2021; and

(ii) one of our clients from the utility industry which contributed approximately RM0.16 million in relation to software testing solutions for the FYE 2021.

As the projects were completed in FYE 2021, there was no revenue recognised for these projects in FYE 2022.

Revenue by business segment: Maintenance, support and professional services

Our revenue from the maintenance, support and professional services segment decreased by approximately RM2.94 million or 25.39% from RM11.58 million for FYE 2021 to RM8.64 million for FYE 2022, which was mainly due to the following:

(a) projects that are nearing to completion from the following clients:

(i) the decrease in revenue from one of our clients from the telecommunications industry by RM0.92 million or 40.71% from RM2.26 million in FYE 2021 to RM1.34 million in FYE 2022, due to less work done as the enterprise data engineering and analytic project was nearing completion.

(ii) the decrease in revenue from one of our clients from the technology industry by RM0.36 million or 94.74% from RM0.38 million in FYE 2021 to RM0.02 million in FYE 2022 arising from the cessation of enterprise CRM software solution that was used to support the end client;

(b) completion of two projects in FYE 2022 from following clients:

(i) one of our clients from the telecommunications industry in relation to our professional services engaged to support the enterprise CRM software solution for the end client as the project has ceased. Revenue contribution from this client decreased by approximately RM0.47 million or 73.44% from RM0.64 million in FYE 2021 and RM0.17 million in FYE 2022.

(ii) one of our clients from the technology industry in relation to our professional services engaged to perform software testing for the end client. Revenue contribution from this client decreased by approximately RM0.61 million or 53.98% from RM1.13 million in FYE 2021 to RM0.52 million in FYE 2022.

(c) the decrease in revenue from one of our clients from the financial services industry by approximately RM0.39 million or 61.76% from RM1.02 million in FYE 2021 to RM0.63 million in FYE 2022, in relation to reduced system enhancement projects for enterprise CRM and enterprise data engineering and analytic solution from the said client.

Revenue by business segment: Resale of hardware and software

Our revenue from the resale of hardware and software segment increased by approximately RM2.62 million or 85.34% from RM3.07 million in FYE 2021 to RM5.69 million in FYE 2022, mainly due to the following:

(a) increase in order for WSO2 software licences for enterprise application integration and SSO management solutions from one of our clients in the telecommunications industry by approximately RM0.37 million or 41.11% from RM0.90 million in FYE 2021 to RM1.27 million in FYE 2022; and

(b) new orders of approximately RM0.26 million for hardware products and RM3.75 million for software products in relation to Oracle enterprise infrastructure on-premises solutions from one of our clients in the financial services industry.

Comparison between FYE 2022 and FYE 2023

Our revenue increased by approximately RM2.29 million or 10.99% from RM20.84 million in FYE 2022 to RM23.13 million in FYE 2023 due to the increase in revenue from implementation services segment and maintenance, support and professional services segment which is partially offset by the decrease in revenue from the resale of hardware and software segment.

Our revenue from implementation services segment was the main revenue contributor which has contributed approximately RM10.33 million or 44.65% of our revenue for FYE 2023 and approximately RM6.51 million or 31.25% of our revenue for FYE 2022.

In terms of industry segments, telecommunications industry was the largest revenue contributor, which has recorded approximately RM10.85 million or 46.92% of our revenue in FYE 2023 and RM6.29 million or 30.20% of our revenue in FYE 2022.

The Malaysia market was our primary revenue contributor, which recorded approximately RM22.30 million or 96.40% of our revenue for FYE 2023 and RM18.48 million or 88.67% of our revenue in FYE 2022. For the FYE 2022, Australia, Papua New Guinea and Singapore were our major revenue contributors from the overseas market, which recorded revenue of approximately RM1.34 million, RM0.54 million and RM0.19 million, respectively. For FYE 2023, Hong Kong and Australia were our major revenue contributors from the overseas market, which recorded revenue of approximately RM0.33 million and RM0.30 million, respectively.

Revenue by business segment: Implementation services

Our revenue from the implementation services segment increased by approximately RM3.82 million or 58.68% from RM6.51 million in FYE 2022 to RM10.33 million in FYE 2023, which was mainly due to the following:

(a) increase in revenue from the following existing projects:

   (i) there was an increase in revenue for additional works related to design, development and implementation of WSO2 enterprise application integration and SSO management solutions from one of our clients in the telecommunications industry by approximately RM3.40 million or 103.98% from RM3.27 million in FYE 2022 to RM6.67 million in FYE 2023; and

   (ii) there was an increase in revenue for additional works in relation to enterprise data engineering and analytics solutions from one of our clients in the technology industry by approximately RM0.66 million or 74.16% from RM0.89 million in FYE 2022 to RM1.55 million in FYE 2023

(b) revenue contribution of approximately RM0.30 million from an enhancement project in relation to enterprise application integration solution secured from one of our clients from the higher education industry.

Revenue by business segment: Maintenance, support and professional services

Our revenue from the maintenance, support and professional services segment increased by approximately RM1.22 million or 14.12% from RM8.64 million in FYE 2022 to RM9.86 million in FYE 2023, which was mainly due to the following

(a) increase in revenue from the following existing projects:

   (i) there was an increase in revenue for maintenance and support services provided for Oracle's and WSO2's enterprise application integration and SSO management solution as well as professional services rendered in relation WSO2 solutions from one of our clients from the telecommunications industry by RM1.87 million or 890.48% from RM0.21 million in FYE 2022 to RM2.08 million in FYE 2023; and

   (ii) there was an increase in revenue for professional services rendered for our client's IT support functions from one of our clients from the financial services industry by RM0.76 million or 120.63% from RM0.63 million in FYE 2022 to RM1.39 million in FYE 2023.

(b) new project in relation to professional services for provision of enterprise software testing solutions of approximately RM1.46 million from one of our clients from the technology industry; and

(c) new maintenance and support services in relation to enterprise application integration and SSO management solutions of approximately RM0.24 million from one of our clients from the technology industry.

The above increase in revenue for the maintenance, support and professional services segment was partially offset by the following:

(a) completion of three projects in FYE 2022 from the following clients:

   (i) one of our clients from the telecommunications industry which contributed approximately RM0.17 million in relation to professional services rendered for clients' IT support function for the FYE 2022;

   (ii) one of our clients from the telecommunications industry which contributed approximately RM0.54 million in relation to support and maintenance services rendered for enterprise CRM software solution that was used to support the end client for the FYE 2022; and

   (iii) one of our clients from the technology industry which contributed approximately RM0.52 million in relation to to professional services rendered for enterprise CRM solutions for the FYE 2022.

   As the projects were completed in FYE 2022, there was no revenue recognised for these projects in FYE 2023.

(b) existing projects with lesser engagement of professional services from the following clients:

(i) one of our clients from the telecommunications industry by approximately RM1.04 million or 77.61% from RM1.34 million in FYE 2022 to RM0.30 million in FYE 2023, in relation to the client's IT support function; and

(ii) two of our clients from the financial services industry by approximately RM0.94 million or 36.43% from RM2.58 million in FYE 2022 to RM1.64 million in FYE 2023 and by RM0.21 million or 51.22% from RM0.41 million in FYE 2022 to RM0.20 million in FYE 2023, respectively, in relation to enterprise CRM solution and enterprise data engineering and analytic solution.

Revenue by business segment: Resale of hardware and software

Our revenue from the resale of hardware and software segment decreased by approximately RM2.75 million or 48.33% from RM5.69 million in FYE 2022 to RM2.94 million in FYE 2023, mainly due to the completion in orders from one of our clients from the financial services industry which contributed approximately RM4.01 million in relation to Oracle enterprise infrastructure on-premises solution.

As the projects were completed in FYE 2022, there was no revenue recognised for these projects in FYE 2023.

The above decrease in revenue for the hardware and software segment was partially offset by the increase in orders for WSO2 software licences for enterprise application integration & SSO management solutions from one of our clients in the telecommunications industry by approximately RM0.53 million or 41.73% from RM1.27 million in FYE 2022 to RM1.80 million in FYE 2023, as a result of additional purchases for WSO2 software licences for enterprise application integration & SSO management solutions.

(The rest of this page is intentionally left blank)

12. FINANCIAL INFORMATION (CONT'D)

(ii) Cost of sales

(a) Cost of sales by components

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Project-related costs	3,242	22.88	5,825	42.22	3,494	26.09
- Hardware and software	2,787	19.67	5,443	39.45	2,769	20.68
- Third party contractors	448	3.16	324	2.35	671	5.01
- Others(1)	7	0.05	58	0.42	54	0.40
Staff costs	10,928	77.12	7,971	57.78	9,900	73.91
Total	**14,170**	**100.00**	**13,796**	**100.00**	**13,394**	**100.00**

Note:

(1) Others consists of membership fees and tender fees.

(b) Cost of sales by business segments

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Implementation services	4,985	35.18	3,448	24.99	5,573	41.60
Maintenance, support and professional services	6,398	45.15	4,905	35.56	5,052	37.72
Resale of hardware and software	2,787	19.67	5,443	39.45	2,769	20.68
Total	**14,170**	**100.00**	**13,796**	**100.00**	**13,394**	**100.00**

12. FINANCIAL INFORMATION (CONT'D)

(c) GP and GP margin

	Audited								
	FYE 2021			FYE 2022			FYE 2023		
	GP		GP Margin	GP		GP Margin	GP		GP Margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%
Implementation services	405	6.89	7.51	3,066	43.52	47.07	4,756	48.83	46.05
Maintenance, support and professional services	5,185	88.26	44.76	3,735	53.00	43.23	4,809	49.39	48.77
Resale of hardware and software	285	4.85	9.27	245	3.48	4.31	174	1.78	5.90
Total	**5,875**	**100.00**	**29.31**	**7,046**	**100.00**	**33.81**	**9,739**	**100.00**	**42.10**

(The rest of this page is intentionally left blank)

Comparison between FYE 2021 and FYE 2022

Our cost of sales decreased by approximately RM0.37 million or 2.61% from RM14.17 million in FYE 2021 to RM13.80 million in FYE 2022, despite the increase in revenue from RM20.05 million in FYE 2021 to RM20.84 million in FYE 2022.

Our staff cost was the major contributor to our total cost of sales by cost component in FYE 2022, which accounted for approximately RM7.97 million or 57.78% of our total cost of sales in FYE 2022 as compared with approximately RM10.93 or 77.12% of our total cost of sales in FYE 2021. Staff cost decreased by approximately RM2.96 million or 27.08% from RM10.93 million in FYE 2021 to RM7.97 million in FYE 2022. The decrease in the staff cost was mainly attributed by the following:

(i) decrease in staff salaries (including staff in Singapore) by approximately RM1.46 million or 16.82% from RM8.68 million in FYE 2021 to RM7.22 million in FYE 2022, mainly due to less manpower from IT solutions and key management personnel from 96 employees to 87 employees; and

(ii) a one-off reversal of deferred bonus amounting to RM1.08 million, following the discontinuation of our Group's long term incentive plan in FYE 2022 as the pre-determined revenue and profit targets were not met.

Our resale of hardware and software segment was the main contributor to our total cost of sales by business segment in FYE 2022, which accounted for approximately RM5.44 million or 39.45% of our total cost of sales in FYE 2022 as compared with approximately RM2.79 million or 19.67% of our total cost of sales in FYE 2021.

Our GP increased by approximately by RM1.17 million or 19.90% from RM5.88 million in FYE 2021 to RM7.05 million in FYE 2022, mainly attributable to the revenue growth and decrease in staff cost. As such, we have recorded a higher GP margin of approximately 33.81% in FYE 2022 compared to approximately 29.31% in FYE 2021, due to the decrease in staff cost by 27.08% as explained above.

Our maintenance, support and professional services segment was the primary contributor to our total GP in FYE 2022, which recorded approximately RM3.74 million or 53.00% of our total GP in FYE 2022, as compared with approximately RM5.19 million or 88.26% of our total GP in FYE 2021.

Cost of sales by business segment: Implementation services

Our cost of sales for the implementation services segment decreased by approximately RM1.54 million or 30.86%, from RM4.99 million in FYE 2021 to RM3.45 million in FYE 2022 even though the revenue for this segment increased by approximately 20.78% over the same period. This is primarily attributable to the decrease in staff costs as explained above.

Our GP for implementation services segment increased by approximately RM2.66 million or 648.78% from approximately RM0.41 million in FYE 2021 to approximately RM3.07 million in FYE 2022 due to higher revenue and lower cost of sales recorded for this segment. Hence, our GP margin increased from approximately 7.51% in FYE 2021 to 47.07% in FYE 2022.

Cost of sales by business segment: Maintenance, support and professional services

Our cost of sales for maintenance, support and professional services segment decreased by approximately RM1.49 million or 23.28% from RM6.40 million in FYE 2021 to RM4.91 million in FYE 2022. The said decrease is in line with the decrease in revenue for this segment by 25.39%.

Our GP for maintenance, support and professional services segment decreased by approximately RM1.45 million or 27.94% from approximately RM5.19 million in FYE 2021 to approximately RM3.74 million in FYE 2022 due to the decrease in revenue. Hence, our GP margin decreased slightly from approximately 44.76% in FYE 2021 to 43.23% in FYE 2022.

Cost of sales by business segment: Resale of hardware and software

Our cost of sales for the resale of hardware and software segment increased by approximately RM2.65 million or 94.98%, from RM2.79 million in FYE 2021 to RM5.44 million FYE 2022. Such increase was in line to the increase in revenue for the resale of hardware and software segment by 85.34%.

Our GP for the resale of hardware and software segment decreased by approximately RM0.04 million or 13.79% from approximately RM0.29 million in FYE 2021 to approximately RM0.25 million in FYE 2022 due to the increase in cost of sales in hardware and software. In line with the decrease in GP, our GP margin recorded a decrease from approximately 9.27% in FYE 2021 to 3.48% in FYE 2022 due to our Group reducing the selling prices of hardware and software to secure new projects in relation to implementation services segment.

Comparison between FYE 2022 and FYE 2023

Our cost of sales decreased by approximately RM0.41 million or 2.97% from RM13.80 million in FYE 2022 to RM13.39 million in FYE 2023, mainly due to the decrease in cost of resale of hardware and software segment by RM2.67 million or 49.08% from RM5.44 million in FYE 2022 to RM2.77 million in FYE 2023, in line with the decrease in revenue from RM5.69 million in FYE 2022 to RM2.94 million in FYE 2023.

Our staff cost was the major contributor to our total cost of sales by cost component in FYE 2023, which recorded approximately RM9.90 million or 73.91% of our total cost of sales in FYE 2023 as compared with approximately RM7.97 million or 57.78% of our total cost of sales in FYE 2022. Staff cost increased by approximately RM1.93 million or 24.22% from RM7.97 million in FYE 2022 to RM9.90 million in FYE 2023. The increase in the staff cost was mainly attributed by the one-off reversal of deferred bonus following the discontinuation of the Group's long term incentive plan in FYE 2022 as well as increase in our employees from IT solutions from 83 employees to 102 employees.

Our implementation services segment was the main contributor to our total cost of sales by business segment in FYE 2023, which recorded approximately RM5.57 million or 41.60% of our total cost of sales in FYE 2023 as compared to approximately RM3.45 million or 24.99% of our total cost of sales in FYE 2022.

