

MINDTELL TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8611

PLACING AND PUBLIC OFFER

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



IMPORTANT

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

MINDTELL TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING AND PUBLIC OFFER

Number of Offer Shares	:	117,000,000 Shares
Number of Placing Shares	:	105,300,000 Shares (subject to re-allocation)
Number of Public Offer Shares	:	11,700,000 Shares (subject to re-allocation)
Offer Price (subject to a Downward Offer Price Adjustment)	:	Not more than HK\$0.88 per Offer Share and expected to be not less than HK\$0.68 per Offer Share (payable in full on application plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund)
		(If the Offer Price is set at 10% below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment, the Offer Price will be HK\$0.61 per Offer Share)
Nominal value	:	HK\$0.01 per Share
Stock code	:	8611

Sole Sponsor



建泉融資有限公司
VBG Capital Limited

Joint Bookrunners and Joint Lead Managers



建泉融資有限公司
VBG Capital Limited



Pacific
Foundation



潮商證券有限公司
ChaoShang Securities Limited

Joint Lead Managers



雅利多證券
ARISTO SECURITIES LIMITED



一盈證券有限公司
I WIN SECURITIES LTD.



首盛資本集團
Alpha Financial Group



BLUEMOUNT
山 星 藍

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

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

The Offer Price is expected to be fixed by agreement between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on Friday, 5 October 2018 and in any event, not later than 12:00 noon on Thursday, 18 October 2018. The Offer Price will be not more than HK\$0.88 per Offer Share and is expected to be not less than HK\$0.68 per Offer Share unless otherwise announced. Applicants for the Offer Shares are required to pay, on application, the maximum Offer Price of HK\$0.88 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK\$0.88 (the maximum Offer Price).

The Joint Bookrunners (for themselves and on behalf of the Underwriters), with the consent of the Company, may reduce the indicative Offer Price range below that as stated in this prospectus (which is HK\$0.68 to HK\$0.88 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of the reduction in the indicative Offer Price range will be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.mindtellttech.com). If, for whatsoever reason, our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are unable to reach an agreement at or prior to 12:00 noon on Thursday, 18 October 2018, the Share Offer will not become unconditional and will lapse immediately.

Prospective investors should note the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe, and to procure subscribers for, the Public Offer Shares are subject to termination by the Joint Bookrunners (for themselves and on behalf of the Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including, without limitation, the risk factors set out in the section headed "Risk Factors" of this prospectus.

CHARACTERISTICS OF GEM

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

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

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazette newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

2018⁽¹⁾

Latest time to complete electronic applications under the HK eIPO White Form service through the designated website at www.hkeipo.hk ⁽²⁾	11:30 a.m. on Friday, 5 October
Application lists of the Public Offer open ⁽³⁾	11:45 a.m. on Friday, 5 October
Latest time to lodge WHITE and YELLOW Application Forms and to give electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Friday, 5 October
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 5 October
Application lists of the Public Offer close ⁽³⁾	12:00 noon on Friday, 5 October
Expected Price Determination Date ⁽⁵⁾	at or before 5:00 p.m. on Friday, 5 October
Where applicable, announcement of the Offer Price being set below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment (see the section headed “Structure and Conditions of the Share Offer – Price Payable on Application”) on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.mindtelltech.com	at or before 5:00 p.m. on Friday, 5 October
(1) Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer, the basis of allocation of the Public Offer Shares to be published (a) on the website of our Company at www.mindtelltech.com and (b) on the website of the Stock Exchange at www.hkexnews.hk on or before	Friday, 19 October
(2) Results of allocations in the Public Offer (with successful applicants’ identification document numbers, where applicable) to be available through a variety of channels as described in the section headed “How to apply for the Public Offer Shares — 11. Publication of results” in this prospectus	Friday, 19 October
(3) Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a “search by ID number/Business Registration Number” function from	Friday, 19 October
Despatch/Collection of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before ^{(6) (7)}	Friday, 19 October
Despatch/Collection of HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly successful applications if the final Offer Price is less than the price payment on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before ^{(7) (8)}	Friday, 19 October
Dealings in Shares on GEM to commence at 9:00 a.m. on	Monday, 22 October

EXPECTED TIMETABLE

Notes:

1. In this prospectus, unless otherwise stated, all times and dates refer to Hong Kong local times and dates.
2. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 5 October 2018, the application lists will not open on that day. For further information please refer to the section headed “How to apply for the Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
4. Applicants who apply by giving electronic application instructions to HKSCC should refer to the section headed “How to Apply for the Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
5. If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or prior to 12:00 noon on Thursday, 18 October 2018, the Share Offer will not proceed and will lapse.
6. Share certificates for the Offer Shares are expected to be issued on or before Friday, 19 October 2018 but will only become valid certificates of title provided that the Share Offer becomes unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.
7. Applicants who have applied on **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares under the Public Offer may collect their refund cheques and share certificates (as applicable) in person from our Hong Kong branch share registrar, Tricor Investor Services Limited from 9:00 a.m. to 1:00 p.m. on Friday, 19 October 2018. Applicants being individuals who are eligible for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to our Hong Kong branch share registrar.

Applicants who apply with **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer may collect their refund cheques (where relevant) in person but may not collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post and at the own risk of the applicants shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the section headed “How to apply for the Public Offer Shares — 14. Despatch/Collection of share certificates and refund monies” in this prospectus.
8. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the price per Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

EXPECTED TIMETABLE

Investors may obtain a printed copy of this prospectus, free of charge, during normal business hours from any of the designated branches of the receiving banks and the designated offices of the Sole Sponsor as set out in “How to apply for the Public Offer Shares”. An electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of our Company at www.mindtellttech.com and the Stock Exchange at www.hkexnews.hk under the section headed “HKExnews > Listed Company Information > Latest Listed Company Information”.

Distribution of this prospectus into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

For details of the structure of the Share Offer, including the conditions of the Share Offer, and the procedures for application for the Public Offer Shares, you should read “Structure and Conditions of the Share Offer” and “How to apply for the Public Offer Shares”, respectively.

If the Public Offer does not become unconditional or is terminated in accordance with its terms, the Public Offer will not proceed. In such case, our Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO INVESTORS

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

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained or made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of their respective directors or affiliates or any other person or party involved in the Share Offer. The contents of our website www.mindtellttech.com does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in our Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined or explained in the section headed "Definitions" in this prospectus.

OVERVIEW AND BUSINESS MODEL

Established in 2006, we are an IT service provider based in Malaysia, specialising in design, procurement, installation, and maintenance of customised system applications for corporate customers. Our services are mainly categorised as:

- (i) System integration and development — development and customisation of corporate IT system applications on project basis, either in the capacity as a main contractor or as a subcontractor, the fees of which are charged on project basis;
- (ii) IT outsourcing — performance of specific tasks of development and customisation of corporate IT system applications which are within our expertise under the supervision of customers, the fees of which are in general charged on man-day or monthly basis; and
- (iii) Maintenance and consultancy — maintenance and support of the developed IT system applications.

We provide services to banks and financial institutions, government and statutory bodies, education institutions, IT services firms, software principals and other small and medium enterprises.

Our system integration and development services is our major business segment. For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, the revenue derived from:

- (a) our system integration and development services represented approximately 64.1%, 89.0% and 89.4% of our total revenue during the same period respectively; and
- (b) our IT outsourcing services and maintenance and consultancy services in aggregate represented approximately 35.9%, 11.0% and 10.6% of our total revenue during the same period respectively.

We provide our system integration and development services mainly through customisation of our own developed products, which are NS3 and CUSTPRO. NS3 is a data conversion platform designed for the integration of third-party software and hardware to fulfil the needs of various customers. NS3 is first designed and created by our Group to be used in the central bank of Malaysia in 2012 and subsequently has been used by various major banks and financial institutions in Malaysia mainly as a financial and regulatory compliance solution. CUSTPRO is an enterprise portal product providing corporations with web based solution to manage their customer profiles and perform the sales of products and services by analyzing data of their customers' purchasing histories.

SUMMARY

Our Group captured 0.3%, 0.3%, and 0.03% shares in terms of revenues in 2016 for the IT system integration services market, the IT system maintenance and consultancy services market, and the IT outsourcing services market respectively. In 2017, the respective market shares of our Group are approximately 1.0%, 0.2%, and 0.04%. Because of Project W, our growth rate out-grow the system and development segment of the IT industry in Malaysia, and thus the Group was able to increase our market share from 0.3% in 2016 to 1.0% in 2017.

During the Track Record Period, approximately 99.4% of our revenue was derived in Malaysia and our remaining revenue was derived in Singapore.

The breakdown of our revenue by business segments during the years/periods indicated is as follows:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	<i>(Unaudited)</i>							
System integration and development services								
Services provided	5,789		23,171		5,029		12,631	
Sales of externally acquired/ purchased hardware and software	3,180		11,463		209		—	
	<u>8,969</u>	64.1	<u>34,634</u>	89.0	<u>5,238</u>	83.0	<u>12,631</u>	89.4
IT outsourcing services	1,299	9.3	1,451	3.7	483	7.7	642	4.5
Maintenance and consultancy services	<u>3,718</u>	26.6	<u>2,844</u>	7.3	<u>586</u>	9.3	<u>863</u>	6.1
	<u><u>13,986</u></u>	<u>100.0</u>	<u><u>38,929</u></u>	<u>100.0</u>	<u><u>6,307</u></u>	<u>100.0</u>	<u><u>14,136</u></u>	<u>100.0</u>

During the Track Record Period, we have completed 28 system integration and development projects.

SUMMARY

The following table sets out the breakdown of our revenue by completed and on-going system integration and development projects for the years/periods indicated:

	Year ended 30 November						Four months ended 31 March					
	2016			2017			2017			2018		
	Number of projects	Outstanding		Number of projects	Outstanding		Number of projects	Outstanding		Number of projects	Outstanding	
Project amount RM'000		project amount RM'000	Project amount RM'000		project amount RM'000	Project amount RM'000		project amount RM'000	Project amount RM'000		project amount RM'000	
Opening on-going projects	7	4,011	1,635	11	12,520	4,910	11	12,520	4,910	8	78,448	48,921
New projects awarded	14	12,175	4,243	10	78,645	48,750	5	75,910	72,059	5	1,701	316
Projects completed	(10)	(3,666)	—	(13)	(12,717)	—	(3)	(2,158)	—	(5)	(1,110)	—
On-going projects	—	—	(968)	—	—	(4,739)	—	—	(1,379)	—	—	(11,247)
Closing on-going projects	11	12,520	4,910	8	78,448	48,921	13	86,272	75,590	8	79,039	37,990

During the Track Record Period, there was no dispute between our Group and its main contractor and/or end customers and our Group was not subject to any penalties.