Our GP increased by approximately by RM2.69 million or 38.16% from RM7.05 million in FYE 2022 to RM9.74 million in FYE 2023, mainly attributable to the revenue growth. As such, we have recorded a higher GP margin of approximately 42.10% in FYE 2023 compared to approximately 33.81% in FYE 2022, mainly due to increase in GP contributed by maintenance and support services provided for our client in the telecommunications industry.

Our maintenance, support and professional services segment was the primary contributor to our total GP in FYE 2023, which recorded approximately RM4.81 million or 49.39% of our total GP in FYE 2023, as compared with approximately RM3.74 million or 53.00% of our total GP in FYE 2022.

Cost of sales by business segment: Implementation services

Our cost of sales for the implementation services segment increased by approximately RM2.12 million or 61.45% from RM3.45 million in FYE 2022 to RM5.57 million in FYE 2023 mainly due to increase in staff cost from the implementation of WSO2 projects. The said increase is in line with the increase in revenue for this segment by 58.68%.

Our GP for implementation services segment increased by approximately by RM1.69 million or 55.05% from RM3.07 million in FYE 2022 to RM4.76 million in FYE 2023 due to higher revenue recorded for this segment. However, our GP margin decreased slightly from approximately 47.07% for FYE 2022 to 46.05% in FYE 2023.

Cost of sales by business segment: Maintenance, support and professional services

Our cost of sales for maintenance, support and professional services segment increased by approximately RM0.14 million or 2.85% from RM4.91 million in FYE 2022 to RM5.05 million in FYE 2023 mainly due to increase in staff costs from services in relation to WSO2 projects from our client in the telecommunications industry as well as new contract for professional services for system testing services. The said increase is in line with the increase in revenue for this segment by 14.12%.

Our GP for maintenance, support and professional services segment increased by approximately RM1.07 million or 28.61% from RM3.74 million in FYE 2022 to RM4.81 million in FYE 2023 due to the increase in revenue. Hence, our GP margin increased from approximately 43.23% in FYE 2022 to 48.77% in FYE 2023.

Cost of sales by business segment: Resale of hardware and software

Our cost of sales for the resale of hardware and software segment decreased by approximately RM2.67 million or 49.08%, from RM5.44 million in FYE 2022 to RM2.77 million FYE 2023. Such decrease was in line to the decrease in revenue for the resale of hardware and software segment by 48.33%.

Our GP for the resale of hardware and software segment decreased by approximately RM0.08 million or 32.00% from approximately RM0.25 million in FYE 2022 to approximately RM0.17 million in FYE 2023 due to the decrease in cost of sales in hardware and software. However, our GP margin recorded a marginal increase from approximately 4.31% in FYE 2022 to 5.90% in FYE 2023.

(iii) Other income

The breakdown of our other income for the Financial Years Under Review is as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Realised gain on foreign exchange	-	-	16	4.05	2	0.51
Unrealised gain on foreign exchange	-	-	-	-	101	25.57
Interest income(1)	91	34.08	97	24.56	90	22.78
Rental income(2)	25	9.36	55	13.92	136	34.43
Miscellaneous income(3)	151	56.56	227	57.47	66	16.71
Total	**267**	**100.00**	**395**	**100.00**	**395**	**100.00**

Notes:

(1) Interest income consists of interest received from our fixed deposits placed with licenced bank.

(2) Rental income refers to office rental.

(3) Miscellaneous income refers to mainly consist of SOCSO's Wage Subsidy Programme and MDEC Grant.

Comparison between FYE 2021 and FYE 2022

Our Group's other income increased by RM0.13 million or 48.15% from RM0.27 million in FYE 2021 to RM0.40 million in FYE 2022, mainly due to the increase in miscellaneous income amounting to RM0.08 million or 53.33% from RM0.15 million in FYE 2021 to RM0.23 million in FYE 2022 as a result of higher wage subsidy received from SOCSO Wage Subsidy Programme received under the Economic Stimulus Package 2020.

Comparison between FYE 2022 and FYE 2023

Overall, our Group's other income did not materially change between FYE 2022 and FYE 2023.

Our miscellaneous income decreased by RM0.16 million or 69.57% from RM0.23 million in FYE 2022 to RM0.07 million in FYE 2023 mainly due to the cessation of the SOCSO Wage Subsidy Programme in FYE 2022. The balance payment of RM0.04 million wage subsidy was recognised in May 2023. We have also received MDEC grant amounting RM0.03 million for MyDigitalWorkforce Work in Tech in FYE 2023.

Our rental income also increased by RM0.08 million or 147.27% from RM0.06 million in FYE 2022 to RM0.14 million in FYE 2023 arising from new rental income received from 2 units of our properties namely, Unit No. 4800-3-1, Block 4800, CBD Perdana, Jalan Perdana 63000 Cyberjaya, Selangor that started in August 2022 and D-07-03 KL Gateway Property that started in February 2023.

(The rest of this is page is intentionally left blank)

(iv) Administrative expenses

The breakdown of our administrative expenses for the Financial Years Under Review is as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Director remuneration	352	18.74	343	19.34	366	29.00
Staff cost[(1)]	306	16.30	367	20.69	122	9.67
Travelling expenses	124	6.60	119	6.71	111	8.80
Depreciation	253	13.47	234	13.19	248	19.65
Software expenses	40	2.13	41	2.31	46	3.64
Service charges and sinking fund	41	2.18	43	2.42	45	3.56
Unrealised loss on foreign exchange	84	4.47	280	15.78	-	-
Realised loss on foreign exchange	45	2.40	-	-	-	-
Professional fee	140	7.46	89	5.02	106	8.40
Upkeep of office	105	5.59	162	9.13	110	8.72
Withholding tax expense	284	15.12	10	0.56	3	0.24
Others[(2)]	104	5.54	86	4.85	105	8.32
Total	**1,878**	**100.00**	**1,774**	**100.00**	**1,262**	**100.00**

Notes:

(1) Staff costs mainly consist of medical/dental fees, insurance, recruitment, Human Resources Development Fund (HRDF) contribution expenses and other staff-related costs.

(2) Others mainly include quit rent and assessment, bank charges and stamping fees and registration.

Comparison between FYE 2021 and FYE 2022

Administrative expenses decreased by RM0.11 million or 5.85% from RM1.88 million in FYE 2021 to RM1.77 million in FYE 2022, mainly due the decrease in withholding tax expenses by RM0.27 million or 96.43% from RM0.28 million in FYE 2021 to RM0.01 million in FYE 2022. The said decrease was attributed to the decrease in purchases of software from our technology partner and vendors during the FYE 2022, which in turn reduces the withholding tax expenses incurred.

The decrease is partially offset by the increase in unrealised foreign exchange loss by RM0.20 million or 250.00% from RM0.08 million in FYE 2021 to RM0.28 million in FYE 2022 arising from the strengthening of USD during the financial year, following the higher purchases of software and hardware that were denominated in USD. This is in line with the increase in revenue from the sales of hardware and software segment.

Comparison between FYE 2022 and FYE 2023

Administrative expenses further decreased by RM0.51 million or 28.81% from RM1.77 million in FYE 2022 to RM1.26 million in FYE 2023, mainly due to the following:

(i) decrease in staff costs by RM0.25 million or 67.57% from RM0.37 million in FYE 2022 to RM0.12 million in FYE 2023 mainly due to the reversal of expenses incurred for our company trip in 2022 of RM0.13 million as a result of non-utilisation of budgeted amount from the previous financial year; and

(ii) decrease in unrealised foreign exchange loss by RM0.28 million as there was no unrealised exchange loss recorded in FYE 2023 arising from settlement of inter-company balances. The company no longer has exposure to potential losses arising from fluctuations in the SGD exchange rate as at FYE 2023.

(v) Finance costs

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Term loan interest	136	100.00	138	100.00	172	100.00
Total	**136**	**100.00**	**138**	**100.00**	**172**	**100.00**

Comparison between FYE 2021 and FYE 2022

Finance costs did not materially change between FYE 2021 and FYE 2022, as there are no new borrowings obtained in the Financial Years Under Review.

Comparison between FYE 2022 and FYE 2023

Finance costs increased by RM0.03 million or 21.43% from RM0.14 million in FYE 2022 to RM0.17 million in FYE 2023 mainly due to the increase in Bank Negara Malaysia's overnight policy rate from 2.25% to 3.00% throughout the FYE 2023.

(vi) PBT, PBT Margin, PAT and PAT margin

	Audited		
	FYE 2021	FYE 2022	FYE 2023
PBT (RM'000)	4,128	5,529	8,700
PBT margin (%)	20.59	26.53	37.61
PAT (RM'000)	3,139	4,152	6,564
PAT margin (%)	15.66	19.92	28.38

Comparison between FYE 2021 and FYE 2022

Our PBT increased by RM1.40 million or 33.90% from RM4.13 million in FYE 2021 to RM5.53 million in FYE 2022, mainly due to the higher GP generated from the implementation services segment, as well as lower administrative expenses due to reasons as explained in Section 12.2.2 (iv) above.

As a result, our PBT margin increased from 20.59% in FYE 2021 to 26.53% in FYE 2022.

Correspondingly, our PAT increased by approximately RM1.01 million or 32.17% from RM3.14 million for FYE 2021 to RM4.15 million for FYE 2022 whilst our PAT margin improved from 15.66% for FYE 2021 to 19.92% for FYE 2022. Our PAT growth rate was lower than our PBT growth rate mainly due to higher tax expenses for FYE 2022 resulting from non-deductible expenses, further details of which are set out in Section 12.2.2(vii) below.

Comparison between FYE 2022 and FYE 2023

Our PBT further increased by RM3.17 million or 57.32% from RM5.53 million in FYE 2022 to RM8.70 million in FYE 2023, mainly due to higher GP generated from both the implementation services segment and maintenance, support and professional services segment, as well as lower administrative expenses due to reasons as explained in Section 12.2.2(iv) above.

As a result, our PBT margin increased from 26.53% in FYE 2022 to 37.61% in FYE 2023.

Correspondingly, our PAT increased by approximately RM2.41 million or 58.07% from RM4.15 million for FYE 2022 to RM6.56 million for FYE 2023 whilst our PAT margin improved from 19.92% for FYE 2022 to 28.38% for FYE 2023. Our PAT growth rate was higher than our PBT growth rate mainly due to lower effective tax rate in FYE 2023 compared with FYE 2022 from lower non-deductible expenses, further details of which are set out in Section 12.2.2(vii) below.

(vii) Income tax expense

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Tax expenses	989	1,377	2,136
Effective tax rate (%)	23.96	24.91	24.55
Statutory tax rate (%)	24.00	24.00	24.00

Comparison between FYE 2021 and FYE 2022

Our tax expenses increased by RM0.39 million or 39.39% from RM0.99 million in FYE 2021 to RM1.38 million in FYE 2022, mainly contributed by the increase in PBT in FYE 2022.

For FYE 2021, our effective tax rate was similar to the statutory tax rate of 24.00%.

For FYE 2022, our effective tax rate was higher than the statutory tax rate of 24.00%, mainly due to the tax effect from non-deductible expenses of RM0.13 million, which mainly comprises depreciation of property, plant and equipment and unrealised gain on foreign exchange rate.

Comparison between FYE 2022 and FYE 2023

Our tax expenses increased by RM0.76 million or 55.07% from RM1.38 million in FYE 2022 to RM2.14 million in FYE 2023, mainly contributed by the increase in PBT in FYE 2023.

For FYE 2023, our effective tax rate approximates the statutory tax rate of 24.00%.

12.3 LIQUIDITY AND CAPITAL RESOURCES

Our operations are funded by a combination of both internal and external sources of funds. Internally, we finance our operations through cash generated from operations and advances from directors as well as related parties, while our external source of funds are mainly banking facilities from financial institutions.

12. FINANCIAL INFORMATION (CONT'D)

The decision to utilise either internally generated funds or loans and borrowings for our business operations depends on, amongst others, our cash and cash equivalents, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rates on loans and borrowings. We carefully consider our cash position and ability to obtain further financing before making any significant capital commitment.

Our Board is of the opinion that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(i) Our expected future cash flows from operations;

(ii) Our cash and cash equivalents of approximately RM9.81 million as at the LPD;

(iii) Our total unutilised banking facilities of RM0.30 million as at the LPD; and

(iv) Our negligible pro forma gearing level of 0.00 times, based on our pro forma statements of financial position as at 31 August 2023 after the Acquisitions, Public Issue and utilisation of proceeds.

As at the LPD, we do not foresee any circumstances which may materially affect our liquidity.

12.4 REVIEW OF CASH FLOWS

The following table sets out the summary of the combined statements of cash flow for the Financial Years Under Review, which have been extracted from the Accountants' Report set out in Section 14 of this Prospectus and should be read in conjunction thereto:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**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)
Cash and cash equivalents at beginning of the financial year	13,837	15,951	17,129
Effects of exchange rate charges on cash and cash equivalents	239	316	396
Cash and cash equivalents at the end of the financial year(1)	**15,951**	**17,129**	**4,026**

Note:

(1) Cash and cash equivalents comprise the following:

	Audited		
	FYE 2021	***FYE 2022***	***FYE 2023***
	RM'000	***RM'000***	***RM'000***
Cash and bank balances	*11,639*	*12,741*	*4,026*
Fixed deposits placed with a licensed bank	*5,605*	*5,700*	*1,343*
	17,244	*18,441*	*5,369*
Less: Fixed deposits pledged as security values	*(1,293)*	*(1,312)*	*(1,343)*
Total	***15,951***	***17,129***	***4,026***

(i) FYE 2021

(a) Net cash from operating activities

In FYE 2021, our Group generated net cash inflow from operating activities of RM3.50 million, based on an operating profit of RM4.26 million and after taking into account the following working capital changes:

(i) increase in receivables by RM1.43 million, mainly due to higher billings to our clients during the FYE 2021;

(ii) decrease in contract assets by RM0.07 million in line with the billings for the work performed;

(iii) increase in payables by RM1.06 million, mainly due to higher purchases of hardware and software and third-party contractor cost by our Group in FYE 2021 as compared to FYE 2020; and

(iv) interest received of RM0.09 million and net tax paid of RM0.84 million.

(b) Net cash used in investing activities

In FYE 2021, we recorded net cash outflow for investing activities of RM0.06 million mainly due:

(i) purchase of computers, office equipment, furniture and fittings of RM0.04 million; and

(ii) payment for bank charges in relation to the purchase of one of our office units at Menara Suezcap of RM0.09 million, in which the said bank charges was capitalised.

The cash outflow was partially offset by sales proceeds from the disposal of motor vehicles of RM0.08 million.

(c) Net cash used in financing activities

In FYE 2021, we recorded net cash outflow for financing activities of RM1.57 million mainly due to the following:

(i) repayment of term loans for 4 of our properties located in Menara Suezcap of RM0.11 million;

(ii) advances from a director amounting to RM0.16 million for expenses paid on behalf;

(iii) interest paid for our term loans of RM0.14 million; and

(iv) dividend paid to shareholders of RM1.46 million.

(ii) FYE 2022

(a) Net cash from operating activities

In FYE 2022, our Group generated net cash inflow from operating activities of RM4.19 million based on an operating profit of RM5.67 million and after taking into account of the following working capital changes:

(i) increase in receivables by RM0.19 million, mainly due to higher billings to our clients during the FYE 2022;

(ii) decrease in contract assets by RM0.94 million in line with the billings for work performed;

(iii) decrease in payables by RM1.53 million, mainly due to reversal of deferred bonus amounting to RM1.08 million, following the discontinuation of our Group's long term incentive plan in FYE 2022 as the pre-determined revenue and profit targets were not met; and

(iv) interest received of RM0.10 million and net tax paid of RM1.02 million.

(b) Net cash used in investing activities

In FYE 2022, we recorded cash outflow for investing activities of RM0.46 million, mainly due to the purchase of computer and office equipment of RM0.06 million and purchase of furniture and fitting as well as office renovation for our offices at Menara Suezcap, Kuala Lumpur of RM0.40 million.

(c) Net cash used in financing activities

In FYE 2022, we recorded net cash outflow for financing activities of RM2.87 million mainly due to the following:

(i) repayment of term loans for 4 of our properties located at Menara Suezcap, Kuala Lumpur of RM0.12 million;

(ii) interest paid for our term loans of RM0.14 million;

(iii) dividend paid to the shareholders of RM2.20 million. Total dividend declared for FYE 2022 amounted to RM16.44 million. The balance dividend payable of RM14.24 million was settled in FYE 2023; and

(iv) repayment to a director of RM0.29 million in relation to an advance received which was utilised for our working capital.

(iii) FYE 2023

(a) Net cash from operating activities

In FYE 2023, our Group generated net cash inflow from operating activities of RM1.11 million based on an operating profit of RM8.87 million and after taking into account of the following working capital changes:

(i) increase in receivables by RM4.79 million, mainly due to higher billing to one of our clients from the telecommunications industry during the last quarter of FYE 2023, in line with the growth of our revenue;

(ii) increase in contract assets by RM2.96 million, mainly due to higher recognition of revenue based on time cost incurred for our ongoing projects as compared to billings to clients;

(iii) increase in payables by RM1.64 million, mainly due to higher purchases of software from WSO2 by our Group towards the last quarter of FYE 2023 as compared to FYE 2022; and

(iv) interest received of RM0.09 million and net tax paid of RM1.80 million.

(b) Net cash used in investing activities

In FYE 2023, we recorded net cash outflow for investing activities of RM0.12 million, mainly due to purchase of computer and office equipment of RM0.12 million.

(c) Net cash used in financing activities

In FYE 2023, we recorded net cash outflow for financing activities of RM14.49 million mainly due to the following:

(i) repayment of term loans for 4 of our properties located at Menara Suezcap, Kuala Lumpur of RM0.11 million;

(ii) interest paid for our terms loans of RM0.17 million;

(iii) dividend paid to the shareholders of RM14.24 million;

(iv) repayment of advances from related parties of RM0.35 million, which was utilised for settlement of related party balances; and

(v) repayment to a director of RM0.28 million in relation to an advance received which was utilised for our working capital.

(The rest of this is page is intentionally left blank)

12.5 LOANS AND BORROWINGS

Our total outstanding loans and borrowings as at 31 August 2023 stood at RM4.12 million, details of which are set out as follows. All our borrowings are interest-bearing and denominated in RM.

Type of borrowings	Purpose	Tenure of facility	Effective Interest rate	Audited as at 31 August 2023	Repayable in 12 months	Repayable after 12 months
			% per annum	RM'000	RM'000	RM'000
Term loan I	To finance the purchase of a unit of office at Menara Suezcap	23 years	3.10%	859	25	834
Term loan II	To finance the purchase of a unit of office at Menara Suezcap	24 years	3.10%	1,360	40	1,320
Term loan III	To finance the purchase of a unit of office at Menara Suezcap	21 years	3.10%	792	21	771
Term loan IV	To finance the purchase of a unit of office at Menara Suezcap	25 years	3.10%	1,113	29	1,084
			Total borrowings	**4,124**	**115**	**4,009**

As at the LPD, our loans and borrowings consisting of term loans are secured by one or a combination of the following:

(i) Fixed charge over leasehold buildings of our Group, upon the completion of the transfer of the individual strata titles to VTCM; and

(ii) Joint and several guarantees by the directors of our Group. Please refer to Section 10.4 of this Prospectus for further information.

As at the LPD, our Group does not have any borrowings which are non-interest bearing. Our Group has not defaulted on any payment of either principal sum and/or interest in relation to borrowings for the Financial Years Under Review and up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or loans, which can materially affect the financial position and results of business operations or investments by holders of our securities. Our Group does not encounter any seasonality in our borrowings trend, and there are no restrictions on our committed borrowing facilities i.e. our bankers.

For the Financial Years Under Review, our Group has not experienced any withdrawal or reduction in the facilities limit granted to us by our lenders.

12.6 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

From an accounting perspective, financial instruments may include fixed deposits with licensed banks, trade and other receivables, trade and other payables, and borrowings as shown on our combined statements of financial position. These financial instruments are used in our ordinary course of business.

As at the LPD, our Group does not have or utilise any other financial instruments or have any other treasury policies.

Our main treasury policy is to maintain sufficient working capital to finance our operations, coupled with adequate credit facilities to meet estimated commitments arising from our operational expenditure and financial liabilities. A combination of internal and external sources of funds include cash generated from operations as well as borrowings from financial institutions. The primary objective is to have sustainable shareholders' equity to ensure we have the ability to continue as a going-concern and grow our business in order to maximise our shareholders' value. We review and manage our capital structure to maintain the debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.7 MATERIAL CAPITAL COMMITMENTS

As at the LPD, there are no material capital commitments incurred or known to be incurred by our Group that have material impact on our financial results or position of our Group.

12.8 CONTINGENT LIABILITIES

As at the LPD, to the extent known to our Company, we do not have any material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.9 KEY FINANCIAL RATIOS

Our key financial ratios for the Financial Years Under Review are as follows:

	FYE 2021	FYE 2022	FYE 2023
Trade receivables turnover period (days) [(1)]	48	59	91
Trade payables turnover period (days) [(2)]	49	30	102
Current ratio (times) [(3)]	8.00	1.38	4.32
Gearing ratio (times) [(4)]	0.20	0.45	0.25

Notes:

(1) Computed based on average trade receivables at the beginning and end of the respective financial year over the total revenue of the respective financial year, and multiplied by 365 days.

(2) Computed based on average trade payables at the beginning and end of the respective financial year over the total purchases of the respective financial year, and multiplied by 365 days.

(3) Computed based on current assets over current liabilities as at each financial year end.

(4) Computed based on total loans and borrowings over total equity as at each financial year end.

12.9.1 Trade receivables turnover period

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Opening trade receivables	1,876	3,351	3,410
Closing trade receivables	3,351	3,410	8,086
Average trade receivables	2,614	3,381	5,748
Revenue	20,045	20,842	23,133
Average trade receivables turnover period (days)	48	59	91

The normal credit terms granted by our Group to our clients ranges from 30 to 90 days. Our credit terms to clients are assessed and approved on a case by case basis after taking into consideration the background and credit-worthiness of the clients, payment history of the clients and our relationship with the clients. Our average trade receivables turnover period for the FYE 2021, FYE 2022 and FYE 2023 were 48, 59 and 91 days respectively.

For FYE 2023, our trade receivables turnover period stood at 91 days, slightly above the normal credit term period given to our clients, mainly due to amounts owed by one of our clients from the telecommunications industry owing an amount of RM5.36 million of which RM5.32 million has been subsequently collected as at the LPD.

We have not experienced any significant bad debts for FYE 2021 to 2023. We assess the collectability of trade receivables on an individual client basis and provide for impairment loss on receivables as follows:

(a) allowance for impairment loss based on lifetime expected credit loss in accordance with MFRS 9 Financial Instruments; and

(b) specific allowance for impairment on overdue balance where recoverability is uncertain based on our dealings with the client.

The ageing analysis of our trade receivables as at 31 August 2023 is as follows:

	Trade receivables as at 31 August 2023		Amount collected subsequent from 1 September 2023 up to LPD		Trade receivables net of subsequent collections	
	RM'000	Percentage of trade receivables	RM'000	Percentage collected	RM'000	Percentage of trade receivables outstanding as at LPD
	(a)	(a)/total of (a)	(b)	(b) /(a)	(c) = (a)-(b)	(c)/total of (a)
Within credit period	3,432	42.44	3,392	98.83	40	1.17
Past due but not impaired:						
• 1 to 30 days	3,149	38.95	3,149	100.00	-	-
• 31 to 60 days	1,249	15.44	1,249	100.00	-	-
• More than 60 days	256	3.17	256	100.00	-	-
Total	**8,086**	**100.00**	**8,046**	**99.51**	**40**	**0.49**

As at the LPD, RM8.05 million or 99.51% of our trade receivables as at 31 August 2023 has been subsequently collected. The remaining outstanding amount was RM0.04 million, representing 0.49% of our trade receivables still outstanding as at the LPD. We continue to make effort to recover the outstanding amount by making follow up calls to our clients.

12.9.2 Trade payables turnover period

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Opening trade payables	76	788	157
Closing trade payables	788	157	1,760
Average trade payables	432	473	959
Purchases	3,235	5,767	3,440
Average trade payables turnover period (days)	49	30	102

The normal trade credit terms granted to our Group by our suppliers ranges from 30 to 60 days. Our average trade payables turnover period for the FYE 2021, FYE 2022 and FYE 2023 were 49 days, 30 days and 102 days respectively.

For FYE 2023, the trade payable turnover period was above the normal credit period granted by our suppliers, mainly arising from an outstanding amount due to WSO2 of approximately RM1.71 million for the purchases of software licences pursuant to a project with a client from the telecommunications industry for the implementation of enterprise application integration and SSO management solution of which this payable amount to WSO2 was subsequently settled in September 2023 after the collection of receivables from the said client within the same month.

The ageing analysis of our Group's trade payables as at 31 August 2023 is as follows:

	Trade payables as at 31 August 2023		Amount paid subsequent from 1 September 2023 up to LPD		Trade payables net of subsequent payments	
	RM'000	Percentage of trade payables	RM'000	Percentage paid	RM'000	Percentage of trade payables outstanding as at LPD
	(a)	(a)/total of (a)	(b)	(b) /(a)	(c) = (a)-(b)	(c)/total of (a)
Within credit period	47	2.67	47	100.00	-	-
Past due but not impaired:						
• 1 to 30 days	-	-	-	-	-	-
• 31 to 60 days	1,713	97.33	1,713	100.00	-	-
• More than 60 days	-	-	-	-	-	-
Total	**1,760**	**100.00**	**1,760**	**100.00**	-	-

As at the LPD, all our trade payables as at 31 August 2023 has been paid.

As at the LPD, there are no disputes in respect of any trade payables and no legal action has been initiated by our suppliers to demand for payment.

12.9.3 Current ratio

	Audited		
	As at 31 August		
	2021	2022	2023
	RM'000	RM'000	RM'000
Current assets	22,616	22,998	17,426
Current liabilities	2,827	16,628	4,032
Net current assets	**19,789**	**6,370**	**13,394**
Current ratio (times)	8.00	1.38	4.32

Our current ratio decreased from 8.00 times as at 31 August 2021 to 1.38 times as at 31 August 2022, mainly due to dividend payable amounted to RM14.24 million in relation to dividend of RM16.44 million that was declared in FYE 2022.

Our current ratio increased from 1.38 times as at 31 August 2022 to 4.32 times as at 31 August 2023, mainly due to the decrease in trade and other payables by RM12.88 million, pursuant to the settlement of dividend payables of RM14.24 million from the dividend declared in FYE 2022.

12.9.4 Gearing ratio

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Loans and borrowings	4,361	4,236	4,124
Total equity	21,507	9,458	16,418
Gearing ratio (times)	0.20	0.45	0.25

Our gearing ratio increased from 0.20 times as at 31 August 2021 to 0.45 times as at 31 August 2022, mainly due to decrease in retained earnings by RM12.29 million from RM18.24 million as at 31 August 2021 to RM5.95 million as at 31 August 2022 as a result of the dividends declared amounting to RM16.44 million. The decrease in retained earnings was offset by the Group's PAT for RM4.15 million in FYE 2022.

Our gearing ratio decreased from 0.45 times as at 31 August 2022 to 0.25 times as at 31 August 2023, mainly due to an increase in retained earnings arising from the Group's PAT of RM6.56 million in FYE 2023.

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies which have affected our financial performance during the Financial Years Under Review. However, there is no assurance that our financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9 of this Prospectus.

12.11 IMPACT OF INFLATION

Our financial performance for the Financial Years Under Review was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

(The rest of this page is intentionally left blank)

12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND COMMODITY PRICES ON OUR GROUP'S OPERATIONS

12.12.1 Impact of foreign exchange rates

Our proportion of sales and purchases transactions denominated in local and foreign currencies are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Revenue denominated in:						
- RM	19,513	97.35	20,710	99.37	22,929	99.12
- SGD	532	2.65	132	0.63	204	0.88
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**
Purchases denominated in:						
- RM	2,415	74.65	4,533	78.60	1,727	50.20
- USD	820	25.35	1,234	21.40	1,713	49.80
Total	**3,235**	**100.00**	**5,767**	**100.00**	**3,440**	**100.00**

We are exposed to transactional currency exposure as 25.35%, 21.40% and 49.80% of our purchases were denominated in currencies other than RM for the FYE 2021, FYE 2022 and FYE 2023, respectively. The purchases denominated in foreign currencies are mainly in USD.

For the Financial Years Under Review, our gains and losses from foreign exchange fluctuations are as follows:

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Net realised foreign currency exchange loss/ (gain)	45	(16)	(2)

We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure at an acceptable level.

Our Group does not hedge our exposure to fluctuation in foreign currency exchange rates. As at the LPD, we have not entered into any forward foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchases from our foreign suppliers. Our Group also holds cash and cash equivalent denominated in USD for our working capital purposes.

Our financial results for the Financial Years Under Review were not materially affected by fluctuations in foreign exchange rates. However, a significant depreciation of RM against USD may lead to higher costs for certain supplies for our Group.

Please refer to Note 24(b)(iv) of the Accountants' Report in Section 14 of this Prospectus for further information of the sensitivity of our Group's PAT for the Financial Years Under Review against an estimated change in exchange rate.

12.12.2 Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks. A sensitivity analysis performed on our Group based on the outstanding floating rate of our bank borrowings as at 31 August 2023 indicates that our PBT for FYE 2023 would increase or decrease by approximately RM0.02 million, as a result of increase or decrease in interest rates by 50 basis points on these borrowings. As such our financial results for Financial Years Under Review were not materially affected by fluctuations in interest rates.

Please refer to Note 24(b)(iii) of the Accountants' Report in Section 14 of this Prospectus for further information on the impact of interest rates on the Group's financial performance.

12.12.3 Impact of commodity prices

We were not materially affected by fluctuations in commodity prices for the Financial Years Under Review.

12.13 ORDER BOOK

Our order book relates to the contract value of on-going projects and less amounts recognised as revenue up to LPD. Due to the nature of our business, in general, our services from all our business segments are for contract period ranging from 6 months to 5 years. These on-going contracts will be performed and recognised as revenue progressively up to FYE 2026 based on expected progress.