Our revenue and profit increased significantly during the year ended 30 November 2017 and the four months ended 31 March 2018 as compared with the year ended 30 November 2016 and four months ended 31 March 2017 respectively, due to Project W.

RELIANCE ON PROJECT W

Project W involves the implementation of a system providing portal services that allow members of a social security organization in Malaysia to perform application, contribution, claim and other related activities. Our Group serves as a subcontractor for Customer D, which is a Malaysian company in the information and communication industry. The end customer in the Project W is a Malaysian social security organization.

The project sum of Project W is approximately RM71.8 million and the project is expected to complete in July 2020. There is no explicit termination clause under the contractual arrangement of Project W. The circumstances which the parties shall be entitled to terminate the Project W shall be governed by the applicable laws, which includes material breach of the contracts or refusal to perform the contracts.

The revenue recognised by Project W since December 2016 represented approximately 68.0% and 66.1% of our total revenue for the year ended 30 November 2017 and the four months ended 31 March 2018 respectively.

For the year ended 30 November 2017, Project W contributed approximately 56.9% of the gross profit of our Group and approximately 66.0% of our gross profit derived from the system integration and development segment. For the same year, the gross profit margin attributable to the Project W was approximately 46.4%.

SUMMARY

For the four months ended 31 March 2018, Project W contributed approximately 60.7% of the gross profit of our Group and approximately 69.7% of our gross profit derived from the system integration and development segment. For the same period, the gross profit margin attributable to the Project W was approximately 49.8%.

For each of the eight months ending 30 November 2018 and the year ending 30 November 2019, Project W is expected to generate revenues of approximately RM18.1 million and RM10.7 million respectively, which shows that we will reduce our reliance on Project W.

Our Group's financial results may deteriorate (i) if Project W is terminated before completion or (ii) after the completion of Project W if we are not able to secure new sizable projects that can bring us similar amount of revenue and gross profit.

By pursuing our business strategies and implementing our expansion plan, our Group expects to reduce our reliance on Project W going forward by (i) diversifying our product offering with cloud storage and cloud computing services, which will complement our system integration and development segment; (ii) leveraging on the business networks of the Pre-IPO Investors, our Group will collaborate with potential PRC technology company and develop a new mobile payment product and become a major IT solution provider to the DFTZ; and (iii) hiring more marketing staffs and IT professionals in order to develop our successful products such as Square Intelligence and increase the market share.

OUR COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES

Our Directors believe that the following competitive strengths of our Group have contributed to our success to date:

- We offer comprehensive IT solutions and services to cater for customers' need
- We have our own developed IT products
- We have extensive experiences and expertise in IT services projects in Malaysia where there is a trend of increasing demand
- We have an experienced management team
- We have abundant, highly skilled, and local human capital
- We have strong relationships with major partners
- We have proven track record and well-known brand name

SUMMARY

To serve our customers and grow our business, we aggressively pursue the following business strategies:

- We pursue to be a major IT solution provider to the Digital Free Trade Zone
- We pursue to capture new growth opportunities through our successful product, Square Intelligence
- Leveraging on the business networks of the Pre-IPO Investors to introduce IT products in the PRC into Malaysia
- Diversifying our service offerings to our customers

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present the summary combined financial information of our Group. Figures in Hong Kong dollars are converted from figures in Malaysian Ringgit and are for reference only.

Highlight of combined statements of comprehensive income

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	HK\$'000 equivalent	RM'000	HK\$'000 equivalent	RM'000 (Unaudited)	HK\$'000 equivalent (Unaudited)	RM'000	HK\$'000 equivalent
Revenue	13,986	26,896	38,929	74,863	6,307	12,129	14,136	27,185
Gross profit	10,389	19,979	21,585	41,510	3,974	7,642	7,666	14,742
Profit before income tax	8,448	16,246	16,604	31,931	3,063	5,890	4,223	8,121
Profit and total comprehensive income for the year/period	8,393	16,140	16,533	31,794	3,032	5,831	3,192	6,138

Highlight of combined statements of financial positions

	As at 30 November				As at 31 March		
	2016		2017		2018		
	RM'000	HK\$'000 equivalent	RM'000	HK\$'000 equivalent	RM'000	HK\$'000 equivalent	
Non-current assets	3,551	6,829	2,119	4,075	1,925	3,702	
Current assets	9,296	17,877	23,789	45,748	33,734	64,873	
Current liabilities	4,913	9,448	21,861	42,040	24,717	47,533	
Net current assets	4,383	8,429	1,928	3,708	9,017	17,340	
Non-current liabilities	163	313	136	262	129	248	
Net assets	7,771	14,944	3,911	7,521	10,813	20,794	

SUMMARY

We derive our revenue mainly from system integration and development services, representing approximately 64.1%, 89.0% and 89.4% of our total revenue for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. System integration and development services mainly involve development and customisation of corporate IT system applications. Our revenue from system integration and development services increased by approximately RM25.7 million or approximately 286.2% from approximately RM9.0 million for the year ended 30 November 2016 to approximately RM34.6 million for the year ended 30 November 2017. Such an increase in our revenue was mainly attributable to the increase in revenue received from Customer D as a result of Project W. Our revenue from system integration and development services increased by approximately RM7.4 million or approximately 141.1% from approximately RM5.2 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM12.6 million for the four months ended 31 March 2018. Such an increase in our revenue was mainly attributable to the increase in revenue received from Customer D as a result of Project W. The gross profit and net profit of our group also increased accordingly.

A significant portion of our revenue was derived from a small number of customers during the Track Record Period. Our five largest customers' revenue contribution for each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 accounted for approximately 85.1%, 91.4% and 91.4% of our revenue of the same period, respectively. For the same period, our largest customer accounted for approximately 26.7%, 68.0% and 66.1% of our revenue, respectively. Our service contracts are on a project-by-project basis.

During the Track Record Period, all our contracts are secured through closed tenders. Either we are approached by potential customers through business connections and referrals and past working relationships for fee quotation, or we may receive RFP from our potential customers if our Group is on their internal approved list of vendors. Our tender success rates for each of the years ended 30 November 2016 and 2017 and four months ended 31 March 2018 are 61.0%, 66.7% and 81.0% respectively. Our Group did not submit any open tenders during the Track Record Period.

Tender Success Rate

The table below sets out the approximate number of closed tenders submitted by, and contracts awarded to, our Group for the years/period indicated:

	Year ended 30 November		Four months ended 31 March
	2016	2017	2018
Number of tenders submitted	41	27	21
Number of contracts awarded (<i>Note 1</i>)	25	18	17
Success rate (<i>Note 2</i>)	61.0%	66.7%	81.0%

Notes:

1. Number of contracts awarded during a relevant financial year/period refers to the contracts awarded during the relevant financial year/period, regardless of whether the tenders were submitted during the relevant financial year/period.
2. Tender success rate is calculated as the number of contracts awarded in respect of the tenders submitted during a financial year/period, divided by the number of tenders submitted during the respective financial year/period.

SUMMARY

During the Track Record Period, approximately 99.4% of our revenue was derived in Malaysia and our remaining revenue was derived in Singapore. Our revenue derived in Malaysia increased significantly by approximately 183.5% from approximately RM13.7 million for the year ended 30 November 2016 to approximately RM38.9 million for the year ended 30 November 2017, and increased by approximately 123.6% from approximately RM6.3 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM14.1 million for the four months ended 31 March 2018.

Our capacity

We either act as a main contractor or as a subcontractor to provide system integration and development services to our customers and end customers.

Regardless of whether we act as a main contractor or as a subcontractor, we provide our system integration and development services on project basis with fixed price and scope. We render our service based on the scope and planned timeline of the project and if there is any change in the scope, a change request would occur. For outsourcing service as discussed in the paragraph headed “Provision of IT outsourcing services” in this section of the prospectus, our fees are purely charged on the basis of time expended. We only perform certain specific tasks of development and customisation of corporate IT system application which are within our expertise under the supervision of our main contractors and we usually charge our main contractors on man-day or on monthly basis.

The table below sets out the revenue breakdown in our capacity as a main contractor and a subcontractor during the Track Record Period:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
					<i>(Unaudited)</i>			
Main contractor	4,533	50.5	3,861	11.1	648	12.4	561	4.4
Subcontractor	4,436	49.5	30,773	88.9	4,590	87.6	12,070	95.6
	<u>8,969</u>	<u>100.0</u>	<u>34,634</u>	<u>100.0</u>	<u>5,238</u>	<u>100.0</u>	<u>12,631</u>	<u>100.0</u>

The table below sets out the gross profit margins attributable to the Group's role as a main contractor and a sub-contractor for its projects during the Track Record Period:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	Gross profit margin RM'000	%	Gross profit margin RM'000	%	Gross profit margin RM'000	%	Gross profit margin RM'000	%
					<i>(Unaudited)</i>			
Main contractor	3,249	71.7	2,808	72.7	176	27.2	335	59.7
Subcontractor	3,517	79.3	15,791	51.3	2,985	65.0	6,333	52.5
	<u>6,766</u>	<u>75.4</u>	<u>18,599</u>	<u>53.7</u>	<u>3,161</u>	<u>60.3</u>	<u>6,668</u>	<u>52.8</u>

SUMMARY

Our suppliers mainly are suppliers of IT infrastructures, that include but not limited to software, hardware and cloud computing services and servers, and IT professional service providers.

Our total costs of services and materials sold increased by approximately RM13.7 million or 382.2% from approximately RM3.6 million for the year ended 30 November 2016 to approximately RM17.3 million for the year ended 30 November 2017 and increased by approximately RM4.1 million or 177.3% from approximately RM2.3 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM6.5 million for the four months ended 31 March 2018. Such an increase was mainly attributable to the increase in costs of materials sold, outsourced services and staff costs incurred in the Project W.

Highlight of cost of services and materials sold

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	<i>(Unaudited)</i>							
System integration and development services								
Cost of materials sold	941	26.2	8,254	47.6	178	7.6	—	—
Outsourced services	183	5.1	4,779	27.5	1,306	56.0	4,501	69.6
Staff costs	1,079	30.0	3,002	17.3	593	25.4	1,462	22.6
	<u>2,203</u>	<u>61.3</u>	<u>16,035</u>	<u>92.4</u>	<u>2,077</u>	<u>89.0</u>	<u>5,963</u>	<u>92.2</u>
IT outsourcing services								
Cost of materials sold	—	—	—	—	—	—	—	—
Outsourced services	—	—	—	—	—	—	—	—
Staff costs	434	12.1	387	2.3	133	5.7	175	2.7
	<u>434</u>	<u>12.1</u>	<u>387</u>	<u>2.3</u>	<u>133</u>	<u>5.7</u>	<u>175</u>	<u>2.7</u>
Maintenance and consultancy services								
Cost of materials sold	—	—	—	—	—	—	—	—
Outsourced services	740	20.5	451	2.6	5	0.2	235	3.6
Staff costs	220	6.1	471	2.7	118	5.1	97	1.5
	<u>960</u>	<u>26.6</u>	<u>922</u>	<u>5.3</u>	<u>123</u>	<u>5.3</u>	<u>332</u>	<u>5.1</u>
Total	<u><u>3,597</u></u>	<u><u>100.0</u></u>	<u><u>17,344</u></u>	<u><u>100.0</u></u>	<u><u>2,333</u></u>	<u><u>100.0</u></u>	<u><u>6,470</u></u>	<u><u>100.0</u></u>

As seen from the above table, during the two years ended 30 November 2017 and the four months ended 31 March 2018, system integration and development services is the business segment for which our Group incurred most cost of services and materials sold in.