Business segments	Total Contract Value Secured RM'000	LPD to end of FYE 2024 RM'000	FYE 2025 RM'000	FYE 2026 RM'000
Implementation services	4,208	3,782	426	-
Maintenance, support and professional services	6,990	4,005	2,057	928
Resale of hardware and software	4,829	2,401	2,428	-
	16,027	**10,188**	**4,911**	**928**

12.14 TREND INFORMATION

As at LPD, after all reasonable enquiries, our Board is of the view that our operations have not been and are not expected to be affected by any of the following:

(i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and risk factors in Section 9 of this Prospectus;

(ii) Material commitment for capital expenditure as set out in Section 12.7 of this Prospectus;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and risk factors in Section 9 of this Prospectus;

(iv) Known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, industry overview as set out in Section 8 of this Prospectus and business strategies as set out in Section 7.23 of this Prospectus;

(v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those disclosed in this section and risk factors in Section 9 of this Prospectus; and

(vi) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and risk factors in Section 9 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths as set out in Section 7.6 of this Prospectus, and outlook of the enterprise IT solution industry in Malaysia as set out in the IMR Report in Section 8 of this Prospectus and our commitment to implement our future plans and strategies as set out in Section 7.23 of this Prospectus, as well as external factors including global economics conditions and fluctuations in foreign currencies.

12.15 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distributions are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our Subsidiaries, present or future. The payment of dividends by our Subsidiaries is dependent on various factors, including but not limited to their distributable profits, financial performance, cash flow requirements for operations and capital expenditures, as well as other factors that their respective boards of directors deem relevant. Save for certain banking restrictive covenants which our Subsidiaries are subject to, there is no other dividend restriction imposed on our Subsidiaries and our Company as at the LPD.

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.

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Board and will depend on factors as stated above (which may not be exhaustive). There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Subject to the Act, our Company, in general meeting, may from time to time approve dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) our Company is, or would after the payment be unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than its liabilities.

Save as disclosed below, there was no dividend declared and paid to our shareholders during the Financial Years Under Review and up to the LPD:

	FYE 2021	FYE 2022	FYE 2023	1 September 2023 and up to the LPD
Dividends declared (RM'000)	1,458	16,441	-	-
Dividends paid (RM'000)	1,458	2,200	14,241	-

The dividends declared above were funded by internal funds sourced from the cash and bank balances. The dividends will not affect the execution and implementation of our future plans or strategies. We also believe that we have sufficient funding from our internally generated funds and bank borrowings for the funding requirements of our operations and expansion plans.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

(The rest of this page is intentionally left blank)

12.16 CAPITALISATION AND INDEBTEDNESS

Our capitalisation and indebtedness based on the unaudited statement of financial position of the Group as at 31 December 2023 and adjustment for the effects of Acquisitions, IPO, Offer for Sale and utilisation of proceeds are summarised in the table below:

	As at 31 December 2023 RM'000	(I) After the Acquisitions RM'000	(II) After (I), IPO and Offer for Sale RM'000	(III) After (II) and Utilisation of Proceeds RM'000
Indebtedness [(1)]				
Current				
Loan and borrowings	-	117	117	-
Non-current				
Loan and borrowings	-	3,970	3,970	9
Total indebtedness	**-**	**4,087**	**4,087**	**9**
Capitalisation				
Equity	[(3)]	17,828	[●]	[●]
Total capitalisation	**[(3)]**	**17,828**	**[●]**	**[●]**
Total capitalisation and indebtedness	[(3)]	21,915	[●]	[●]
Gearing ratio (times) [(2)]	-	0.23	[●]	-[(4)]

Notes:

(1) All of our indebtedness is secured.

(2) Computed based on total indebtedness over the total capitalisation.

(3) RM2.

(4) Negligible.

(The rest of this page is intentionally left blank)

bakertilly

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA)
Chartered Accountants (AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia

T : +603 2297 1000
F : +603 2282 9980

info@bakertilly.my
www.bakertilly.my

26 February 2024

The Board of Directors
VETECE Holdings Berhad
E-32-3A & E-32-03, Menara Suezcap 2
KL Gateway
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur

Dear Sirs,

VETECE HOLDINGS BERHAD ("VETECE" OR THE "COMPANY")

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023 FOR INCLUSION IN THE PROSPECTUS IN RELATION TO THE LISTING

We have completed our assurance engagement to report on the compilation of the pro forma combined statement of financial position of VETECE and its proposed subsidiaries, Vision Technology Consulting Sdn. Bhd. and Vision Technology Consulting Pte. Ltd. (the "Group"). The pro forma combined statement of financial position consists of the pro forma combined statement of financial position as at 31 August 2023 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the Directors of VETECE have compiled the pro forma combined statement of financial position are as described in Note 2 to the pro forma combined statement of financial position and in accordance with the requirements of the *Prospectus Guidelines* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The pro forma combined statement of financial position of VETECE has been compiled by the Directors of VETECE, for illustrative purposes only, for inclusion in the prospectus of VETECE ("Prospectus") in conjunction with the listing and quotation of the entire enlarged number of issued ordinary shares of VETECE on the ACE Market of Bursa Malaysia Securities Berhad ("IPO"), after making certain assumptions and such adjustments to show the effects on the pro forma unaudited financial position of VETECE as at 22 November 2023 (being the date of incorporation of VETECE) adjusted for the Acquisition of subsidiaries, Public Issue, Offer for Sale and utilisation of proceeds as described in Notes 1.2, 1.3.1, 1.3.2, and 3.2.1, respectively.

As part of this process, information about VETECE Holding's pro forma combined financial position has been extracted by the Directors of VETECE from the accountants' report of the Group for the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023, which were reported by us to the Directors of VETECE on 26 February 2024 without any modification.

Directors' Responsibility for the Pro Forma Combined Statement of Financial Position

The Directors of VETECE are responsible for compiling the pro forma combined statement of financial position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institutes of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Management 1 (ISQM 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* 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, on whether the pro forma combined statement of financial position has been compiled, in all material respects, by the Directors of VETECE based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors of VETECE have compiled, in all material respects, the pro forma combined statement of financial position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statement of financial position.

The purpose of the pro forma combined statement of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of VETECE as if the events had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

Reporting Accountants' Responsibilities (Continued)

A reasonable assurance engagement to report on whether the pro forma combined statement of financial position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors of VETECE in the compilation of the pro forma combined statement of financial position of VETECE provide a reasonable basis for presenting the significant effects directly attributable to Listing Scheme as described in Note 1.3 to the pro forma combined statement of financial position, and to obtain sufficient appropriate evidence about whether:

(a) The related pro forma adjustments give appropriate effect to those criteria; and

(b) The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma combined statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our opinion

In our opinion the pro forma combined statement of financial position of VETECE has been compiled, in all material respects, on the basis as described in the notes thereon on the pro forma combined statement of financial position and in accordance with the requirements of the Applicable Criteria.

Other matter

This report has been prepared for inclusion in the Prospectus of VETECE in connection with the IPO. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2025 J
Chartered Accountant

VETECE HOLDINGS BERHAD

PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION

1. INTRODUCTION

The pro forma combined statement of financial position of VETECE Holdings Berhad ("VETECE" or "Company") and its proposed subsidiaries Vision Technology Consulting Sdn. Bhd. And Vision Technology Consulting Pte. Ltd. (the "Group") has been compiled by the Directors of VETECE, for illustrative purposes only, for inclusion in the prospectus of VETECE ("Prospectus") in conjunction with the listing and quotation of the entire enlarged number of issued ordinary shares in VETECE ("VETECE Shares") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

1.1 In conjunction with the admission of VETECE to the Official List of Bursa Securities and the listing and quotation of its entire enlarged number of issued ordinary shares in VETECE Shares on the ACE Market of Bursa Securities ("Listing"), VETECE had undertaken the following transactions:

1.2 Acquisition of subsidiaries (the "Acquisitions")

1.2.1 Acquisition of Vision Technology Consulting Sdn. Bhd. ("VTCM")

VETECE had on 7 February 2024, entered into a conditional share sale agreement with Chan Wai Hoong, Choo Kwang Hui Nicholas, Goh Yeh Hwang and Tee Chee Chiang ("VTCM Vendors") to acquire the entire issued share capital of VTCM of RM2,000,000 comprising 2,000,000 ordinary shares in VTCM for a purchase consideration of RM15,990,848.24. The acquisition of VTCM is to be wholly satisfied by the issuance of 286,574,341 new VETECE Shares at an issue price of RM0.0558 per VETECE Share to the VTCM Vendors.

The purchase consideration of RM15,990,848.24 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited net assets ("NA") of VTCM as at 31 August 2023 of RM16,003,210.00.

1.2.2 Acquisition of Vision Technology Consulting Pte. Ltd. ("VTCS")

VETECE had on 7 February 2024, entered into a conditional share sale agreement with VETECE Group Sdn. Bhd. ("VTSCB Vendor") to acquire the entire issued share capital of VTCS of SGD25,000 comprising 25,000 ordinary shares in VTCS for a purchase consideration of RM414,351.66. The acquisition of VTCS is to be wholly satisfied by the issuance of 7,425,657 VETECE Shares at an issue price of RM0.0558 per VETECE Share to the VTCS Vendor.

The purchase consideration of RM414,351.66 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited NA of VTCS as at 31 August 2023 of RM414,672.00.

BAKER TILLY MONTEIRO HENG PLT (LLP0019411-LCA) AF 0117 For Identification Purposes Only

VETECE HOLDINGS BERHAD

PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)

1. INTRODUCTION (CONTINUED)

1.3 Listing Scheme

1.3.1 Public Issue

The public issue of 98,000,000 new VETECE Shares at an issue price of RM[•] per VETECE Share, representing 25.00% of the enlarged number of issued VETECE Shares, will be allocated in the following manner:

(i) 19,600,000 new VETECE Shares made available to the Malaysian public by way of balloting;

(ii) 9,800,000 new VETECE Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and

(iii) 68,600,000 new VETECE Shares made available by way of private placement to selected investors.

(Collectively hereinafter referred to as "Public Issue").

1.3.2 Offer for Sale

Offer for sale of 39,200,000 existing VETECE Shares at an offer price of RM[•] per VETECE Share representing 10.00% of the enlarged number of issued share capital of VETECE Shares by way of private placement to selected investors.

1.3.3 Listing

The admission of VETECE to the Official List of Bursa Securities and the listing and quotation of its entire enlarged issued share capital of RM[•] comprising 392,000,000 VETECE Shares on the ACE Market have been approved by Bursa Securities.

BAKER TILLY MONTEIRO HENG PLT
(LLP0019411-LCA)
AF 0117
For Identification Purposes Only

2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION

2.1 The pro forma combined statement of financial position has been prepared to illustrate the pro forma combined financial position of VETECE and its subsidiaries as at 31 August 2023, adjusted for the Acquisitions of subsidiaries, Public Issue, Offer for Sale and utilisation of proceeds as described in Notes 1.2, 1.3.1, 1.3.2 and 3.2.1, respectively.

2.2 The accountants' report of VETECE for the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023 were reported by us to the Directors of VETECE on 26 February 2024 without any modifications.

2.3 The pro forma combined statement of financial position of VETECE has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of VETECE and does not purport to predict the future financial position and results of VETECE.

2.4 The pro forma combined statement of financial position of VETECE have been properly prepared on the basis set out in the accompanying notes to the pro forma combined statement of financial position based on the accountants' report of VETECE for financial year ended ("FYE") 31 August 2023, which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

2.5 The pro forma combined statement of financial position of VETECE have been prepared in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group in the preparation of its accountants' report for the FYE 31 August 2023 and the adoption of the following new accounting policies, which had been adopted by the Group as its group accounting policies:

Merger accounting

The subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

BAKER TILLY MONTEIRO HENG PLT (LLP0019411-LCA) AF 0117 For Identification Purposes Only

2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)

2.5 (continued)

Merger accounting (continued)

Acquisition of entities under common control does not result in any change in economic substance. Accordingly, the Group is a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the difference arising from the change in equity structure of the Group will be accounted for in merger reserve/deficit.

2.6 In connection with the IPO, the unaudited statement of financial position of VETECE as at 22 November 2023 have been presented after adjusting for the Acquisition of subsidiaries, Public Issue, Offer for Sale and utilisation of proceeds as described in Notes 1.2, 1.3.1, 1.3.2, and 3.2.1, respectively.

VETECE HOLDINGS BERHAD

3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD

3.1 The pro forma combined statement of financial position of VETECE as set out below, for which the Directors of VETECE are solely responsible, have been prepared for illustrative purposes only, to show the effects on the unaudited statement of financial position of VETECE as at 22 November 2023 (being the date of incorporation of VETECE), had the Acquisitions, Public Issue, Offer for Sale and utilisation of Proceeds as described in Notes 1.2, 1.3.1, 1.3.2 and 3.2.1 respectively, been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Unaudited Statement of Financial Position as at 22.11.2023 RM'000	Pro Forma I After the Acquisitions RM'000	Pro Forma II After Pro Forma I, Public Issue and Offer for Sale RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	7,418	7,418	7,418
	-	7,418	7,418	7,418
Current assets				
Trade and other receivables	-	8,377	8,377	8,377
Contract assets	-	3,680	3,680	3,680
Current tax assets	-	1,343	1,343	1,343
Cash and short-term deposits	^	4,026	[•]	[•]
	^	17,426	[•]	[•]
TOTAL ASSETS	^	**24,844**	[•]	[•]

Note:

^ *RM2*

BAKER TILLY MONTEIRO HENG PLT (LLP0019411-LCA) AF 0117 For Identification Purposes Only

VETECE HOLDINGS BERHAD

3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)

3.1 (Continued)

	Unaudited Statement of Financial Position as at 22.11.2023 RM'000	Pro Forma I After the Acquisitions RM'000	Pro Forma II After Pro Forma I, Public Issue and Offer for Sale RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	^	16,405	[•]	[•]
Reorganisation reserve	-	(14,328)	(14,328)	(14,328)
Revaluation reserve	-	918	918	918
Translation reserve	-	907	907	907
Retained earnings	-	12,516	12,516	[•]
TOTAL EQUITY	^	**16,418**	[•]	[•]
Non-current liabilities				
Loans and borrowings	-	4,009	4,009	[•]
Deferred tax liabilities	-	385	385	385
	-	4,394	4,394	385
Current liabilities				
Loans and borrowings	-	115	115	[•]
Trade and other payables	-	3,256	3,256	3,256
Current tax liabilities	-	661	661	661
	-	4,032	4,032	[•]
TOTAL LIABILITIES	**-**	**8,426**	**8,426**	[•]
TOTAL EQUITY AND LIABILITIES	^	**24,844**	[•]	[•]

Note:

^ *RM2*

BAKER TILLY MONTEIRO HENG PLT (LLP0019411-LCA) AF 0117 For Identification Purposes Only

VETECE HOLDINGS BERHAD

3. PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)

3.1 (Continued)

	Unaudited Statement of Financial Position as at 22.11.2023	Pro Forma I After the Acquisitions	Pro Forma II After Pro Forma I, Public Issue and Offer for Sale	Pro Forma III After Pro Forma II and Utilisation of Proceeds
Number of ordinary shares in issue ('000)	#	294,000	392,000	392,000
NA attributable to the owners of the Company (RM'000)	^	16,418	[•]	[•]
NA per share attributable to the owners of the Company (RM)	^	0.06	[•]	[•]
Interest-bearing borrowings (RM'000)	-	4,124	4,124	[•]
Gearing (times) *	-	0.25	[•]	[•]

Notes:

^ *RM2*

2 shares

* *Gearing ratio is calculated based on total interest-bearing borrowings divided by total equity of the Group*

Neg *Negligible*

BAKER TILLY MONTEIRO HENG PLT (LLP0019411-LCA) AF 0117 For Identification Purposes Only

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 Notes to the pro forma combined statement of financial position are as follows:

3.2.1 The proceeds from the Public Issue would be used in the following manner:

Purposes	RM'000	%	Estimated time for defrayment (from listing date)
Roll out of new core products and services	[•]	[•]	Within 24 months
Strengthening of Singapore operations	[•]	[•]	Within 24 months
Establishment of a Centre of Excellence 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	[•]	[•]	

3.2.2 The pro forma combined statement of financial position should be read in conjunction with the notes below:

(a) **Pro Forma I**

Pro Forma I incorporates the following effects:

(i) Acquisitions as described in Note 1.2 on the unaudited financial statements of VETECE as at 22 November 2023:

	RM'000
Purchase consideration	16,405
Less: Share capital of acquired subsidiaries	(2,077)
Reorganisation reserve	14,328

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 (continued)

3.2.2 (continued)

(a) **Pro Forma I (continued)**

(i) The Acquisitions had the following impact on the unaudited statement of financial position of VETECE as at 22 November 2023:

	Increase/(Decrease) Effects on Total Assets RM'000	Increase/(Decrease) Effects on Total Equity RM'000
Property, plant and equipment	7,418	-
Trade and other receivables	8,377	-
Contract assets	3,680	-
Current tax assets	1,343	-
Cash and short-term deposits	4,026	-
Share capital	-	16,405
Reorganisation reserve	-	(14,328)
Translation reserve	-	907
Revaluation reserve	-	918
Retained earnings	-	12,516
Loans and borrowings - non-current	-	4,009
Deferred tax liabilities	-	385
Loans and borrowings - current	-	115
Trade and other payables	-	3,256
Current tax liabilities	-	661
	24,844	24,844

BAKER TILLY MONTEIRO HENG PLT (LLP0019411-LCA) AF 0117 For Identification Purposes Only

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 (continued)

3.2.2 (continued)

(b) **Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue and Offer for Sale as described in Note 1.3.1 and Note 1.3.2 respectively.