SUMMARY

Our gross profit was approximately RM10.4 million, RM21.6 million and RM7.7 million for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. Our gross profit margin decreased from approximately 74.3% for the year ended 30 November 2016 to approximately 55.4% for the year ended 30 November 2017. Our gross profit margin decreased from approximately 63.0% (*unaudited*) for the four months ended 31 March 2017 to approximately 54.2% for the four months ended 31 March 2018. Such a decrease was due to the decreased gross profit margin for system integration and development services and maintenance and consultancy services segments. The relatively low profit margin of procuring software and hardware in the Project W had a downward effect on the gross profit margin of system integration and development services.

Gross profit and gross profit margin

The table below sets out the breakdown of our gross profits and gross profit margins derived from the following service segments for the years/periods indicated:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	(<i>Unaudited</i>)(<i>Unaudited</i>)							
System integration and development services								
Service provided	4,527	78.2	15,390	66.4	3,130	62.2	6,668	52.8
Sales of externally acquired/purchased hardware and software	2,239	70.4	3,209	28.0	31	14.8	—	—
	6,766	75.4	18,599	53.7	3,161	60.3	6,668	52.8
IT outsourcing services	865	66.6	1,064	73.3	350	72.5	467	72.7
Maintenance and consultancy services	2,758	74.2	1,922	67.6	463	79.0	531	61.5
Total	10,389	74.3	21,585	55.4	3,974	63.0	7,666	54.2

Our net profit was approximately RM8.4 million, RM16.5 million and RM3.2 million for each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. Our net profit margin decreased from approximately 60.0% for the year ended 30 November 2016 to approximately 42.5% for the year ended 30 November 2017. Our net profit margin decreased from approximately 48.1% (*unaudited*) for the four months ended 31 March 2017 to approximately 22.6% for the four months ended 31 March 2018.

Please refer to the section headed “Financial Information — Period to Period Comparison of Results of Operations” in this prospectus for details.

SUMMARY

Highlight of combined statements of cash flow

The following table presents the summary combined statements of cash flow of our Group. Figures in Hong Kong dollars are converted from figures in Malaysian Ringgit and are for reference only.

	Year ended 30 November		Year ended 30 November		Four months ended 31 March	
	2016	2016	2017	2017	2018	2018
	RM'000	HK\$'000 equivalent	RM'000	HK\$'000 equivalent	RM'000	HK\$'000 equivalent
Cash flow from operations before movements in working capital	8,963	17,237	17,472	33,600	4,483	8,621
Net cash from operating activities	5,739	11,037	29,548	56,823	5,306	10,204
Net cash used in investing activities	(747)	(1,437)	(330)	(635)	(8,049)	(15,479)
Net cash (used in) from financing activities	(6,362)	(12,235)	(26,740)	(51,423)	2,764	5,315
Net change in cash and cash equivalents	(1,370)	(2,635)	2,478	4,765	21	40
Cash and cash equivalents at beginning of the reporting period	1,669	3,210	299	575	2,777	5,340
Cash and cash equivalents at end of the reporting period, represented by bank balances and cash	299	575	2,777	5,340	2,798	5,380

For the year ended 30 November 2016, we had a net cash generated from operating activities of approximately RM5.7 million, primarily contributed by the operating cash flow before movements in working capital of approximately RM9.0 million and partially offset by the net negative changes in working capital of approximately RM3.2 million and income tax paid of approximately RM11,000. The net negative change in working capital was primarily attributable to the effect arising from the decreases in gross amounts due from contract customers, restricted bank balances and trade and other payables and increases in trade and other receivables and gross amounts due to contract customers.

For the year ended 30 November 2017, we had a net cash generated from operating activities of approximately RM29.5 million, primarily contributed by the operating cash flow before movements in working capital of approximately RM17.5 million and partially offset by the net positive changes in working capital of approximately RM12.1 million and income tax paid of approximately RM70,000. The net positive change in working capital was primarily attributable to the effect arising from the increases in gross amounts due from contract customers, trade and other payables and gross amounts due to contract customers and decreases in trade and other receivables and restricted bank balances, caused by the increase in trade receivables in the year ended 30 November 2017 in line with increase in revenue in the year ended 30 November 2017, and significantly increase in gross amounts due to contract customers.

SUMMARY

For the four months ended 31 March 2018, we had a net cash generated from operating activities of approximately RM5.3 million, primarily contributed by the operating cash flow before movement in working capital of approximately RM4.5 million and partially offset by net positive changes in working capital of approximately RM829,000. The net positive change in working capital was primarily attributable to the effect arising from decreases in trade and other receivables and gross amount due from customers.

For the four months ended 31 March 2018, we had a net cash used in investing activities of approximately RM8.0 million mainly attributable to increase in time deposits with original maturity over three months of approximately RM8.0 million.

Please refer to the section headed “Financial Information – Liquidity and capital resources” in this prospectus for details.

Key financial ratios

The following table presents the key financial ratios of our Group.

	Year ended 30 November		Four months ended 31 March
	2016	2017	2018
Return on equity (%)	108.0	422.7	29.5
Return on total assets (%)	65.3	63.8	9.0
Interest coverage ratio (<i>times</i>)	151.9	339.9	249.4
			As at 31 March
	As at 30 November		2018
	2016	2017	
Gearing ratio (%)	14.8	27.6	9.8
Net debt to equity ratio (%)	10.9	Net cash	Net cash
Current ratio (<i>times</i>)	1.9	1.1	1.4
Quick ratio (<i>times</i>)	1.9	1.1	1.4

Our return on equity increased from approximately 108.0% for the year ended 30 November 2016 to approximately 422.7% for the year ended 30 November 2017, which was primarily due to the increase in payment of dividend by approximately RM14.6 million or 249.8% from approximately RM5.8 million for the year ended 30 November 2016 to approximately RM20.4 million for the year ended 30 November 2017. Return on equity was 29.5% for the four months ended 31 March 2018, which was a decrease as compared to the ratio for the year ended 30 November 2017. Such a decrease was primarily due to the increase in capital contribution made by the Pre-IPO Investors of approximately RM3.7 million, leading to an increase in equity, and thus a decrease in return on equity for this period.

For more details, please refer to the section headed “Financial Information – Key financial ratios” in this prospectus.

SUMMARY

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

As at 31 March 2018, our Group has a total number of eight on-going projects for our system integration and development services segment, of which the revenue expected to be recognised for the eight months ending 30 November 2018 and the year ending 30 November 2019 is approximately RM19.5 million and RM10.7 million respectively. For details of the backlog of the Group's projects, please refer to section headed "Business – Summary of our major projects" in this prospectus.

On 14 September 2018, a special dividend of approximately RM14.0 million was declared and, paid on 26 September 2018, to the then equity holders of the entities now comprising our Group, namely Mr. Chong and Mr. Siah, as to approximately RM7.0 million and RM7.0 million respectively.

Our Directors would like to emphasise that the estimated listing expenses of approximately RM11.2 million (equivalent to approximately HK\$21.5 million) as referred to in the sub-section headed "Listing Expenses" below are the current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 30 November 2018 would be materially and adversely affected by the estimated listing expenses.

Our Directors confirmed that, since 31 March 2018 and up to the date of this prospectus, save as disclosed above, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

SHAREHOLDERS' INFORMATION

Immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), the issued share capital of our Company will be owned as to 25.2%, 25.2%, 9.8% and 9.8% by Delicate Edge, King Nordic, Mr. Lam and Mr. Liu, respectively, where Delicate Edge and King Nordic are in turn owned by Mr. Chong and Mr. Siah, respectively. Mr. Lam and Mr. Liu are the Pre-IPO Investors.

Over the course of our business history, Mr. Chong and Mr. Siah have been acting as a group of Shareholders. Accordingly, Delicate Edge, King Nordic, Mr. Chong and Mr. Siah will be entitled to control approximately 50.4% of our entire issued share capital immediately upon the completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), and will be regarded as Controlling Shareholders of our Company upon Listing for the purpose of the GEM Listing Rules.

For further details, please refer to the section headed "Substantial Shareholders" in this prospectus.

SUMMARY

PRE-IPO INVESTMENTS

On 16 October 2017, Excel Elite, Mr. Chong, Mr. Siah and the Pre-IPO Investors (namely, Mr. Liu and Mr. Lam) entered into a subscription agreement, pursuant to which each of the Pre-IPO Investors subscribed for 1,945 shares in the share capital of Excel Elite at a subscription price of HK\$3,500,000, which subscription price was determined and mutually agreed by the parties and was based on a price-earning ratio of 1.38 with reference to the combined net profit of our Group for the year ended 30 November 2016.

After the issue and allotment of a total of 3,890 shares on 14 December 2017, each of the Pre-IPO Investors held approximately 14.0% of the issued share capital of Excel Elite. Immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), each of Mr. Liu and Mr. Lam will hold approximately 9.8% of the issued share capital of our Company. The effective cost per Share (taking into account of the Capitalisation Issue) is approximately HK\$0.09, representing a discount of approximately 88.5% to the mid-point of the range of the Offer Price. Each of Mr. Liu and Mr. Lam has undertaken to our Company, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that he will not, among others, sell or otherwise transfer or dispose of any Shares for a period of 24 months after the Listing Date. For further details on the Pre-IPO Investment, please refer to the section headed “History, Development and Reorganisation – Reorganisation – 2. Subscription of new shares in Excel Elite by the Pre-IPO Investors”.

Subsequent to the completion of the Pre-IPO Investment on 14 December 2017, Mr. Liu was appointed as an executive Director and Mr. Lam was appointed as a non-executive Director on 8 March 2018. Please refer to the section headed “Directors and Senior Management – Directors” for the biographical details of Mr. Liu and Mr. Lam.

OFFER STATISTICS

	Based on the Offer Price of HK\$0.88 per Offer Share	Based on the Offer Price of HK\$0.68 per Offer Share	Based on the Offer Price of HK\$0.61 per Offer Share, after Downward Offer Price Adjustment of 10%
Market capitalization of our Company (<i>Note 1</i>)	HK\$343.2 million	HK\$265.2 million	HK\$237.9 million
Unaudited pro forma adjusted combined net tangible assets attributable to equity owners of the Company per Share (<i>Note 2</i>)	HK\$0.28	HK\$0.22	HK\$0.20

Notes:

1. The calculation of market capitalization is based on 390,000,000 Shares expected to be in issue immediately upon completion of the Share Offer and the Capitalisation Issue.
2. The unaudited pro forma adjusted combined net tangible assets attributable to equity owners of our Company per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this prospectus for further details.

SUMMARY

DIVIDEND

During the Track Record Period, we declared dividends of approximately RM5.8 million for the year ended 30 November 2016, approximately RM20.4 million for the year ended 30 November 2017, and nil for the four months ended 31 March 2018.

On 14 September 2018, a special dividend of approximately RM14.0 million was declared and, paid on 26 September 2018, to the then equity holders of the entities now comprising our Group, namely Mr. Chong and Mr. Siah, as to approximately RM7.0 million and RM7.0 million respectively.

Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Our Group does not have a pre-determined dividend payout ratio. Our Group currently does not have any specific dividend policy.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to be received by us from the Share Offer, after deducting related underwriting fees and estimated expenses payable by us in connection with the Share Offer, based on the Offer Price of HK\$0.78 per Share, will be approximately RM33.9 million (equivalent to approximately HK\$65.0 million). Our Directors currently intend that the net proceeds will be applied as follows:

Amount	Percentage of net proceeds	Purposes
Approximately RM20.3 million (equivalent to approximately HK\$39.0 million)	60%	Purchase of hardware and equipment for establishment of IT infrastructure for the provision of cloud storage and cloud computing services
Approximately RM6.8 million (equivalent to approximately HK\$13.0 million)	20%	Research and development of advanced and adapted versions of our Group's existing IT products
Approximately RM3.4 million (equivalent to approximately HK\$6.5 million)	10%	Strengthening our staff team by recruiting more marketing staff and IT professionals
Approximately RM3.4 million (equivalent to approximately HK\$6.5 million)	10%	General working capital

For further details and timing on the use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds".

SUMMARY

RISK FACTORS

There are risks associated with our business and investment in the Placing and Public Offer. These risks include, (i) the project-based nature of our main business, which causes uncertainties in our future revenue streams, (ii) our reliance on our top five customers, which accounted for over 85.1% of our total revenue during the Track Record Period, (iii) the possibility of cost overruns or delays in our system integration and development projects, (iv) our reliance on the market in Malaysia, (v) our potential failure to anticipate and keep pace with our customer's business and industry, (vi) our heavy reliance on our key executives, etc. For more details, please refer to the section headed "Risk Factors" of this prospectus.

LISTING EXPENSES

All incremental costs that are directly attributable to the issue of new shares are recognised and directly deducted from equity while any expenses attributable to listing of existing Shares are charged to the statement of profit or loss in the period in which the expenses are incurred. The total expenses for the Listing are estimated to be approximately RM11.2 million (equivalent to approximately HK\$21.5 million) (based on the Offer Price of HK\$0.78, being the mid-point of the indicative Share Offer Price range of HK\$0.68 to HK\$0.88 per Offer Share), of which approximately RM3.7 million (equivalent to approximately HK\$7.1 million) is directly attributable to the issue of new Shares in the Share Offer and to be accounted for as a deduction from equity and approximately RM7.5 million (equivalent to approximately HK\$14.4 million) is to be charged to profit or loss for the year ending 30 November 2018.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.

“Accountants’ Report”	the accountants’ report of the Group set out in Appendix I to this prospectus
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), individually or collectively, as the context may require
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 19 September 2018 with effect from the Listing Date and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“ASEAN”	Association of Southeast Asian Nations
“ASEAN Countries”	those member countries which belong to ASEAN, including Malaysia, Singapore, Thailand, Indonesia, Vietnam, etc.
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“BOG”	MSC Malaysia Bill of Guarantees
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the allotment and issue of 272,990,000 Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “Written resolutions of our Shareholders passed on 19 September 2018” in the section headed “Further information about our Company” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person permitted to participate in CCASS as a direct clearing participant or general clearing participant

DEFINITIONS

“CCASS Custodian Participant”	a person permitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participants”	collectively, a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant and “CCASS Participant” shall be construed accordingly
“China” or “PRC”	the People’s Republic of China, and for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of China and Taiwan
“CIC”	China Insights Consultancy Limited, the industry consultant in connection with the Listing
“CIC Report”	the report entitled “Industry report on the IT services market in Malaysia” issued by CIC
“close associate”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Law”	the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, modified and supplemented from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Company”	Mindtell Technology Limited, a company incorporated in the Cayman Islands with limited liability on 27 February 2018 under the Companies Law
“Concorde”	Concorde Technology Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 23 March 2011 and an indirect wholly-owned subsidiary of our Company
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and in the case of our Company, being Delicate Edge, King Nordic, Mr. Chong and Mr. Siah, or any one of them
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 19 September 2018 executed by Mr. Chong, Mr. Siah, Delicate Edge and King Nordic in favour of our Company (for ourselves and as trustee for our subsidiaries) in respect of certain indemnities as more particularly set out in the paragraph headed “E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 19 September 2018 executed by Mr. Chong, Mr. Siah, Delicate Edge and King Nordic in favour of our Company (for ourselves and as trustee for our subsidiaries) regarding the non-competition undertakings as more particularly set out in the paragraph headed “Relationship with Controlling Shareholders — Deed of Non-competition” in this prospectus
“Delicate Edge”	Delicate Edge Limited, a Controlling Shareholder, which is a company incorporated in the BVI with limited liability on 13 February 2018 and wholly-owned by Mr. Chong
“DFTZ”	Digital Free Trade Zone
“Director(s)”	the director(s) of our Company
“Downward Offer Price Adjustment”	an adjustment that was the effect of setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range
“EPF”	Employment Provident Fund
“Excel Elite”	Excel Elite Global Limited, a company incorporated in BVI with limited liability on 28 June 2017 and a direct wholly-owned subsidiary of our Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended, supplemented and/or otherwise modified from time to time)

DEFINITIONS

“GOME”	GOME Electrical Appliances Holding Limited (now known as GOME Retail Holdings Limited), a listed company on the Main Board of the Stock Exchange (Stock code: 0493)
“GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider
“Group”, “we” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or (as the case may be) its predecessor
“ HK eIPO White Form ”	the application of the Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/ are not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive or substantial Shareholders (within the meaning of the GEM Listing Rules) or our Company, its subsidiaries or any of their respective associates
“IFRSs”	International Financial Reporting Standards
“Joint Bookrunners”	VBG Capital Limited, Pacific Foundation Securities Limited and ChaoShang Securities Limited

DEFINITIONS

“Joint Lead Managers”	VBG Capital Limited, Pacific Foundation Securities Limited, ChaoShang Securities Limited, Aristo Securities Limited, I Win Securities Limited, Alpha Financial Group Limited and Bluemount Securities Limited
“King Nordic”	King Nordic Limited, a Controlling Shareholder, which is a company incorporated in the BVI with limited liability on 8 March 2018 and wholly-owned by Mr. Siah
“Latest Practicable Date”	21 September 2018, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in the prospectus
“Listing”	listing of the Shares on GEM
“Listing Date”	the date on which the Shares are first listed and from which dealings therein are permitted to take place on GEM
“MDEC”	Malaysia Digital Economy Corporation Sdn. Bhd.
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of the Company adopted on 19 September 2018 and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“Mixsol”	Mixsol Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 4 July 2006 and an indirect wholly-owned subsidiary of our Company
“MOF”	Ministry of Finance
“Mr. Chong”	Mr. Chong Yee Ping, an executive Director, chairman and chief executive officer of our Company and a Controlling Shareholder
“Mr. Lam”	Mr. Lam Pang, a non-executive Director holding approximately 9.8% of the issued share capital of our Company immediately following the completion of the Pre-IPO Investment and the Share Offer
“Mr. Liu”	Mr. Liu Yan Chee James, an executive Director holding approximately 9.8% of the issued share capital of our Company immediately following the completion of the Pre-IPO Investment and the Share Offer
“Mr. Siah”	Mr. Siah Jiin Shyang, a non-executive Director and a Controlling Shareholder
“MSC”	Multimedia Super Corridor

DEFINITIONS

“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) which will be not more than HK\$0.88 and is expected to be not less than HK\$0.68, such price to be determined in the manner as further described in the paragraph headed “Price payable on application” under the section headed “Structure and Conditions of the Share Offer” of this prospectus, subject to any Downward Offer Price Adjustment
“Offer Shares”	the Placing Shares and the Public Offer Shares
“PCF”	the Funding Agreement for Product Development & Commercialisation Fund
“Placing”	the conditional placing of the Placing Shares at Offer Price with professional, institutional and other investors, details of which are described in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Placing Shares”	105,300,000 Shares pursuant to the Placing
“Placing Underwriters”	the underwriters of the Placing whose names are set out in the paragraph headed “Placing Underwriters” in the section headed “Underwriting” to this prospectus
“Placing Underwriting Agreement”	the conditional underwriting agreement in relation to the Placing to be entered into, among others, our Company, our executive Directors, the Controlling Shareholders, the Pre-IPO Investors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters as further described in the section headed “Underwriting” of this prospectus
“Pre-IPO Investment”	the acquisition of shares of Excel Elite by Mr. Liu and Mr. Lam as pre-IPO investors, details of which are described in the section headed “History, Development and Reorganisation – Reorganisation – 2. Subscription of new shares in Excel Elite by the Pre-IPO Investors”
“Pre-IPO Investment Agreement”	a subscription agreement entered into between (i) the Pre-IPO Investors; (ii) Excel Elite; (iii) Mr. Chong and (iv) Mr. Siah on 16 October 2017, pursuant to which each of the Pre-IPO Investors subscribed for 1,945 shares in the issued share capital of Excel Elite at a subscription price of HK\$3,500,000
“Pre-IPO Investors”	collectively, Mr. Liu and Mr. Lam, the pre-IPO investors in the Pre-IPO Investment