The Public Issue will have the following impact on the unaudited statement of financial position of VETECE as at 22 November 2023:

	Increase	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and bank balances	[•]	-
Share capital	-	[•]
	[•]	[•]

Upon the completion of the Public Issue of 98,000,000 VETECE Shares, its entire enlarged issued share capital would amount to RM[•] comprising 392,000,000 VETECE Shares.

The Offer for Sale does not have an impact on the unaudited statement of financial position of VETECE.

BAKER TILLY MONTEIRO HENG PLT (LLP0019411-LCA) AF 0117 For Identification Purposes Only

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 (Continued)

3.2.2 (Continued)

(c) **Pro Forma III**

Pro Forma III incorporates the cumulative effects of Pro Forma II and the utilisation of proceeds from the Public Issue of RM[•] million and after deducting RM[•] million of estimated listing expenses.

The proceeds arising from the Public Issue earmarked for the rolling out of new core products and services, the strengthening of Singapore operations, hardware and software licensing fee, the establishment of a Centre of Excellence for software solutions will be debited to Cash and Bank Balances Account as working capital as the Group has yet to enter into any contracts for these items.

Of the total estimated expenses of RM[•] million, RM[•] million will be charged to Retained Earnings Account and the remaining RM[•] million will be capitalised in Share Capital upon listing as these are directly attributable expenses relating to the new issuance of shares.

The utilisation of proceeds will have the following impact on the unaudited statement of financial position of VETECE as at 22 November 2023:

	Decrease	
	Effects on Total Assets RM'000	Effects on Total Liabilities and Total Equity RM'000
Cash and bank balances	[•]	-
Share capital	-	[•]
Retained earnings	-	[•]
Loans and borrowings	-	[•]
	[•]	[•]

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 (Continued)

3.2.3 Movements in share capital and reserves are as follows:

	← Share Capital	→					
	Number of shares '000	Amount RM'000	Reorganisation Reserve RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000
Unaudited as at 22 November 2023	#	^	-	-	-	-	^
Arising from the Acquisitions	294,000	16,405	(14,328)	918	907	12,516	16,418
As per Pro Forma I	**294,000**	**16,405**	**(14,328)**	**918**	**907**	**12,516**	**16,418**
Arising from the Public Issue and Offer for Sale	98,000	[•]	-	-	-	-	[•]
As per Pro Forma II	**392,000**	[•]	**(14,328)**	**918**	**907**	**12,516**	[•]
Arising from Utilisation of Proceeds	-	[•]	-	-	-	[•]	[•]
As per Pro Forma III	**392,000**	[•]	**(14,328)**	**918**	**907**	[•]	[•]

Notes:
^ *RM2*
# *2 shares*

3.2.4 Movements in cash and short-term deposits are as follows:

	RM'000
Unaudited as at 22 November 2023	^
Arising from the Acquisitions	4,026
As per Pro Forma I	**4,026**
Arising from Public Issue and Offer for Sale	[•]
As per Pro Forma II	**[•]**
Arising from Utilisation of Proceeds	[•]
As per Pro Forma III	**[•]**

Note:
^ *RM2*

BAKER TILLY MONTEIRO HENG PLT (LLP0019411-LCA) AF 0117 For Identification Purposes Only

VETECE HOLDINGS BERHAD

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)

3.2 (Continued)

3.2.5 Movements in loans and borrowings are as follows:

	RM'000
Unaudited as at 22 November 2023	-
Arising from the Acquisitions	4,124
As per Pro Forma I	**4,124**
Arising from Public Issue and Offer for Sale	-
As per Pro Forma II	**4,124**
Arising from Utilisation of Proceeds	[•]
As per Pro Forma III	[•]

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

VETECE HOLDINGS BERHAD

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted on behalf of the Board of Directors of VETECE HOLDINGS BERHAD in accordance with a resolution dated 07 FEB 2024

………………………………………………	………………………………………………
TEE CHEE CHIANG	**CHAN WAI HOONG**
Director	**Director**

BAKER TILLY MONTEIRO HENG PLT
(LLP0019411-LCA)
AF 0117
For Identification Purpose Only

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA)
Chartered Accountants (AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia

T : +603 2297 1000
F : +603 2282 9980

info@bakertilly.my
www.bakertilly.my

26 February 2024

The Board of Directors
VETECE Holdings Berhad
E-32-3A & E-32-03, Menara Suezcap 2
KL Gateway
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur

Dear Sirs/Madam,

Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of VETECE Holdings Berhad ("VETECE" or the "Company")

Opinion

We have audited the accompanying combined financial statements of the Group and its combining entities (collectively known as the "Group") as detailed in Note 2 to the combined financial statements, which comprise the combined statements of financial position as at 31 August 2021, 31 August 2022 and 31 August 2023, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended ("FYE(s)") 31 August 2021, 31 August 2022 and 31 August 2023, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 6 to 83.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report of the Group gives a true and fair view of the financial positions of the Group as at 31 August 2021, 31 August 2022 and 31 August 2023, and of its financial performance and its cash flows for the FYEs 31 August 2021, 31 August 2022 and 31 August 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards as well as Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

VETECE HOLDINGS BERHAD
(Incorporated in Malaysia)

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

The directors of VETECE are responsible for the preparation of the combined financial statements contained in the Accountants' Report of the Group, so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of VETECE are responsible for overseeing the Group's financial reporting process.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

VETECE HOLDINGS BERHAD
(Incorporated in Malaysia)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

VETECE HOLDINGS BERHAD
(Incorporated in Malaysia)

bakertilly

Other Matter

This report is made solely to the Group and has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia for inclusion in the Prospectus of the Group in connection with the listing of and quotation for the entire enlarged issued share capital of the Group on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2025 J
Chartered Accountant

Kuala Lumpur

Date: 26 February 2024

VETECE HOLDINGS BERHAD
Accountants' Report

STATEMENT BY DIRECTORS

We, **TEE CHEE CHIANG** and **CHAN WAI HOONG**, being two of the directors of VETECE HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 August 2021, 31 August 2022 and 31 August 2023 and of its financial performance and cash flows for the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

……………………………
TEE CHEE CHIANG
Director

……………………………
CHAN WAI HOONG
Director

Kuala Lumpur

Date: 07 FEB 2024

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 August 2021 RM'000	2022 RM'000	2023 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	**5**	7,323	7,546	7,418
Total non-current assets		**7,323**	**7,546**	**7,418**
Current assets				
Trade and other receivables	**6**	3,715	3,841	8,377
Contract assets	**7**	1,657	716	3,680
Fixed deposits placed with licensed banks	**8**	5,605	5,700	1,343
Cash and bank balances	**9**	11,639	12,741	4,026
Total current assets		**22,616**	**22,998**	**17,426**
TOTAL ASSETS		**29,939**	**30,544**	**24,844**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Group				
Invested equity	**10**	2,077	2,077	2,077
Other reserves	**11, 12**	1,189	1,429	1,825
Retained earnings		18,241	5,952	12,516
TOTAL EQUITY		**21,507**	**9,458**	**16,418**
Non-current liabilities				
Loans and borrowings	**13**	4,235	4,079	4,009
Other payables	**14**	1,083	-	-
Deferred tax liabilities	**15**	287	351	385
Total non-current liabilities		**5,605**	**4,430**	**4,394**
Current liabilities				
Loans and borrowings	**13**	126	157	115
Trade and other payables	**14**	2,636	16,138	3,256
Current tax liabilities		65	361	661
Total current liabilities		**2,827**	**16,656**	**4,032**
TOTAL LIABILITIES		**8,432**	**21,086**	**8,426**
TOTAL EQUITY AND LIABILITIES		**29,939**	**30,544**	**24,844**

The accompanying notes form an integral part of these combined financial statements.

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		|---------------- FYE 31 August -----------------|		
	Note	**2021 RM'000**	**2022 RM'000**	**2023 RM'000**
Revenue	**16**	20,045	20,842	23,133
Cost of sales		(14,170)	(13,796)	(13,394)
Gross profit		**5,875**	**7,046**	**9,739**
Other income	**17**	267	395	395
Administrative expenses		(1,878)	(1,774)	(1,262)
Operating profit		**4,264**	**5,667**	**8,872**
Finance costs	**18**	(136)	(138)	(172)
Profit before tax	**19**	**4,128**	**5,529**	**8,700**
Income tax expense	**21**	(989)	(1,377)	(2,136)
Profit for the financial year		**3,139**	**4,152**	**6,564**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Revaluation surplus, net of deferred tax liabilities		582	-	-
Exchange differences on translation of foreign operations		45	240	396
Total comprehensive income for the financial year		**3,766**	**4,392**	**6,960**
Earnings per share				
Basic (sen)	**22**	185.98	216.89	343.70

The accompanying notes form an integral part of these consolidated financial statements.

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	|------- Attributable to owners of the Group			-------|	
		Invested equity RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 September 2020		**2,077**	**226**	**336**	**16,560**	**19,199**
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	3,139	3,139
Other comprehensive income		-	45	582	-	627
Total comprehensive income		-	45	582	3,139	3,766
Transaction with owners						
Dividends declared		-	-	-	(1,458)	(1,458)
At 31 August 2021		**2,077**	**271**	**918**	**18,241**	**21,507**
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	4,152	4,152
Other comprehensive income		-	240	-	-	240
Total comprehensive income		-	240	-	4,152	4,392
Transactions with owners						
Dividends declared		-	-	-	(16,441)	(16,441)
At 31 August 2022		**2,077**	**511**	**918**	**5,952**	**9,458**

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Attributable to owners of the Group				
		Invested equity RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 September 2022		**2,077**	**511**	**918**	**5,952**	**9,458**
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	6,564	6,564
Other comprehensive income		-	396	-	-	396
Total comprehensive income		-	396	-	6,564	6,960
Transactions with owners						
Dividends declared		-	-	-	-	-
At 31 August 2023		**2,077**	**907**	**918**	**12,516**	**16,418**

The accompanying notes form an integral part of these consolidated financial statements.

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS

	Note	FYE 31 August 2021 RM'000	FYE 31 August 2022 RM'000	FYE 31 August 2023 RM'000
Cash flows from operating activities				
Profit before tax		4,128	5,529	8,700
Adjustments for:				
Depreciation of property, plant and equipment		253	234	248
Loss on disposal of property, plant and equipment		38	-	-
Interest income		(91)	(97)	(90)
Interest expense		136	138	172
Unrealised loss/(gain) on foreign exchange		84	83	(101)
Operating profit before changes in working capital		4,548	5,887	8,929
Changes in working capital:				
Receivables		(1,429)	(187)	(4,789)
Contract assets		65	941	(2,964)
Payables		1,056	(1,529)	1,643
Net cash generated from operations		4,240	5,112	2,819
Tax paid, net		(835)	(1,017)	(1,802)
Interests received		91	97	90
Net cash from operating activities		3,496	4,192	1,107
Cash flows from investing activities				
Purchase of property, plant and equipment	5	(134)	(457)	(120)
Sale proceeds from disposal of property, plant and equipment		78	-	-
Net cash used in investing activities		(56)	(457)	(120)
Cash flows from financing activities				
Fixed deposits pledged as security values		(90)	(95)	(31)
Dividends paid		(1,458)	(2,200)	(14,241)
Interests paid		(136)	(138)	(172)
Repayment of term loans		(107)	(125)	(112)
Drawdown of term loans		93	-	-
Advances (to)/Repayment by related parties		(23)	(22)	354
Advances from/(Repayment to) a director		156	(293)	(284)
Net cash used in financing activities		(1,565)	(2,873)	(14,486)

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	FYE 31 August 2021 RM'000	2022 RM'000	2023 RM'000
Net increase/(decrease) in cash and cash equivalents		1,875	862	(13,499)
Cash and cash equivalents at the beginning of the financial year		13,837	15,951	17,129
Effects of exchange rate changes on cash and cash equivalents		239	316	396
Cash and cash equivalents at the end of the the financial year		15,951	17,129	4,026

Analysis of cash and cash equivalents

	Note	FYE 31 August 2021 RM'000	2022 RM'000	2023 RM'000
Cash and bank balances	**9**	11,639	12,741	4,026
Fixed deposits placed with a licensed bank	**8**	5,605	5,700	1,343
		17,244	18,441	5,369
Less: Fixed deposits pledged as security values	**8**	(1,293)	(1,312)	(1,343)
		15,951	17,129	4,026

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

VETECE Holdings Berhad ("VETECE" or the "Company") was incorporated as a private company limited by shares on 22 November 2023 under Companies Act 2016 and is domiciled in Malaysia. The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. The principal places of business of the Group are located at E-32-3A & E-32-03, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia.

On 8 December 2023, VETECE Holdings was converted to a public company under its current name.

The principal activity of the Group is investment holding. The details of the combining entities are as follows:

Combining entities	Principal place of business/ country of incorporation	Principal activities
Vision Technology Consulting Sdn. Bhd. ("VTCM")	Malaysia	Information technology ("IT")
Vision Technology Consulting Pte. Ltd. ("VTCS")	Singapore	IT consulting, outsourcing and developing computer software

There have been no significant changes in the nature of these principal activities during the financial years under review.