DEFINITIONS

“Price Determination Date”	the date, expected to be on or before Friday, 5 October 2018 or such later date as may be agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), on which the Offer Price is fixed for the purpose of the Share Offer
“Project W”	a sizable project with Customer D which commenced in December 2016, which contributed a significant portion of our revenue for the year ended 30 November 2017 and four months ended 31 March 2018
“Public Offer”	the offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, details of which are described in the section headed “Structure and Conditions of the Share Offer” of this prospectus and the related Application Forms
“Public Offer Shares”	11,700,000 Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer, subject to reallocation as mentioned in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer whose names are set out in the paragraph headed “Public Offer Underwriters” under the section headed “Underwriting” of this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement relating to the Public Offer dated 28 September 2018 entered into, among others, our Company, our executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters as further described in the section headed “Underwriting” of this prospectus
“Reorganisation”	the reorganisation arrangements implemented by our Group in preparation for the Listing which is more particularly described in the section headed “History, Development and Reorganisation” of this prospectus
“RM”	Ringgit, the lawful currency of Malaysia
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Placing and the Public Offer
“Share Option Scheme”	the share option scheme conditionally adopted on 19 September 2018 by our Company, further details of which are described in the section headed “D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“SMEs”	small and medium-sized enterprises
“SOCSO”	Malaysian Social Security Organization
“Sole Sponsor”	VBG Capital Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholders”	has the meaning ascribed to it under the GEM Listing Rules and, in the context of our Company, refers to the entities disclosed in the section headed “Substantial Shareholders” in this prospectus or, where the context so requires, any one of them
“Takeovers Code”	the Codes on Takeovers and Mergers, as amended, modified and supplemented from time to time
“Tandem”	Tandem Advisory Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 16 December 2010 and an indirect wholly-owned subsidiary of our Company
“Track Record Period”	the two financial years ended 30 November 2016 and 2017 and the four months ended 31 March 2018
“Underwriters”	collectively, the Placing Underwriters and the Public Offer Underwriters
“Underwriting Agreements”	collectively, the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
“United States” or “US”	the United States of America
“US\$” or “USD”	United States dollars, the lawful currency of the US

DEFINITIONS

“WHITE Application Form(s)”	the application form(s) for use by the public who require such Public Offer Shares to be issued in the applicant’s own name(s)
“Withdrawal Mechanism”	a mechanism which requires the Company, among other things, to (a) issue a supplemental prospectus as a result of material changes in the information (e.g. the Offer Price) in the prospectus; (b) extend the offer period and allow potential investors, if they so desire, to confirm their applications using an opt-in approach (i.e. requiring investors to positively confirm their applications for shares despite the changes)
“YELLOW Application Form(s)”	the application form(s) for use by the public who require such Public Offer Shares to be deposited directly in CCASS
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain technical terms used in this prospectus as they relate to our Company and as they are used in this prospectus in connection with our business or us. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

“application server”	A program that handles all application operations between users and an organization’s backend business applications or databases
“B2B”	business-to-business transaction
“B2C”	business-to-customer transaction
“business intelligence”	A set of techniques and tools for the transformation of raw data into meaningful and useful information for business analysis and decision-making purposes
“C2C”	customer-to-customer transaction
“CRM System”	customer relationship management system
“database”	a structured and organised collection of information and data stored in computer systems that can be easily accessed, managed and updated
“database management”	a set of techniques which make use of databases to store, retrieve, add, delete, modify, and manage access of data
“enterprise portal”	a single gateway through which to gain access to all the information, data, systems, and processes used by stakeholders
“hardware”	physical elements that constitute a computer system, such as central processing units, monitor, server, mouse, keyboard, hard disk, etc.
“ICT”	information and communication technology
“IT”	information technology
“IT system integration solution”	a design and implementation service in which different computing systems and software applications are either physically or functionally linked together to act as a coordinated whole
“IT infrastructure solutions”	the assessment, design and implementation of IT infrastructure of customers through third party products
“Java”	a programming language

GLOSSARY OF TECHNICAL TERMS

“MB”	megabytes
“NS3”	new statistical submission system
“patch”	a piece of software designed to update a computer or its supporting data, to fix or improve it
“RFP”	request for proposal
“SAP”	enterprise resource planning software developed by the German Company SAP SE.
“SAS”	a software suite developed by SAS Institute for advanced analytics, multivariate analyses, business intelligence, data management and predictive analytics
“SIT”	system integration test, which is typically performed by project management department, in which the completed application system will be unit tested and system tested to ensure that there are no integration issues with various interfaced systems and that the system is reasonably free of technical hitches and ready for shipment to the user site
“STAR”	structured techniques for assured results
“UAT”	a user acceptance test in which (i) test results on a daily basis is collect and (ii) errors that arise during the tests are resolved
“XBRL”	known as eXtensible Business Reporting Language, a well-accepted international data conversion standard that promotes efficient data capture, dissemination and market transparency, which is managed by a global non-profit making consortium

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases we use words such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “propose”, “seek”, “should”, “will”, “would” and other similar expressions to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans;
- the future competitive environment of Malaysia;
- the regulatory environment as well as the general industry outlook for the industry which we are engaged in;
- future developments in the industry which we are engaged in; and
- the trend of the Malaysia and global economy in general.

These statements are based on numerous assumptions, including those regarding our present and future business strategy and the environment in which we will operate in the future.

Our future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our future performance may be affected by various factors including, without limitation, those discussed in the sections headed “Risk Factors” and “Financial Information” of this prospectus.

Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions to proved incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of these forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements as set out in this section.

In this prospectus, statements of, or references to, our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

Potential investors of the Offer Shares should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making any investment decisions in relation to our Company. The market price of the Offer Shares could decrease significantly due to any of these risks and uncertainties, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to our Company or which our Company currently deems immaterial may arise or become material in the future and may have a material adverse effect on our Company.

These risk factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date, will not be updated after the date hereof, and is subject to the reservations in the section headed "Forward-Looking Statements" in this prospectus.

RISKS RELATING TO OUR BUSINESS

Most of our contracts are project-based which creates uncertainty as to our future revenue streams

We are an IT service provider based in Malaysia and we principally engage in design, procurement and installation of customised application systems for corporate customers. System integration and development services constitute a major part of our business. During each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, the revenue derived from our system integration and development services represented approximately 64.1%, 89.0% and 89.4% of the total revenue of our Group respectively. Those businesses are project-based, which are not recurrent in nature and the systems developed by us may be used for a certain period of time. Once a project is completed, our customers may no longer require our services in the near future or at all and we do not have any long-term agreement with our customers. There is no assurance that the customers will always have new projects which require our services and even there is, such customers may also choose other services providers.

After the completion of the system integration and development projects, we may provide maintenance and support services as part of the whole package or subsequently enter into maintenance and support agreements with our customers. We also provide maintenance and support services to software developed by third parties. However, maintenance and support services only represent a minor portion of our business. During each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, the revenue derived from our maintenance and consultancy services represented approximately 26.6%, 7.3% and 6.1% of our total revenue respectively. There is also no assurance that our customers will engage us for the provision of such services to them.

The project-based nature of our main business creates uncertainty as to future revenue streams. In the event that we are unable to secure new projects or our customers substantially reduce their engagement with us, our business and future revenue may be adversely affected. In particular, given the significant amount of Project W contributed to our total revenue for the year ended 30 November 2017 and four months ended 31 March 2018, our Group's financial results may deteriorate after the completion of Project W if we are not able to secure new sizable projects that can bring us similar level of revenue and gross profit.

RISK FACTORS

During the Track Record Period, our top five customers accounted for over 85.1% of our total revenue. Any decrease in revenue generated from any of them would materially and adversely affect our business, results of operations and financial condition

A majority of our revenue is derived from a limited number of customers. Our Group's revenue derived from our five largest customers together accounted for approximately 85.1%, 91.4% and 91.4% of our total revenue for each of the years ended 30 November 2016 and 2017, and the four months ended 31 March 2018 respectively, with the revenue derived from our largest customer accounted for approximately 26.7%, 68.0% and 66.1% of the total revenue of our Group for the corresponding periods.

Our current concentration on a few significant customers exposes us to risks of substantial loss if a single dominant customer ceases engaging our services or significantly reduces their engagement with us. As demand for our services depends on the needs of our customers, there is no assurance that the demand for our system integration and development services can be maintained or will continue to grow. Any increase in competition from other IT service providers, or deterioration in the market conditions, may significantly reduce the volume and/or price of our service. Our business, results of operations and financial condition may be materially and adversely affected.

Further, in the event that any major customer establishes its own internal IT team to carry out system integration and development services of similar natures to be provided by us, it may cause substantial loss to our orders and thus our results of operations and financial condition may be materially and adversely affected.

The majority of our revenue since December 2016 was attributable to one single sizable project, i.e. Project W, from one single customer

The majority of our revenue since December 2016 was attributable to one single sizable project, i.e. Project W, from one single customer, Customer D. The revenue recognised for Project W since December 2016 represented approximately 68.0% and 66.1% of our total revenue for the year ended 30 November 2017 and the four months ended 31 March 2018 respectively. For the eight months ending 30 November 2018, Project W is expected to generate revenue of approximately RM18.1 million. During the same period, Project W is expected to contribute to 48.9% of the gross profit of our Group, of which it is expected to contribute to 56.4% of the gross profit derived from the system integration and development segment. There is no explicit termination clause under the contractual arrangement of Project W. The circumstances which the parties shall be entitled to terminate the Project W shall be governed by the applicable laws, which includes material breach of the contracts or refusal to perform the contracts.

Our Group's financial results may deteriorate (i) if Project W is terminated before completion or (ii) after the completion of Project W if we are not able to secure new sizable projects that can bring us similar amount of revenue and gross profit. There is no assurance that Customer D will continue to engage us after completion of Project W. Even if Customer D continues to engage us, the project involved may not be as sizable as that of Project W.

RISK FACTORS

We may encounter cost overruns or delays in our system integration and development projects, which may materially and adversely affect our business, financial position and results of operation

The majority of our system integration and development projects are awarded through competitive closed tender, in which we are usually required to provide a fee quotation. We generally determine our fee for procuring hardware and software on a cost-plus basis; and determine our service fee by taking into account the costs for carrying out the contractual works with reference to the estimated amount of man-day and the scale of the projects. The risks of cost overruns are, in general, borne by our Group. There is no assurance that the actual time taken and costs incurred would not exceed our estimation. It is expected that a majority of the contracts to be secured by us will be fixed-price contracts, the terms of which normally require us to complete a project for a fixed price, increasing the possibility of exposing us to cost overruns and resulting in lower profits or losses in a project.

Most of our system integration and development projects are subject to specific completion schedules. Compliance with such completion schedules is important to the customers for their business plans. According to our contracts entered into with our customers, our customers are entitled to claim for liquidated damages from us if we do not meet the agreed schedules. Liquidated damages are typically levied at a percentage of total contract price for each day of delay, subject to a maximum limit, which is usually 10% of the contract price. Failure to meet the schedule requirements of our contracts may result in significant amount of liquidated damages claims, other contractual liabilities and disputes with the customers or even the termination of relevant contracts. Delay in implementing integration and development projects may be caused by various factors, such as technical difficulties, timely delivery of the relevant hardware by third party vendors, etc.

The actual time taken, progress of the project and cost incurred by us in completing system integration and development projects may be affected by various factors, including but not limited to technical difficulties, integration with third party vendors' products and other unforeseeable problems and circumstances. Any of these factors may cause delay(s) in the completion of project, affect our allocation of resources for other projects or result in cost overruns.