The combined financial statements were authorised for issue by the Board of Directors of VETECE in accordance with a resolution of the directors on 7 February 2024.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION

The combined financial statements of VETECE Holdings consist of the financial statements of the following entities under common control which is accounted for using the merger method of accounting (collectively hereinafter referred to as the "Group") for each of the financial years:

	FYE 31 August		
Entities Under Common Control	**2021**	**2022**	**2023**
VETECE Holdings	>	>	>
VTCM	√,^	√,^	√,^
VTCS	√, *	√, *	√, *

\> *No financial statements were available for VETECE Holdings as it was incorporated on 22 November 2023.*

√ *The combined financial statements of the Group include the financial statements of these combining entities prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and/or the International Financial Reporting Standards ("IFRSs") for the respective financial years.*

^ *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.*

* *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by a firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.*

The audited financial statements of all the combining entities within the Group for the relevant years reported above were not subject to any qualification or modification.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Combined financial statements of the Group for FYE 31 August 2021, 31 August 2022 and 31 August 2023

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond to those in the combined financial statements of the Group had the relevant transactions to legally constitute a group been incorporated in the combined financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

2.1 Statement of compliance

The combined financial statements of the Group have been prepared in accordance with the MFRSs and IFRSs.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

(a) The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023# 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Consequential amendments as a result of MFRS 17 Insurance Contracts

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below:

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

2.3 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Basis of measurement

The combined financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the combined financial statements of the Group.

3.1 Basis of consolidation

The combined financial statements comprise the financial statements of the Group. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Group. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the combined financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the combined statements of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the combined financial statements.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group at the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency transactions and operations (continued)

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

3.3 Financial instruments

Financial instruments are recognised in the consolidated statements of financial position when, and only when, the Group becomes a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as FVPL. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

(a) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income ("FVOCI") with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business models for managing those assets change.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

(i) Financial assets (continued)

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment in accordance with Note 3.8(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **FVOCI**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(b) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

(i) Financial assets (continued)

Debt instruments (continued)

- **FVPL**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments
The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

(ii) Financial liabilities

The Group classifies its financial liabilities in the following measurement categories:
- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortised cost
Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(c) Regular way purchase or sale of financial assets

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group commits itself to purchase or sell an asset).

Trade date accounting refers to:
(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:
(i) the contractual rights to receive cash flows from the financial asset expire; or
(ii) the Group has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
    (a) the Group has transferred substantially all the risks and rewards of the asset; or
    (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(d) Derecognition (continued)

The Group evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Machinery in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(c) Depreciation (continued)

Freehold building	2%
Leasehold buildings	Amortised by equal annual installments over lease period of 37, 70 and 90 years
Computers	20%
Electrical installation	20%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	20%
Renovation	5%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.5 Leases

(a) Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets in Note 5.

The Group presents right-of-use assets as separate lines in the consolidated statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the consolidated statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.6 Contract assets

Contract asset is the right to consideration in exchange for goods and services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance obligations). The policy for recognition and measurement of impairment losses is in accordance with Note 3.8(a).

3.7 Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and fixed deposits placed with licensed bank, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value. Cash and cash equivalents are presented net of bank overdrafts.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group measures loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than the credit term.

The Group considers a financial asset to be in default when:
- the debtor is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than the credit term unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events 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 include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of 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;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its 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 CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.10 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year/period where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.11 Revenue and other income

The Group recognises revenue that depicts 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.

The Group measures revenue from sale of good or services at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue and other income (continued)

(a) Service contracts

Service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(b) Sale of goods

The Group's sale of goods comprise the resale of hardware and software. Revenue from the resale of hardware and software is recognised upon customer acceptance.

(c) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and fair value of the loan based on prevailing market interest rates.

3.13 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3.14 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Income tax (continued)

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Income tax (continued)

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

3.15 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.16 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The directors of VETECE, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the consolidated statements of financial position.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's combined financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's combined financial statements within the next financial year are disclosed as follows:

(a) Impairment of financial assets and contract assets

The impairment provisions for the financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Group's financial assets and contract assets are disclosed in Note 24(b).

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold building RM'000	Right-of-use assets RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
	At valuation		At cost						
At cost/valuation									
At 1 September 2020	700	5,538	841	1	27	493	110	152	7,862
Additions	-	93	27	-	9	-	*	5	134
Adjustment on revaluation	-	766	-	-	-	-	-	-	766
Disposal	-	-	-	-	-	(174)	-	-	(174)
At 31 August 2021	700	6,397	868	1	36	319	110	157	8,588
Accumulated depreciation									
At 1 September 2020	19	10	698	1	21	176	88	57	1,070
Depreciation charge for the financial year	19	73	65	-	1	76	11	8	253
Disposal	-	-	-	-	-	(58)	-	-	(58)
At 31 August 2021	38	83	763	1	22	194	99	65	1,265
Carrying amount									
At 1 September 2020	681	5,528	143	-	6	317	22	95	6,792
At 31 August 2021	662	6,314	105	-	14	125	11	92	7,323

* *Denotes < RM1,000*

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold building RM'000	Right-of-use assets RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
	<------ At valuation ----->		<--- At cost					--->	
At cost/valuation									
At 1 September 2021	700	6,397	868	1	36	319	110	157	8,588
Additions	-	-	42	-	11	-	15	389	457
At 31 August 2022	700	6,397	910	1	47	319	125	546	9,045
Accumulated depreciation									
At 1 September 2021	38	83	763	1	22	194	99	65	1,265
Depreciation charge for the financial year	19	73	60	-	2	55	9	16	234
At 31 August 2022	57	156	823	1	24	249	108	81	1,499
Carrying amount									
At 1 September 2021	662	6,314	105	-	14	125	11	92	7,323
At 31 August 2022	643	6,241	87	-	23	70	17	465	7,546

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold building RM'000	Right-of-use assets RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
	<------ At valuation ----->		<------ At cost					------>	
At cost/valuation									
At 1 September 2022	700	6,397	910	1	47	319	125	546	9,045
Additions	-	-	113	-	-	-	7	-	120
At 31 August 2023	700	6,397	1,023	1	47	319	132	546	9,165
Accumulated depreciation									
At 1 September 2022	57	156	823	1	24	249	108	81	1,499
Depreciation charge for the financial year	19	73	59	-	9	55	9	24	248
At 31 August 2023	76	229	882	1	33	304	117	105	1,747
Carrying amount									
At 1 September 2022	643	6,241	87	-	23	70	17	465	7,546
At 31 August 2023	624	6,168	141	-	14	15	15	441	7,418

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Had the freehold buildings and right-of-use assets been carried at historical cost less accumulated depreciation, the net carrying amounts of the freehold buildings and right-of-use assets that would have been included in the financial statements of the Group are as follows:

	As at 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Freehold building	382	371	360
Right-of-use assets	5,414	5,352	5,289
	5,796	5,723	5,649

(b) Level 2 fair value

Fair value of freehold and leasehold buildings under right-of-use assets are categorised as Level 2. Level 2 fair value is determined by using the comparison method of valuation which compares the property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustment thereof are then made to arrive at the value of the property.

In view that there is comparable market data of similar properties in the vicinity where the Company's property is situated, the valuation is based on significant observable inputs and is therefore recognised under level 2 of the fair value hierarchy.

(c) Right-of-use assets

Information about leases for which the Group is lessee is presented below:

	As at 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Buildings			
At valuation:			
At 1 September	5,538	6,397	6,397
Additions	859	-	-
At 31 August	6,397	6,397	6,397
Accumulated depreication			
At 1 September	10	83	156
Charge for the financial year	73	73	73
At 31 August	83	156	229
Carrying amount	6,314	6,241	6,168

The Group leases several buildings (as lessee). The remaining leases for these buildings are between 70 to 90 years.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

6. TRADE AND OTHER RECEIVABLES

		As at 31 August		
		2021	**2022**	**2023**
	Note	**RM'000**	**RM'000**	**RM'000**
Trade	**(a)**			
- Third parties		3,351	3,410	8,086
Non-trade				
Other receivables		2	5	31
Deposits		30	31	26
Prepayments		-	41	234
Amount owing by related parties	**(b)**	332	354	-
		364	431	291
Total trade and other receivables		3,715	3,841	8,377

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group is 30 to 90 days (2022 and 2021: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

(b) Amount owing by related parties and a director

Amount owing by related parties and a director are unsecured, non-trade in nature, repayable on demand and are expected to be settled in cash.

The information about the credit exposure is disclosed in Note 24(b)(i).

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

7. CONTRACT ASSETS

	As at 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Contract assets relating to service contracts	1,657	716	3,680

Significant changes in contract balances

	Increase/(Decrease)		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Increases due to revenue recognised during the financial year, but no right to consideration	1,391	716	3,680
Transfers from contract assets recognised at the beginning of the period to receivables	(1,722)	(1,391)	(716)

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

8. FIXED DEPOSITS PLACED WITH A LICENSED BANK

	As at 31 August		
	2021 RM'000	2022 RM'000	2023 RM'000
Short-term deposits	5,605	5,700	1,343
Less: Pledged deposits	(1,293)	(1,312)	(1,343)
	4,312	4,388	-

Included in fixed deposits placed with a licensed bank is RM1,342,738 (2022: RM1,311,783 and 2021: RM1,292,527) have been pledged to a licensed bank for bank guarantees granted to the Group.

The fixed deposits placed with a licensed bank have maturity of 1 month (2022 and 2021: 1 month), which bear interest at rates ranging from 1.70% to 2.65% (2022: 1.70% to 1.94% and 2021: 1.44% to 1.70%) per annum.

9. CASH AND BANK BALANCES

	As at 31 August		
	2021 RM'000	2022 RM'000	2023 RM'000
Cash at bank	11,622	12,731	4,013
Cash in hand	17	10	13
	11,639	12,741	4,026

(i) During the financial years under review, the Group's acquisitions of property, plant and equipment were made entirely from internally generated funds.

(ii) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.9.2020 RM'000	Cash flows RM'000	31.8.2021 RM'000
Amount due to a director	421	156	577
Amount due from a related party	309	23	332
Term loans	4,375	(14)	4,361
	5,105	165	5,270

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

9. CASH AND BANK BALANCES (CONTINUED)

(ii) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.9.2021 RM'000	Cash flows RM'000	31.8.2022 RM'000
Amount due to a director	577	(293)	284
Amount due from a related party	332	22	354
Term loans	4,361	(125)	4,236
	5,270	(396)	4,874

	1.9.2022 RM'000	Cash flows RM'000	31.8.2023 RM'000
Amount due to a director	284	(284)	-
Amount due from a related party	354	(354)	-
Term loans	4,236	(112)	4,124
	4,874	(750)	4,124

10. INVESTED EQUITY

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the combining entities constituting the Group.

The invested equity constitutes the share capital of VTCM and VTCS.

	Number of ordinary shares			Amount		
	2021 Units	2022 Units	2023 Units	2021 RM'000	2022 RM'000	2023 RM'000
Issued and fully paid-up:						
At the beginning/end of the financial years	2,025	2,025	2,025	2,077	2,077	2,077

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

11. TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

12. REVALUATION RESERVE

	As at 31 August		
	2021 RM'000	2022 RM'000	2023 RM'000
Non-distributable:			
Revaluation reserve	918	918	918

The revaluation reserve represents the surplus arising from the revaluation of certain leasehold buildings of the Group.

13. LOANS AND BORROWINGS

	As at 31 August		
	2021 RM'000	2022 RM'000	2023 RM'000
Non-current:			
- Term loan I	886	830	834
- Term loan II	1,398	1,354	1,320
- Term loan III	811	788	771
- Term loan IV	1,140	1,107	1,084
	4,235	4,079	4,009
Current:			
- Term loan I	26	54	25
- Term loan II	44	45	40
- Term loan III	23	24	21
- Term loan IV	33	34	29
	126	157	115
Total loans and borrowings	4,361	4,236	4,124

The term loans bear interests at base lending rate ("BLR") minus 2.37% per annum and are secured by way of:

(i) Fixed charge over leasehold buildings as disclosed in Note 5; and
(ii) Joint and several guarantee by directors of VETECE.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

14. TRADE AND OTHER PAYABLES

	Note	As at 31 August 2021 RM'000	2022 RM'000	2023 RM'000
Non-current:				
Other payables		1,083	-	-
Current:				
Trade	**(a)**			
- Third parties		788	157	1,760
		788	157	1,760
Non-trade				
Other payables		259	598	636
Amount owing to a director	**(b)**	577	284	-
Deposit		-	-	36
Accruals		1,012	858	824
Dividends payable		-	14,241	-
		1,848	15,981	1,496
Total trade and other payables (current and non-current)		3,719	16,138	3,256

(a) Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days (2021 and 2020: 30 to 90 days).

(b) Amounts owing to a related party and a director

Amount owing to a related party and a director are unsecured, non-trade in nature, non-interest bearing, with no fixed term of repayment.

For explanation on the Group's liquidity risk management processes, refer to Note 24(b)(ii).

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. DEFERRED TAX LIABILITIES

	1.9.2020 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	31.8.2021 RM'000
Property, plant and equipment	131	(28)	287	287

	1.9.2021 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	31.8.2022 RM'000
Property, plant and equipment	287	64	-	351

	1.9.2022 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	31.8.2023 RM'000
Property, plant and equipment	351	34	-	385

The components of deferred tax liabilities are as follows:

	As at 31 August		
	2021 RM'000	2022 RM'000	2023 RM'000
Differences between carrying amount of property, plant and equipment and its tax base	(3)	61	95
Revaluation surplus arising from revaluation of property, plant and equipment	290	290	290
	287	351	385

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

16. REVENUE

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Timing of revenue recognition:			
Over time:			
- Implementation services	5,390	6,514	10,328
- Maintenance, support and professional services	11,583	8,640	9,862
At a point in time:			
- Resale of hardware and software	3,072	5,688	2,943
	20,045	20,842	23,133

17. OTHER INCOME

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Realised gain on foreign exchange	-	16	2
Unrealised gain on foreign exchange	-	-	101
Interest income	91	97	90
Rental income	25	55	136
Miscellaneous income	151	227	66
	267	395	395

18. FINANCE COSTS

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Term loan interests	136	138	172

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

19. PROFIT BEFORE TAX

Other than as disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at profit before tax:

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Auditors' remuneration			
- current financial year	36	40	60
- over provision in prior financial year	(1)	(1)	-
Depreciation of property, plant and equipment	253	234	248
Directors' remuneration:			
- Salaries	557	560	586
- Defined contribution plan	74	62	76
- Other emoluments	2	2	2
Employee benefits expenses (Note 20)	11,280	8,176	10,272
Loss on disposal of property, plant and equipment	38	-	-
Loss on foreign exchange:			
- realised	45	-	-
- unrealised	84	83	-
Interest expense	136	138	172
Expense relating to short-term lease	-	14	-

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

20. EMPLOYEE BENEFITS EXPENSE

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Salaries, wages, bonuses, incentives and allowances	10,365	7,318	9,335
Defined contribution plan	837	784	844
Other emoluments	78	74	93
	11,280	8,176	10,272
Included in employee benefits expenses are:			
Directors' salaries, bonuses and allowances	557	560	586
Defined contribution plan	74	62	76
Other emoluments	2	2	2
	633	624	664

21. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023 are as follows:

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Statements of comprehensive income			
Current income tax:			
- Current income tax charges	1,021	1,321	2,077
- Adjustment in respect of prior financial years	(4)	(8)	25
	1,017	1,313	2,102
Deferred tax (Note 15):			
- (Reversal)/Origination of temporary differences	(32)	50	4
- Adjustment in respect of prior financial years	4	14	30
	(28)	64	34
Income tax expense	989	1,377	2,136

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

21. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial years.

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expenses are as follows:

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Profit before tax	4,128	5,529	8,700
Tax at Malaysian statutory income tax rate of 24%	991	1,327	2,088
Adjustments:			
- Non-deductible expenses	125	134	38
- Crystallisation of deferred tax liabilities on revaluation property, plant and equipment	-	(9)	(4)
- Differential in tax rate	(39)	(59)	(41)
- Income not subject to tax	(88)	(22)	-
- Over provision of income tax in the previous financial years	(4)	(8)	25
- Under provision of deferred tax in the previous financial years	4	14	30
	989	1,377	2,136

22. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the financial years attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial years, calculated as follows:

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Profit attributable to the owners of the Group	3,766	4,392	6,960
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	2,025	2,025	2,025
Basic earnings per share (sen)	185.98	216.89	343.70

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

22. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share

The diluted earnings per ordinary share is not applicable as the Company does not have potential dilutive equity instrument in issue as at the end of the each of the financial years that have dilutive effect to the basic earnings per ordinary share.

23. DIVIDENDS

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Single-tier interim dividend of RM0.729 per ordinary share in respect of the financial year ended 31 August 2021, paid on 10 January 2020	1,458	-	-
Single-tier interim dividend of RM1.10 per ordinary share in respect of the financial year ended 31 August 2022, paid on 17 September 2021	-	2,200	-
Second single-tier interim dividend of RM3.90 per ordinary share in respect of the financial year financial year ended 31 August 2022, paid on 17 September 2021	-	7,800	-
Single-tier interim dividend of SGD80 (RM257.64) per ordinary share in respect of the financial year financial year ended 31 August 2022, paid on 17 September 2021	-	6,441	-
	1,458	16,441	-

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost

	Carrying amount RM'000	Amortised cost RM'000
At 31 August 2021		
Financial assets		
Trade and other receivables, less prepayments	3,715	3,715
Contract assets	1,657	1,657
Fixed deposits placed with licensed banks	5,605	5,605
Cash and bank balances	11,639	11,639
	22,616	22,616
Financial liabilities		
Loans and borrowings	4,361	4,361
Trade and other payables	3,719	3,719
	8,080	8,080
At 31 August 2022		
Financial assets		
Trade and other receivables, less prepayments	3,800	3,800
Contract assets	716	716
Fixed deposits placed with licensed banks	5,700	5,700
Cash and bank balances	12,741	12,741
	22,957	22,957
Financial liabilities		
Loans and borrowings	4,236	4,236
Trade and other payables	16,138	16,138
	20,374	20,374

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned: (continued)

(i) Amortised cost (continued)

	Carrying amount RM'000	Amortised cost RM'000
At 31 August 2023		
Financial assets		
Trade and other receivables, less prepayments	8,143	8,143
Contract assets	3,680	3,680
Fixed deposits placed with licensed banks	1,343	1,343
Cash and bank balances	4,026	4,026
	17,192	17,192
Financial liabilities		
Loans and borrowings	4,124	4,124
Trade and other payables	3,256	3,256
	7,380	7,380

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

The directors of VETECE reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposure to credit risk arises primarily from trade and other receivables). The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the combined statements of financial position.

The carrying amounts of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile
At the end of the reporting period, the Group has a significant concentration of credit risk in the form of six (6) (2022 and 2021: four (4)) trade receivables, representing approximately 87% (2022: 84% and 2021: 77%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the impairment losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

		Trade receivables				
	Contract assets RM'000	**Current RM'000**	**1 to 30 days past due RM'000**	**31 to 60 days past due RM'000**	**> 60 days past due RM'000**	**Total RM'000**
At 31 August 2021						
Gross carrying amount at default	1,657	2,237	584	523	7	3,351
Impairment losses	-	-	-	-	-	-
Net balance	1,657	2,237	584	523	7	3,351
At 31 August 2022						
Gross carrying amount at default	716	1,969	1,097	137	207	3,410
Impairment losses	-	-	-	-	-	-
Net balance	716	1,969	1,097	137	207	3,410

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows: (continued)

		Trade receivables				
	Contract assets RM'000	Current RM'000	1 to 30 days past due RM'000	31 to 60 days past due RM'000	> 60 days past due RM'000	Total RM'000
At 31 August 2023						
Gross carrying amount at default	3,680	3,432	3,149	1,249	256	8,086
Impairment losses	-	-	-	-	-	-
Net balance	3,680	3,432	3,149	1,249	256	8,086

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than credit terms in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

The Group did not recognise any loss allowance for impairment for other receivables and other financial assets throughout the financial years under review. Refer to Note 3.8(a) for the Group's significant accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)
The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM'000	Contractual cash flows: On demand or within one year RM'000	Between one and five years RM'000	More than five years RM'000	Total RM'000
At 31 August 2021					
Term loans	4,361	262	1,307	4,616	6,185
Trade and other payables	3,719	3,719	-	-	3,719
	8,080	3,981	1,307	4,616	9,904
At 31 August 2022					
Term loans	4,236	262	1,307	4,352	5,921
Trade and other payables	16,138	16,138	-	-	16,138
	20,374	16,400	1,307	4,352	22,059
At 31 August 2023					
Term loans	4,124	261	1,307	4,127	5,695
Trade and other payables	3,256	3,256	-	-	3,256
	7,380	3,517	1,307	4,127	8,951

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its long term loans and borrowings with floating interest rates. The Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The mix between fixed and floating rate borrowings are monitored and varied according to changes in interest rates to ensure that the Group's cost of financing is kept at the lowest possible.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial years.

	Carrying amount RM'000	Change in Change in basis point	Effect on profit for the financial year RM'000
31 August 2021			
Term loans	4,361	+ 50	(17)
		- 50	(17)
31 August 2022			
Term loans	4,236	+ 50	(16)
		- 50	(16)
31 August 2023			
Term loans	4,124	+ 50	(16)
		- 50	(16)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Group to manage its treasury activities and exposures. The Group also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	FYE 31 August		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Financial assets not held in functional currencies:			
Trade and other receivables			
United States Dollar ("USD")	-	28	-
Australian Dollar ("AUD")	141	108	-
Thai Baht ("THB")	60	-	-
Chinese Yuan ("CNY")	-	-	60
	201	136	60
Cash and bank balances			
USD	439	763	843
	439	763	843
Trade and other payables			
USD	(459)	-	203
CNY	(968)	(1,514)	-
	(1,427)	(1,514)	203

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, AUD, THB and CNY.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, AUD, THB and CNY with all other variables held constant on the Group's total equity and profit for the financial years.

	Carrying amount RM'000	Change in rate	Effect on profit for the financial year RM'000
31 August 2021			
USD	(20)	+5%	(1)
		-5%	1
AUD	141	+5%	5
		-5%	(5)
THB	60	+5%	2
		-5%	(2)
CNY	(968)	+5%	(37)
		-5%	37

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

	Carrying amount RM'000	Change in rate	Effect on profit for the financial year RM'000
31 August 2022			
USD	763	+5%	29
		-5%	(29)
AUD	108	+5%	4
		-5%	(4)
CNY	(1,514)	+5%	(58)
		-5%	58
31 August 2023			
USD	640	+5%	32
		-5%	(32)
CNY	60	+5%	3
		-5%	(3)

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amounts of bank balances, receivables and payables and short-term borrowings are reasonably approximate to their fair value due to relatively short-term nature of these financial instruments.

Other long-term financial assets and liabilities are reasonable approximation of their fair values because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types of arrangements.

It is not practical to determine the fair value of finance lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristic and risk profile.

Policy on transfer between levels
The fair value of asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There was no transfers between the fair value measurement hierarchy during the financial year.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Transfer between Level 1 and Level 2
There has been no transfer between Level 1 and Level 2 fair values during the financial year.

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

25. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:
(i) Entities in which directors have substantial financial interests;
(ii) Entity in which a shareholder connected to a director of the Group;
(iii) Shareholder; and
(iv) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

(b) Significant related party transactions

	FYE 31 August		
	2021 RM'000	2022 RM'000	2023 RM'000
Outsourcing fee paid to:			
- VTCS	1,151	702	-

(c) Compensation of key management personnel

	FYE 31 August		
	2021 RM'000	2022 RM'000	2023 RM'000
Salaries, bonus and allowances	1,163	1,189	1,290
Defined contribution plans	147	137	161
Other related expenses	5	5	6
	1,315	1,331	1,457

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during financial years ended 31 August 2021, 31 August 2022 and 31 August 2023.

The Group monitors capital using gearing ratio, which is total debt divided by total equity of the Group. The gearing ratio as at 31 August 2021, 31 August 2022 and 31 August 2023 are as follows:

		FYE 31 August		
	Note	2021 RM'000	2022 RM'000	2023 RM'000
Loans and borrowings	**13**	4,361	4,236	4,124
Total debts		4,361	4,236	4,124
Equity attributable to owners of the Company				
Total Equity		21,507	9,458	16,418
Gearing ratio (times)		0.20	0.45	0.25

There were no changes in the Group's approach to capital management during the financial years under review.

The Group is not subject to externally imposed capital requirements.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

27. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Acquisition of subsidiaries

(i) **Acquisition of VTCM**

On 7 February 2024, the Company entered into a conditional share sale agreement with Chan Wai Hoong, Choo Kwang Hui Nicholas, Goh Yeh Hwang and Tee Chee Chiang to acquire the entire issued share capital of VTCM of RM2,000,000 comprising 2,000,000 ordinary shares in VTCM for a purchase consideration of RM15,990,848.23. The acquisition of VTCM is to be wholly satisfied by the issuance of 286,574,341 new VETECE shares at an issue price of RM0.0558 per share.

(ii) **Acquisition of VTCS**

On 7 February 2024, the Company entered into a conditional share sale agreement with VETECE Group Sdn Bhd to acquire the entire issued share capital of VTCM of SGD25,000 comprising 25,000 ordinary shares in VTCS for a purchase consideration of RM414,351.66. The acquisition of VTCS is to be wholly satisfied by the issuance of 7,425,657 new VETECE at an issue price of RM0.0558 per share.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION

The group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by Directors for the purpose of making decisions about resource allocation and performance assessment.

The reportable segments are as follows:

Segments	Description
Implementation services	Conduct feasibility study to understand the clients' system requirement. Recommendation of enterprise IT solution to best suit clients' system requirement. Implementation of enterprise IT solutions into the clients' business processes.
Maintenance, support and professional services	Provide maintenance and support services for maintaining the system and upgrades. Provide IT professionals for clients' internally managed IT projects and/or to meet their operational needs.
Resale of hardware and software	Resale of hardware and software.

There is no inter-segment pricing.

Factors used to identify reportable segments
The group is organised into business units based on its business segment purposes.

Segment profit
Segment performance is used to measure performance as Directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets
The total of segment asset is measured based on all of a segment, as included in the internal reports that are reviewed by the Directors.

Segment liabilities
Segment liabilities are not included in the internal reports that are reviewed by the Directors, hence no disclosures are made on segment liabilities.

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

	Implementation services RM'000	Maintenance, support and professional services RM'000	Resale of hardware and software RM'000	Total RM'000
At 31 August 2021				
Revenue:				
Revenue from external customers	5,390	11,583	3,072	20,045
Results:				
Included in the measure of segment profits are:				
- Depreciation of property, plant and equipment				(253)
- Rental income				25
- Interest income				91
- Employee benefits expense				(11,280)
- Interest expense				(136)
Segment profit	405	5,185	285	5,875
Unallocated expenses				(1,747)
Income tax expense				(989)
Profit for the financial year				3,139
Assets:				
Additions to non-current assets				134
Segment assets				29,939

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

	Implementation services RM'000	Maintenance, support and professional services RM'000	Resale of hardware and software RM'000	Total RM'000
At 31 August 2022				
Revenue:				
Revenue from external customers	6,514	8,640	5,688	20,842
Results:				
Included in the measure of segment profits are:				
- Depreciation of property, plant and equipment				(234)
- Rental income				55
- Interest income				97
- Employee benefits expense				(8,176)
- Interest expense				(138)
Segment profit	3,066	3,735	245	7,046
Unallocated expenses				(1,517)
Income tax expense				(1,377)
Profit for the financial year				4,152
Assets:				
Additions to non-current assets				457
Segment assets				30,544

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

	Implementation services RM'000	Maintenance, support and professional services RM'000	Resale of hardware and software RM'000	Total RM'000
At 31 August 2023				
Revenue:				
Revenue from external customers	10,328	9,862	2,943	23,133
Results:				
Included in the measure of segment profits are:				
- Depreciation of property, plant and equipment				(248)
- Rental income				136
- Interest income				90
- Employee benefits expense				(10,272)
- Interest expense				(172)
Segment profit	4,756	4,809	174	9,739
Unallocated expenses				(1,039)
Income tax expense				(2,136)
Profit for the financial year				6,564
Assets:				
Additions to non-current assets				120
Segment assets				24,844

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

Geographical Information
Revenue and non-current assets information based on geographical location of customers are as follows:

	Revenue RM'000	Non-current assets RM'000
At 31 August 2021		
Malaysia	15,408	7,323
Australia	2,259	-
Brunei	638	-
Thailand	583	-
Papua New Guinea	471	-
Singapore	163	#
Hong Kong	46	-
Others	477	-
	20,045	7,323
At 31 August 2022		
Malaysia	18,480	7,546
Australia	1,338	-
Brunei	173	-
Thailand	28	-
Papua New Guinea	541	-
Singapore	187	#
Hong Kong	47	-
Others	48	-
	20,842	7,546
At 31 August 2023		
Malaysia	22,300	7,418
Australia	304	-
Singapore	204	#
Hong Kong	300	-
Others	25	-
	23,133	7,418

Note:

Less than RM1,000

VETECE HOLDINGS BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

Information about major customers
Revenue from external customers which contributed 10% or more to the total revenue recognised is as follows:

	FYE 31 August		
	2021 RM'000	**2022 RM'000**	**2023 RM'000**
Customer A	3,156	4,754	10,550
Customer B	2,821	2,577	1,729
Customer C	2,259	1,338	304
Customer D	1,774	1,552	1,888
Customer E	1,387	970	672
Customer F	-	4,162	90
	11,397	15,353	15,233

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

15.1.1 No Shares will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of the issue of this Prospectus.

15.1.2 There is no founder, management or deferred shares in our Company. We have only one (1) class of shares in our Company, namely ordinary shares, all of which rank equally with one (1) another.

15.1.3 None of our Group's capital is under option or agreed conditionally or unconditionally to be put under option.

15.1.4 Save as disclosed in Sections 6.2 and Section 6.3 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, for the Financial Years Under Review and up to the LPD.

15.1.5 Save for 9,800,000 Shares reserved for the Eligible Persons as disclosed in Section 4.3.1(ii) of this Prospectus, to the extent known by the Group,

(i) no person including Directors, Key Senior Management or employees of our Group has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares or debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiaries; and

(ii) there is currently no other scheme involving our Directors, Key Senior Management or employees of our Group in the capital of our Company or our subsidiaries.