There is no assurance that we would not encounter cost overruns or delays in our current and future projects. Should such problems occur, our business, financial position and results of operations would be materially and adversely affected.

There is no assurance that we will not encounter delay(s) in current and future project implementation, which may result in our Group being liable for liquidated damages and in turn adversely affect our business, reputation, financial condition and results of operations.

As referred to in the section headed "Business — Sales and Marketing — Pricing of our Group's services — Pricing for system integration and development services", due to the nature of our projects, the costs of a project, which mainly include the costs of software and/or hardware and staff costs could usually be estimated with reasonable accuracy without significant deviation.

For incidents of failure in meeting any schedule requirements or incidents of delay in implementing integration and development projects during the Track Record Period, please refer to the section headed "Business — Sales and Marketing — Pricing of our Group's services — Pricing for system integration and development services", in this prospectus for further details.

RISK FACTORS

Change requests may affect the progress of a project, our business, financial result and operation

Before commencement of our projects, we would discuss and confirm the scope of work and work plan with our customers. Nevertheless, the agreements between our Group and our customers regarding system integration and development service may provide that our customers may issue change requests to us. Change requests may affect the progress of our projects and work plan and affect our allocation of resources for other projects, which may in turn adversely affect our business, financial result and operation.

Our business largely depends on the market in Malaysia

During the Track Record Period, approximately 99.4% of our revenue was derived from our business in Malaysia. Therefore, our business largely depends on the market in Malaysia and our Directors foresee that a substantial part of our business will still be in Malaysia in the near future and there is no assurance that our Group will be able to diversify our market into other countries or places. Any material adverse changes in the economic, political and social conditions in Malaysia would affect our business and prospects.

Our business and results of operations could be materially and adversely affected should there be any disruption in the supply of hardware and software from our major suppliers, material product defects or loss of the suppliers

Our five largest suppliers include distributors of software and hardware. Their supply of hardware and software accounted for approximately 26.2%, 47.6% and nil of our total cost of services and materials sold for each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively.

If we are unable to source the hardware and software from our suppliers in a timely manner and under acceptable terms, we may not be able to meet the delivery schedules or may encounter delays in our projects. Should there be any disruption in the supply of hardware and software from our major suppliers, we may be unable to identify an alternative source of supply with competitive prices and satisfactory quality, thus our business and results of operations may be adversely affected.

Due to the concentration on a number of key suppliers, we are susceptible to certain risks, including the possibility of defective products from a supplier or suppliers, failure of supplier's products to maintain their competitiveness because of changing IT standards or customers' preference, shortage of product supply and loss of such suppliers. Our operation may be materially and adversely affected, particularly when we are unable to identify alternative sources of supply for the same or similar projects in a timely manner.

We work as subcontractors for part of our works and part of our works are supplied by third party IT professionals. Our financial results may be adversely affected by any disputes arising between main contractors and end customers and our operations and financial results may be adversely affected by any delay or defects in our third-party IT professionals

For part of our works, we work as subcontractors for works delegated by our main contractors. If there is a dispute arising between our main contractor and its end customer, there is a possibility that the end customer refuses to pay or delay payment to the main contractor. If this occurs, the main contractor will also not pay or delay the payment due to us.

RISK FACTORS

We procure third-party IT professionals to perform certain works in our system integration and development projects. For the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, the cost of IT professional services amounted to approximately RM923,000, RM5.2 million and RM4.7 million, which represents approximately 25.6%, 30.1% and 73.2% of our cost of services and materials sold respectively.

If our third-party IT professionals fail to meet our requirements, it may affect our business reputation, hindering our opportunity to secure future projects, and potentially exposing us to litigation and legal claims from our customers. In addition, when our need for man powers arises, these third-party IT service providers may not always be readily available. Our ability to complete projects on time may be impaired, thereby damaging our business reputation and adversely affecting our operations financial results.

Defects or quality issue in the software or hardware provided by the suppliers may affect progress of our projects

We procure a variety of software and hardware on behalf of our customers as part of the IT system integration solutions. If the products provided by the suppliers are defective or fail to meet the required standards, we may have to request for replacement and the progress of our projects may be adversely affected, which may in turn affect our operation.

Increase in cost of software, hardware and subcontracting may undermine our financial performance

Our fees may include the price of software/hardware and/or the cost of our subcontractors. In the event that the price of software/hardware that we resell or the cost of subcontractors increases, we may not be able to fully shift the burden of the increase in prices to our customers, depending on the terms of the agreement between us and our customers. If we are not able to fully shift the burden of the increase in prices to our customers, our financial performance will be adversely affected.

Our business will be adversely affected if we are not able to anticipate and keep pace with our customer's business and industry

Our business involves application of innovative technology which may emerge or change from time to time. Typical examples include internet banking, mobile banking and various new electronic payment methods. Our success will depend on our ability to provide services with a comprehensive understanding of our customers' business, industry practice and relevant laws and regulations which may be changed from time to time in light of the latest technologies. We have customers from various industry sectors including banks and financial institutions, government and statutory bodies, education institutions, IT services firms, software principals and other small and medium enterprises. Our knowledge in their business, industry practice and compliance requirements are important for ensuring the effective communications with our customers and facilitating the progress of our projects and fully fulfilling their requirements. The applicable business requirements, industry practice and relevant laws and regulations vary from industry to industry and their relationship with the latest technology may be different. If we fail to comprehend and adapt to the latest technology development and/or the latest development in our customers' businesses or industries, our reputation and business may be adversely affected. Further, substantial time and costs may be required to adjust our scope of services in response to such rapid changes, provide updated technical training to our staff and identify new suppliers.

RISK FACTORS

Defects, errors or vulnerabilities in our solutions could harm our business and reputation

Our Group's IT solutions may contain design defects or errors that are not detected until after their deployment. Defects may render our solutions not being able to satisfy the requirements of our customers. In particular, the system implemented by us may not be able to integrate into the other new systems of the customers. The requirements of our customers may change from time to time and we may be unable to anticipate their requirements and provide an appropriate solution for them. If we cannot provide a solution to our customers, our business and reputation may be adversely affected.

Further, any defects, errors or vulnerabilities in our solutions could result in diversion of significant resources to analyse, correct, eliminate errors or defects or to address and eliminate vulnerabilities. This may also result in the loss of existing or potential customers, delayed or loss of revenue, increase in costs incurred for the servicing of warranty claims and/or legal action, any of which would adversely affect our business, reputation, financial condition and results of operations.

An error in our service deliverables gives our customers the right to rescind. If such cases occur frequently, our financial position will be adversely affected

Depending on the terms of each specific contract, if an error occurs during the warranty period, our customer may choose to (i) request us to rectify the error or rectify the error through a third party and claim all the expenses it incurs from us; and/or (ii) if such error is unable to be remedied either by a third party or by us if we are chosen to rectify the error, such customer may reserve the right to rescind the contract upon the written notice and return all the deliverables to us and we shall refund to such customers the portion of the price paid under the contract for which work has not been done by our Group. If such cases occur frequently, our business and financial position will be adversely affected.

If an error occurs during the warranty period, we may be requested by our customer to rectify the error within a short response time and resolution time. If we are unable to honour our obligations within the stipulated timeframe, we may be liable to pay liquidated damages to our customer for each day of delay, generally up to the maximum of 10% of the contract sum of the relevant project.

Some of our customers may rely on third party financing to procure the software and hardware in connection with their IT systems

Based on the best knowledge of our Directors, some of our customers may need to rely on third party financings in order to pay for the software and/or hardware in connection with their IT systems which our system integration and development services are involved. Our Group may not be a party to those financing arrangements, save and except that our customers may direct their financiers to pay us directly, and therefore our Group does not have any control on the same. In the event that our customers which require third-party financiers encounter any difficulties in procuring the same, they may not be able to implement their plans on IT development, which may in turn affect their plan and decision to engage our Group to provide IT system integration and development for them. Under such circumstances, our business and results of operation may be adversely affected. Please refer to the section headed "Financial Information — Trade and other receivables — (b) Trade receivables from third parties" for further information.

RISK FACTORS

We have no operating experiences in the provision of cloud storage and/or cloud computing services on our own.

As disclosed in the sections headed “Business — Our Business Strategies” and “Future Plans and Use of Proceeds” in this prospectus, we plan to use our products, NS3 and Square Intelligence, as a base to develop a data conversion platform to be provided in cloud services. We also plan to promote the standard cloud version of our CUSTPRO to those small and medium sized enterprises. Approximately 60% of the net proceeds from the Share Offer is planned to be used for purchase of hardware and equipments for establishment of IT infrastructure for the provision of cloud storage and cloud computing services.

We have no operating experiences in the provision of cloud storage and/or cloud computing services on our own. There may be possibilities that unexpected problems and hurdles may arise when we proceed to implement with provision of such services and there is no assurance that our business strategies on provision of cloud services will turn out to be a success. If any unexpected problems arise and cannot be resolved promptly or such plans do not achieve the expected result, our operations and financial conditions may be adversely affected.

Our expansion plans may not be successful. We may not be able to effectively manage our growth

We plan to adopt certain business strategies to expand our business and diversify our services offerings. For details of our business strategies and expansion plans, please refer to the section headed “Business — Our Business Strategies” in this prospectus. There is no assurance that our business strategies or expansion or diversification plan will be successful. If our business strategies or expansion or diversification plans fail to achieve the planned results, our results of operations and financial condition may be adversely affected.

The success of our expansion and diversification plan is subject to numerous uncertain factors including but not limited to the following:

- our ability to find suitable business partners;
- our ability to deliver diversified services successfully despite lack of prior experiences;
- the availability of adequate management and financial resources;
- our ability to comply with the relevant laws and regulations and the human and monetary resources required for such compliance;
- our ability to hire, train and retain relevant skilled personnel;
- market demand for our services; and
- the confidence of the potential customers towards our services.

RISK FACTORS

Since our performance relies heavily on key executive and personnel, our business may be adversely affected if we fail to retain them or find suitable replacement(s)

Our services require in-depth expertise and experiences in IT. Our performance depends, to a significant extent, on the continued services and performance of our key executive, Mr. Chong, and personnel who are not only IT experts but also have a comprehensive understanding of our customers' industry-specific requirements. Our managing Directors and senior management are considered to be important to our future success. We expect that our workforce management and retention will continue to be an important challenge faced by our Company. Failing to recruit or retain key executives and personnel, or the loss of the services of any such personnel, could have an adverse effect on our business.

We may not be able to hire and retain competent employees and our staff costs may increase significantly

Our performance also depends on our ability to hire and retain competent employees with the necessary level of knowledge and qualification, including foreign workers. We shall need to recruit additional personnel to achieve our planned expansion. Competition for employees with the necessary experience and expertise in the IT industry is intense and is expected to increase, and we may not be able to retain existing competent employees or identify and recruit new competent employees or, even if we can do so, our staff costs may increase significantly. Any significant increase in the turnover rate of our employees together with our inability to recruit replacement employees expeditiously could have a material adversely effect on our business and results of operation.