15.1.6 As at the date of this Prospectus, we do not have any convertible securities, options, warrants and uncalled capital.

15.2 EXTRACT OF OUR CONSTITUTION

Subject to the receipt of the approvals and fulfilment of the conditions as may be imposed by the relevant authorities as set out in Section 2 of this Prospectus, the following provisions relating to the selected matters are reproduced from our Constitution.

The words and expressions appearing in this section shall bear the same meanings used in our Constitution or the context otherwise requires.

15.2.1 Director's Remuneration

<u>Clause 105(g) – Alternate Director</u>

An Alternate Director shall not be entitled to receive remuneration otherwise than out of the remuneration of the Director appointing him.

<u>Clause 106 – Directors' Remuneration</u>

The Directors shall be paid by way of remuneration for their services, such fees and any other benefits payable to such directors (if any) subject to annual shareholder approval at General Meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, PROVIDED ALWAYS that:

(a) save as provided in Clause 106(a) hereof, an Executive Director shall, subject to the terms and any agreement (if any) entered into any particular case, receive such remuneration as the Directors may determine. All remuneration, other than the fees provided for in Clause 106(a) hereof, payable to the Non-Executive Directors shall be determined by a resolution of the Company in General Meeting;

(b) fees payable to Non-Executive Directors shall be a fixed sum, and not by a commission on or percentage or profits or turnover;

(c) salaries payable to Executive Directors may not include a commission or on percentage of turnover;

(d) fees and any benefits payable to Directors shall be subject to annual shareholder approval at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(e) the fees and / or benefits payable to Non-Executive Directors who are also Director(s) of the subsidiaries include but are not limited to directors' fees, meeting allowances, travelling allowances and benefits, but does not include insurance premium or any issue of securities.

Clause 107 – Reimbursement Expenses

The Directors shall be paid all their travelling and other expenses properly and necessary expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board of Directors' Meeting or any committee meeting of the Directors or General Meeting of the Company.

Clause 108

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board in General Meeting and such remuneration may be either in addition to or in substitution for his or their Share in the remuneration from time to time provided for the Directors. Extra remuneration payable to Non-Executive Director(s) shall not include a commission or percentage of turnover or profits.

Clause 115 – Power to Maintain Pension or Fund

The Directors may establish or arrange any contributory or non-contributory pension superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and to widow, family or dependents of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such persons as aforesaid and make payments for or towards any hospital or scholastic expenses, and make payments for or towards any hospital or any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the provisions of the Act requires, to proper disclosure to the Members and the approval of the Company in General Meeting.

Clause 149 – Managing Director

The remuneration of the Managing Director shall, subject to the terms of any agreement entered into in any particular case may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

15.2.2 Voting and Borrowing powers of Directors

Clause 113 – Directors' borrowing power and issue debentures

The Director may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of any person or persons or of any company, whether or not having powers or engaged or intending to engage in business similar to those of the Company, including (without limitation) any company which is for the time being associated or allied with the Company in business or which is the holding company or a subsidiary (as defined in Section 4 of the Act) or an associated company.

Clause 129 – Chairman to have casting vote

Subject to this Constitution any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where the quorum is made up of only two (2) Directors and only such a quorum is present at the meeting or where only two (2) Directors are competent to vote on the question at issue.

Clause 133 – Restriction on voting

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company.

Clause 134 – Director may vote on the giving of security or indemnity where he is interested

Subject to Clause 133, a Director may vote in respect of:

(a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by a deposit of security.

By Ordinary Resolution of the Company, the provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Clause may be ratified

Clause 135

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all aspects as they may think fit (including the exercise thereof in any favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

15.2.3 Changes in share capital, rights, preferences, restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights and variation of class rights.

Clause E

The share capital of the Company is its issued share capital. The capital of the Company may be increased and the shares in the capital for the time being either forming part of the original capital or of any increase thereof may be divided from time to time into several classes and there may be attached to any of such shares such preferential deferred qualified or special rights privileges or conditions or restrictions as to dividend, capital, voting or otherwise as may be determined upon by or in accordance with this Constitution. The Company shall have power to issue shares at any time and any part of the capital may be issued as fully or partly paid up, and every issue of shares shall (unless the conditions of issue shall otherwise expressly declare) be subject to the foregoing provisions.

Clause 5 – Allotment of Shares and power to issue shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the Act, Listing Requirements and the provisions of this Constitution, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, limited or conditional voting rights and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

(a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;

(b) every issue of shares or options to employees shall be approved by Members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such Directors and/or employees;

(c) except in the case an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements or pursuant to a dividend reinvestment scheme, a Director of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution;

(d) without limiting the generality of Section 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the total number of those shares or securities, when aggregated with the total number of any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company, except where the shares or securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue; and

(e) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

<u>Clause 13 – Pre-emptive rights</u>

Subject to the Listing Requirements and any direction to the contrary that may be given by the Company in a General Meeting, all new Shares or other convertible Securities shall before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares or Securities which by reason of the ratio which the new Shares or Securities bear the Shares or Securities held by persons entitled to an offer of new Shares or Securities cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

<u>Clause 14 – Shares issued for purposes of raising money for the construction works or building</u>

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on the amount of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to share capital as part of the cost of the construction of any works or buildings or the provision of any plant.

Clause 16 – Purchase by Company of its own shares

Subject to the provisions of the Act and the requirements and any rules, regulations and/or guidelines thereunder issued by the Exchange and/or any other relevant authority in respect thereof for the time being in force, the Company shall have the power and may purchase its own Shares and thereafter the Directors may resolve and shall have the fullest power to deal with such purchased shares in accordance with the provisions of the Act and such other relevant laws, regulation and/or guidelines. Any ordinary Shares in the Company so purchased by the Company shall be dealt with in accordance with the provisions of the Act, the requirements and any rules, regulations and guidelines thereunder issued by the Exchange and/or any other relevant authority in respect thereof.

Clause 36 – Transfer of securities

The instrument of transfer of any listed Securities shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed Securities or class of listed Securities of the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 and 110 of the Act, but subject to Subsection 148(2) of the Act and any exemption may be made from compliance with Subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed Securities.

Clause 37

Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' or such other period as may from time to time be specified by the governing authority, prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Clause 38

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No Securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 39

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Clause 40

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities apparently made by a Member or any person entitled to the Securities by reason of death, bankruptcy or insanity of a Member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may as between the transferor Member and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Clause 47 – Modification of class rights

The Company may from time to time by Ordinary Resolution increase the share capital by the creation and issue of new Shares, such new capital to be of such amount to be divided into Shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Clause 49 – Modification of class rights

If at any time, the share capital by reason of the issue of preference shares or otherwise is divided into different classes the repayment of such preferred capital or all or any of the rights and privileges attached to each class may subject to the provisions of the Act be varied modified commuted affected abrogated or dealt with by a written consent representing not less than seventy-five per centum (75%) of the total voting rights of the preference shareholders or by Special Resolution passed by the holders at least seventy-five per centum (75%) of the total voting rights at a separate general meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall equally apply to every such meeting except that the quorum hereof shall be members holding or representing by proxy at least one-third (1/3) of the issued shares of the class. Provided however that in the event of the necessary majority for such a Special Resolution not having been obtained in the manner aforesaid consent in writing may be secured from members holding at least seventy-five per centum (75%) of the total voting rights and such consent if obtained within two (2) months from the date of the separate general meeting shall have the force and validity of a resolution duly carried by a vote in person or by proxy.

Clause 51 – Alteration of Capital

The Company may alter its share capital in any one or more of the following ways by passing an Ordinary Resolution:

(a) to consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided Share is derived;

(b) to convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares;

(c) to subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived;

(d) to increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe; or

(e) to cancel any Shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its Share capital by the amount of the Shares so cancelled.

Clause 52 – Power to reduce capital

Notwithstanding any other authorisation and consent that may be required by the provisions of the Act, the Company may reduce its share capital by:

(a) Special Resolution and confirmation by the High Court in accordance with Section 116 of the Act; or

(b) Special Resolution supported by a solvency statement (if required) in accordance with Section 117 of the Act.

Clause 53 – Share buy-back and financial assistance

Subject always to the provisions of this Constitution, the Act and the Listing Requirements, the Company shall be empowered to purchase its own Shares provided that such power shall be exercised if:

(a) the Company is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the Shares so purchased;

(b) the purchase is made through the stock exchange on which Shares of the Company are quoted and in accordance with the relevant rules of the stock exchange; and

(c) the purchase is made in good faith and in the interests of the Company.

Where the Company has purchased its own Shares, the Directors may, subject to and in accordance with the Act and the Listing Requirements or any other stock exchange upon which the Company's Shares are listed and any other authority:

(a) cancel the Shares so purchased; and/or

(b) retain the Shares so purchase in treasury (the "**Treasury Shares**");

(c) retain part of the Shares and cancel the remainder of the Shares so purchased; and/or

(d) resell to the market.

(The rest of this is page is intentionally left blank)

15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

Subject to Section 15.3 above and Clauses 81 and 84(c) which have been reproduced below from our Constitution, there is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by the constituent documents of our Company:

<u>Clause 81 – Vote of Member of unsound mind</u>

A Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person who properly has the management of his estate, and any such committee or other person may vote by proxy or attorney and any person entitled under this Constitution to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares provided that forty-eight (48) hours at the least before the time of holding the General Meeting or adjourned General Meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such Shares unless the Directors shall have previously admitted his right to vote at such General Meeting in respect thereof.

<u>Clause 84(c) - No Member to vote unless calls paid</u>

Subject to Clauses 58, 59 and 60 above, a Member of the Company shall be entitled to be present and to vote at any General Meeting in respect of any Share or Shares upon which all calls due to the Company have been paid. No person shall be entitled to be present or to vote on any resolution either as a Member or otherwise as a proxy, or attorney, or representative at any General Meeting or demand a poll or be reckoned in the quorum in respect of any Shares upon which calls are due and unpaid.

15.4 EXCHANGE CONTROLS

Save as disclosed below, our Group is not subject to governmental laws, decrees, regulations and/ or other requirements which may affect repatriation of capital and remittance of profit by or to our Group.

15.4.1 Malaysia

The Financial Services Act 2013 and Islamic Financial Services Act 2013 are the principal legislations which govern, amongst others, exchange control in Malaysia. Bank Negara Malaysia ("**BNM**") is the governing authority for foreign exchange administration in Malaysia.

Pursuant to Notice 4 of the current foreign exchange notice ("**FE**") issued by BNM, a resident is allowed to make or receive payment in RM in Malaysia to or from a non-resident for, amongst others, settlement of trade in goods and services.

In relation to payment in foreign currency, Notice 4 of the FE allows a resident to make or receive payment to or from a non-resident for any purposes excluding the transactions listed as follows:

(i) a foreign currency denominated derivative or Islamic derivative offered by a resident unless approved by BNM under Part B of Notice 5 of the FE or approved by BNM in writing;

(ii) a derivative or Islamic derivative which is referenced to RM unless approved by BNM under Part B of Notice 5 of the FE or approved by BNM in writing; and

(iii) an exchange rate offered by a non-resident unless approved by BNM under Notice 1 of the FE or otherwise approved by BNM in writing.

As at the LPD, we comply with the exchange control requirement in relation to our settlement of payments with foreign clients and suppliers. In view of the above, foreign exchange control does not have an impact on the ability of cash and cash equivalents for us by our Group and the remittance of dividends, interest or other payments to our shareholders.

15.4.2 Singapore

The Exchange Control Act was enacted in Singapore in 1953 and is currently in force. It confers powers, and imposes duties and restrictions, in relation to gold, currency, payments, securities, debts, and the movement and settlement of property.

On 25 May 1978, Notice 754 (addressed to banks, merchant banks, insurance companies, etc.) and Notice 1103 (addressed to banks, merchant banks and discount houses) were published by the Monetary Authority of Singapore (MAS). The Notices, both titled "Exchange Control Liberalisation", state that all persons are exempt from the provisions, obligations, etc., stipulated in the various sections of the Exchange Control Act. Thus, no exchange control formalities or approvals are required for all forms of payments or capital transfers by VTSG.

15.5 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not involved in any material litigation or arbitration, whether as plaintiff, defendant or third party, including those relating to bankruptcy, receivership or similar proceedings which may have a material adverse effect on the business or financial position of our Group, and our Directors confirm that there are no legal proceedings, pending or threatened against our Group, or of any fact likely to give rise to any legal proceeding which may materially and adversely affect our business or financial position.

15.6 CONSENTS

The written consents of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretaries, Solicitors, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Statements of Financial Position, and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

15.7 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during normal business hours for a period of 6 months from the date of this Prospectus:

(i) the Constitution of our Company;

(ii) the material contracts as set out in Section 6.7 of this Prospectus;

(iii) the IMR Report prepared by IMR as included in Section 8 of this Prospectus;

(iv) the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position as set out in Section 13 of this Prospectus;

(v) the Accountants' Report as set out in Section 14 of this Prospectus;

(vi) the letters of consent as referred to in Section 15.6 of this Prospectus; and

(vii) the audited financial statements of our Company and Subsidiaries for the Financial Years Under Review.

15.8 RESPONSIBILITY STATEMENTS

(i) Our Directors, Promoters and Offeror have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

(ii) Kenanga IB as the Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

(The rest of this is page is intentionally left blank)

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE, FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD	: 10.00 A.M., [●] 2024
CLOSING OF THE APPLICATION PERIOD	: 5.00 P.M., [●] 2024

Applications for the IPO Shares will open and close at the dates stated above.

In the event of any change to the dates stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATION

16.2.1 Application for Our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by the Malaysian Public:	
(a) Individuals	**WHITE** Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	**WHITE** Application Form only
Applications by the Eligible Persons	**PINK** Application Form only

16.2.2 Application by selected investors via private placement

Types of Application	Application method
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 16 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party** CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST ONE HUNDRED (100) IPO SHARES OR MULTIPLES OF ONE HUNDRED (100) IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES OFFERED TO THE MALAYSIAN PUBLIC USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO THE ISSUING HOUSE. THIS IS TO ENSURE THAT THE ISSUING HOUSE RECEIVES THE IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMISE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

16.3.2 Applications by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

  (a) a Malaysian citizen who is at least eighteen (18) years old as at the date of the application for our IPO Shares; or

(b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of Issuing House; and

(iii) You must submit Applications by using only one (1) of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

16.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in the said document and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, Kenanga IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

16.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is **RM[●]** for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO**. [●] " and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one (1) of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

DELIVER BY HAND AND DEPOSIT in the Drop-in Boxes provided at the front portion of Menara Symphony. No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, so as to arrive not later than [●] on [●] or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Forms to our Issuing House.

16.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only **Malaysian individuals** may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only **Malaysian individuals** may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS–CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND ISSUING HOUSE

The Issuing House on the authority of our Board reserves the right to:

(i) reject Applications which:

- (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
- (b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by Issuing House, by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) our IPO Shares allotted to you will be credited into your CDS account.

(ii) a notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our Issue Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Issue Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. +603-7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at www.mih.com.my, one (1) Market Day after the balloting date.

You may also check the status of your Application at the above website, five (5) Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 16 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

(The rest of this is page is intentionally left blank)