Further, there is no assurance that the government of Malaysia will not change its foreign worker policy. If there is any change in Malaysia's foreign worker policy that is detrimental to foreign workers, we may encounter extra difficulties and costs in recruiting competent foreign workers, which may in turn adversely affect our operation and competitiveness.

We are exposed to credit risk of our customers if we experience significant delays in collecting trade receivables from our customers which could adversely affect our cash flow

For our system integration and development services, we usually extend credit terms of 30 days in respect of each progress payment and one-off payment to our customers. We may face uncertainties over the timeliness of our customers' payments and their ability to pay, which may be affected by events or circumstances that are difficult to foresee or anticipate, such as a decline in their business or an economic downturn. If there is any delay in the collection of payment for the projects, it will in turn cause delay in payment by the channel partner to our Company.

For projects which we work in the capacity as a subcontractor, we may face the credit risks of both the end customer and the main contractor because if the end customer does not pay the main contractor in a timely manner, the main contractor may also delay their payment to us.

As at 30 November 2016 and 2017 and 31 March 2018, we recorded trade receivables of approximately RM4.7 million, RM10.3 million and RM5.9 million respectively. The trade receivables due from our largest debtor accounted for approximately 43.6%, 43.2% and 39.7% of our total trade receivables as at 30 November 2016 and 2017 and 31 March 2018 respectively. Approximately 97.1%, 94.4% and 87.8% of our total trade receivables as at 30 November 2016 and 2017 and 31 March 2018 respectively, were due from our five largest debtors. Accordingly, we

RISK FACTORS

had concentration of credit risk. For the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our average trade receivables turnover were approximately 135 days, 70 days and 69 days respectively. There is no assurance that we will be able to collect its outstanding trade receivables fully or within a reasonable period of time. In such circumstances, we may be required to make provisions for doubtful debts or incur write-offs, which may have a material adverse effect on our financial condition and results of operations.

We may be required to procure performance bonds which involve uncertainty as to possible loss to our Company

Some of our customers may require us to procure performance bonds to be provided by financial institutions in their favour as security for due performance and observance of our obligations under the contracts. In procuring such performance bonds, we are usually required to place a required amount of deposits to such financial institutions. If we fail to provide satisfactory services to our customers, such customers are entitled to seek compensation from the financial institutions for the amount of financial losses incurred not exceeding the amount of the performance bond. For further details about performance bonds, please refer to the paragraph headed “Business — Our Services — Performance Bond”. There is no assurance that such performance bonds will always be available to us on similar and/or acceptable terms. If we cannot procure performance bonds from other financial institutions on similar terms in case necessary, our operation may be adversely affected. Those performance bonds, if substantial in value, may also create pressure on our cashflows and working capital. There may also be possibilities that we may not be able to participate in any project which requires provision of performance bonds of significant value.

We may be affected adversely by the change or loss of MSC status after listing and we may not continue to enjoy the tax exemption

We have enjoyed certain incentives under MSC status in Malaysia through the MDEC. Pursuant to our pioneer status granted under MSC status, we are entitled to enjoy tax incentive (i.e. being exempted from paying tax 100% if our statutory income derived from the MSC Malaysia Qualifying Activities (as described below) for a period of five years. The MSC Malaysia Qualifying Activities include (i) research, development, and commercialisation of the following solution: NS3 Solution and CUSTPRO Solutions; and (ii) provision of implementation, maintenance and technical services related to the abovementioned solutions.

For the years ended 30 November 2016 and 2017 and four months ended 31 March 2018, the amount of tax exempted as the result of MSC status was approximately RM2.0 million, RM4.4 million and RM579,000 respectively. Please refer to Note 10 of the Accountants’ Report in Appendix I of this prospectus for further details.

In June 2018, the Government of Malaysia announced its participation in the OECD BEPS taxation initiatives. As a result, relevant changes were made in relation to the tax incentive enjoyed under MSC status, details of which are set out in the section headed “Regulatory Overview” of this prospectus.

RISK FACTORS

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

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

As at the Latest Practicable Date, Mixsol's MSC status had been renewed, and there will be no impact on tax incentives that it currently enjoys until the implementation of the relevant changes on or before 31 December 2018 and the directors of Mixsol then have the options of either continuing to enjoy current tax incentives until 30 June 2021 or being subject to the new legislation and guidelines coming into force on or before 31 December 2018. On the other hand, the renewal of Tandem's MSC status had not been granted on and before 1 July 2018, and the determination on tax incentives which Tandem can enjoy will be subject to the new legislation and guidelines expected to be implemented by 31 December 2018.

The maintenance of MSC status and the further extension of pioneer status to us are subject to the new legislation and guidelines expected to be implemented by 31 December 2018. In the event that we are not entitled to any preferential tax treatment, we may be liable to pay applicable tax for our profits and operations which we were previously exempted.

There is no assurance whether our MSC status and/or pioneer status will be maintained and/or successfully renewed after Listing. If we are unable to maintain MSC status, the incentives we currently enjoyed will not be available and our business, financial position and results of operations would be materially and adversely affected.

During the implementation of system integration and development projects, we may record net cash outflows

We may record net cash outflows during the implementation of our system integration and development projects since we have to incur certain expenditures before the actual receipt of the full payments from our customers. The cash outflow may further increase, which will place a burden on our working capital as the project progress. We may also be required by our customers to provide performance bonds to ensure our due performance during the term of the contract and the performance bond will not be released until certain period after the completion of the project. In the event that we take up too many significant projects during a particular period of time and we do not have sufficient working capital to pay the expenditures or the performance bonds are not released to us, our financial condition, cash flow status and operation may be adversely affected.

RISK FACTORS

Our insurance coverage may be insufficient to protect our Company against potential liabilities arising during the course of operations

Our Group maintains certain insurance policies. Please refer to the section headed “Business — Insurance” in this prospectus for further information on the insurance policies maintained by our Company. We face various operational risks in connection with our business which may not be insured adequately, for example, risks associated with our services. In particular, we do not maintain product liability insurance. Any losses and liabilities for which we are not insured to cover the entire liability may have a material adverse effect on our business, financial conditions and results of operations. Further, there is no assurance that we will be able to renew the existing insurance policies on commercially reasonable terms.

Any infringement of our intellectual property rights or any infringement by us on the intellectual property rights of others, in particular our customers, may adversely affect our business and our financial performance

A large number of our system integration and development projects involve the use of our two self-developed IT products, namely NS3 and CUSTPRO. For details of the aforesaid products, please refer to the section headed “Business” of this prospectus. It is difficult to keep track of unauthorised use of our proprietary rights and the steps taken by us may not effectively prevent infringement of our intellectual property rights. If we have to resort to litigation to enforce our intellectual property rights, significant legal costs may be incurred.

Conversely, there is also a risk that we may infringe the intellectual property rights of others. There can be no assurance that we will not be claimed against or alleged to have used any of our customers’ or third party’s source codes or software or for breaching any terms and restrictions under any license or other obligations. These claims could be costly and may divert the attention of our management from operating our business. If we become liable to third parties for infringing their intellectual property rights, we may be required to pay substantial damages, incur additional expenditures to develop non-infringing alternatives or to obtain license, or to cease selling the applications that contain the infringing properties.

There may be adverse impact on our reputation and business operations in the event of leakage or misappropriation of confidential information handled by us

We may have access to and be entrusted with information that is confidential in nature, such as information that relates to our customers’ systems, operations, raw data or affairs during the course of our services. There is no assurance that we will successfully prevent any leakage or misappropriation of confidential information of our customers. We could be exposed to complaints or claims of our customers if there is any leakage or misappropriation of confidential information of our customers, which may have a material and adverse effect on our reputation and business operations.

We may be vicariously liable for the acts or omissions of our staff and face claims or legal actions brought by our customers for damages as a result of the negligent conduct or fault of our staff

Our staff may be required to work at our customers’ premises for a certain period of time. We may be vicariously liable for their wrongful acts or omissions while they carry out their responsibilities entrusted to them by our customers. Our customers may bring claims or legal actions brought against us for damages caused by the negligent conduct or fault of our staff. In such event, additional cost may be incurred to settle or defend these claims or legal actions against our Group, and there may be adverse effect on our results of operations.

RISK FACTORS

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

The IT industry is highly competitive, eroding the profits of the market players

The markets for IT system integration services, and maintenance and support services are highly competitive. There is a large supply of IT solution and other application products and services in the market which are similar to those offered by us. We compete with Malaysian and international service providers and vendors.

This intense competition may result in competitive pricing, which may have an adverse impact on our operating performance and profitability.

Our operations, investments and expansion plans may be affected by changes in the economic, political, legal and regulatory conditions

Our operations, investments and expansion plans may be materially and adversely affected by a variety of conditions and developments in countries which we operate or plan to operate in, including:

- (a) inflation, interest rates and general economic conditions;
- (b) civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- (c) changes in duties payable and taxation rates;
- (d) natural disasters;
- (e) imposition of restrictions on foreign currency conversion or the transfer of funds;
- (f) expropriation or nationalisation of private enterprise or confiscation of private property or assets; and
- (g) changes in laws or increase in regulatory control affecting the customers or the end users of our Company.

Should any of these risks materialise and we are unable to adapt our business strategies or operations accordingly, our business, financial condition and results of operations may be adversely affected.

A downturn in global economic conditions or in any of the markets in which we operate may adversely affect our business, financial condition, results of operations and cash flows

Changes in global economic conditions and a downturn in any of the markets in which we operate may have a material adverse effect on the demand for our solutions and in turn, our financial condition, results of operations and prospects. During periods of economic uncertainty and recession, our customers may face extensive budgetary pressures, which may affect the volume of purchases, the extent and type of services they outsource and the amount they are willing to pay for such solutions. In such event, our business, financial condition and results of operations may be adversely affected.

RISK FACTORS

In addition, we may not be in a position to implement our business strategies in adverse financial market conditions, and our growth and profitability may in turn be adversely impacted.

RISK RELATING TO MALAYSIA

Social, political, regulatory economic and legal developments, as well as any changes in Malaysian government policies, could materially and adversely affect our business and results of operations

Our business, prospects, financial condition and results of operations may be adversely affected by social, political, regulatory and economic developments in Malaysia. Uncertainties in these areas include, but not limited to, the risks of war, regional conflicts, terrorism, extremism, nationalism, nullification of contracts, changes in interest rates, imposition of capital controls, changes in government policies or introduction of new rules or regulations concerning methods of taxation. Any negative developments may adversely affect our business, financial condition, results of operations and prospects.

Currently, all of our operations are in Malaysia and our primary market is Malaysia. As Malaysia is expected to remain as our place of operation and core market in the foreseeable future, negative developments in the Malaysian economy may have a material adverse effect on our business. There can be no assurance that Malaysian economic environment will remain positive in the future.

The Malaysian Ringgit may be subject to foreign exchange controls imposed by Malaysian government in the future or may be subject to exchange rate fluctuations

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

Some of the products we purchase are manufactured in the United States. Therefore, fluctuations in the Malaysian Ringgit's value against USD may bring uncertainty to our profit margin.

In addition, we operate in Malaysia and most of our operating expenses are denominated in Malaysian Ringgit. In addition, the net proceeds from the Share Offer and any dividends that we pay on our Shares will be in Hong Kong dollars. Therefore, fluctuations in the Malaysian Ringgit's value against Hong Kong dollars or other currencies may affect the relative purchasing power in Malaysian Ringgit terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the value of any dividend distributed by us. Our Group recorded realised loss on foreign exchange of less than RM1,000 for the years ended 30 November 2016 and 2017 and approximately RM58,000 for the four months ended 31 March 2018. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into Hong Kong dollars, of our Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect our Group's ability to pay dividends or satisfy other foreign exchange requirements.

RISK FACTORS

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

Our principal subsidiaries are incorporated under the laws of Malaysia. Our Chairman and a majority of the members of our senior management are residents of Malaysia and a substantial portion of the assets and their assets are located in Malaysia. Enforceability of certain foreign judgments in Malaysia is by virtue of the Reciprocal Enforcement of Judgments Act 1958, in which a foreign judgment must be registered before it can be enforced. The registration of such foreign judgments is only possible if the judgment is given by a superior court from a country listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958, which includes United Kingdom, Hong Kong, Singapore, New Zealand, Republic of Sri Lanka, India and Brunei Darussalam. In the event the foreign judgment is not from a country listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958, the only method of enforcement at common law, is by securing a Malaysian judgment. As a result, it could be difficult to enforce a foreign judgment against our Malaysian subsidiaries, our Directors and senior management in Malaysia.

RISKS RELATING TO THE SHARES AND THE SHARE OFFER

You may have difficulties in protecting your interests because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or other jurisdictions

We are an exempted company incorporated in the Cayman Islands and our corporate affairs are governed by our Memorandum and Articles of Association, the Companies Law and common law of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interest of minority shareholders may differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Therefore, remedies available to the minority shareholders of our Company may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this prospectus for further information.

There was no prior public market for our Shares. If an active trading market for our Shares does not develop, the price of our Shares may be adversely affected

Before the Share Offer, no public market for our Shares existed. We have made an application to the Stock Exchange for the listing and trading of our Shares. There is no assurance that the Listing will result in the development of an active, liquid public trading market for our Shares after the Share Offer.

In addition, the price and trading volume of our Shares may be volatile since factors such as variations in our Group’s revenues, earnings and cash flows or any other developments, may affect the volume and price at which our Shares will be traded.

Future issues, offers or sale of Shares may adversely affect the prevailing market price of the Shares

Prevailing market price of Shares may, after the Listing, be negatively impacted by future issue of Shares by our Company or the disposal of Shares by any of its Shareholders or the perception that such issue or sale may occur. We cannot give any assurance that they will not dispose of Shares they may own now or in the future.

RISK FACTORS

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

This prospectus contains information and statistics that are derived from various publicly available official government and other publications and generally believed to be reliable. However, we cannot guarantee the quality and reliability of these publications. We have not independently verified these facts and statistics. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors and advisors or any other parties involved in the Share Offer do not make any representation as to the accuracy of such facts and statistics, which may not be consistent with other information and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics in this prospectus may be inaccurate or may not be comparable from period to period to facts and statistics produced for other economies and should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

There are risks associated with the forward-looking statements contained in this prospectus

The information in this prospectus contains certain forward-looking statements and information relating to our Group that are based on the belief of our Directors as well as assumptions based on the information currently available to them. In this prospectus, the words “believe”, “consider”, “estimate”, “expect”, and similar expressions, as they relate to our Company or our Group or our Directors, are intended to, among others, identify forward-looking statements. Such statements reflect the current views of our Directors with respect to, among others, future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialise, or should any of the underlying assumptions be proved to be incorrect, our financial conditions may be adversely affected and may vary materially from those described herein as believed, considered, estimated or expected.

Investors should read the entire prospectus and should not rely on any information contained in press articles or other media coverage regarding us and the Share Offer

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Share Offer. Before the publication of this prospectus, there may be press and media coverage regarding the Share Offer and us. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, our Group disclaims it. Accordingly, potential investors of the Offer Shares should make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

RISK FACTORS

Possible setting of the Offer Price after making a Downward Offer Price Adjustment

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at up to 10% below the bottom end of the indicative Offer Price range per Offer Share. It is therefore possible that the final Offer Price will be set at HK\$0.61 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such situation, the Share Offer will proceed and the Withdrawal Mechanism will not apply.

If the final Offer Price is set at HK\$0.61 per Offer Share, the estimated net proceeds we will receive from the Share Offer will be reduced to HK\$57.5 million and such reduced proceeds will be used as described in the section headed “Future Plans and Use of Proceeds”.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

FULLY UNDERWRITTEN

The Share Offer comprises the Placing and the Public Offer. The Share Offer comprises an offer by our Company of 11,700,000 Shares under the Public Offer (subject to re-allocation) and 105,300,000 Shares under the Placing (subject to re-allocation), in each case at the Offer Price. Details of the structure and conditions of the Share Offer are set out in the section headed "Structure and Conditions of the Share Offer" of this prospectus. This Prospectus and the Application Forms relating thereto set out the terms and conditions of the Share Offer.

The Share Offer is sponsored by the Sole Sponsor, managed by the Joint Lead Managers and is fully underwritten by the Underwriters as referred to in the section headed "Underwriting" of this prospectus.

In the event that the Company and the Joint Bookrunners (for themselves and on behalf of the other Underwriters) are unable to reach an agreement on the Offer Price at or before 12:00 noon on Thursday, 18 October 2018 or such other date or time as may be agreed between the Company and the Joint Bookrunners (for themselves and on behalf of the other Underwriters), the Share Offer will not become unconditional and will lapse immediately.

OFFER SHARES TO BE OFFERED IN HONG KONG ONLY

No action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Offer Shares or the distribution of prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make an unauthorised offer or invitation. The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or affiliates or any other person or party involved in the Share Offer.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

REGISTER OF MEMBERS AND STAMP DUTY

Our fully-paid Shares are freely transferable. The Shares may be registered on the principal register of members in the Cayman Islands or on the branch register of members of our Company in Hong Kong.

Our Company's principal register of members will be maintained in the Cayman Islands by our Company's principal share registrar, Conyers Trust Company (Cayman) Limited, and our Company's branch register of members will be maintained in Hong Kong by our Hong Kong branch share registrar, Tricor Investor Services Limited.

All the Shares will be registered on the branch register of members of our Company in Hong Kong. Only Shares registered on our branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees. Dealings in the Shares registered on the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless our Company determines otherwise, dividends payable in HK\$ in respect of the Shares will be paid by cheque sent at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

APPLICATION FOR LISTING ON GEM

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

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the "minimum prescribed percentage" of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek the listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for or purchasing, holding or disposing of or dealing in the Offer Shares, you should consult an expert. None of our Company, the Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors and any other person involved in the Share Offer accepts responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of or dealing in the Offer Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed “How to apply for the Public Offer Shares” of this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the of the Share Offer, including conditions of the Share Offer, are set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on GEM and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or such other date HKSCC chooses. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect their rights, interest and liabilities.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All necessary arrangements have been made for the Shares to be admitted to CCASS.

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

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Monday, 22 October 2018. The Shares will be traded in board lots of 5,000 Shares each. The stock code of the Share is 8611.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. The translated English name of the Malaysian nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Malaysian names and are included for identification purposes only.

ROUNDING AND EXCHANGE RATE

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Unless otherwise stated, the conversion of RM into HK\$ in this prospectus is based on the approximate exchange rate of HK\$1.00 to RM0.52 and the conversion of USD into HK\$ in this prospectus is based on the approximate exchange rate of USD1.00 to HK\$7.80. Such conversions shall not be construed as representations that amounts in HK\$ will be or may have been converted into RM or USD at such rates or any other exchange rates, or vice versa.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Chong Yee Ping (鍾宜斌)	18, Jalan Mutiara 1/6 Taman Mutiara Indah 47100 Puchong Selangor Malaysia	Malaysian
Mr. Liu Yan Chee James (劉恩賜)	Flat G, 38th Floor Block 6, Sorrento 1 Austin Road West Tsim Sha Tsui, Kowloon Hong Kong	Chinese
<i>Non-executive Directors</i>		
Mr. Siah Jiin Shyang (謝錦祥)	D-2-1, Block D Casa Tropicana No.5 Jalan Persiaran Tropicana Tropicana Golf & Country Resort PJU3, 47410, Petaling Jaya Malaysia	Malaysian
Mr. Lam Pang (林鵬)	Flat G, 46th Floor Queen's Terrace Tower One 1 Queen Street Sheung Wan, Hong Kong	Chinese
<i>Independent Non-executive Directors</i>		
Mr. Chan San Ping (陳生平)	Room F, 26/F Block 5, Bellagio 33 Castle Peak Road Sham Tseng New Territories Hong Kong	Chinese
Ms. Ho Suet Man Stella (何雪雯)	Flat E, 20th Floor Tower 8, Park Avenue 18 Hoi Ting Road Mong Kok, Kowloon Hong Kong	Chinese
Mr. Su Chi Wen (蘇熾文)	Flat 9C, Block 6 Lynwood Court Kingswood Villas Tin Shui Wai New Territories Hong Kong	Chinese

For further information regarding our Directors, please refer to the section headed "Directors and senior management" of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

VBG Capital Limited
18/F, Prosperity Tower
39 Queen's Road Central
Hong Kong

Joint Bookrunners and Joint Lead Managers

VBG Capital Limited
18/F, Prosperity Tower
39 Queen's Road Central
Hong Kong

Pacific Foundation Securities Limited
11/F, New World Tower II
16 – 18 Queen's Road Central
Hong Kong

ChaoShang Securities Limited
Rooms 4001-4002, 40/F
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

Joint Lead Managers

Aristo Securities Limited
Room 101, 1st Floor
On Hong Commercial Building
145 Hennessy Road, Wanchai
Hong Kong

I Win Securities Limited
Room 1916, Hong Kong Plaza
188 Connaught Road West, Sai Wan
Hong Kong

Alpha Financial Group Limited
Room A, 17/F, Fortune House
61 Connaught Road Central
Central, Hong Kong

Bluemount Securities Limited
Room 2403-05, Jubilee Centre
18 Fenwick Street, Wan Chai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal advisors to the Company

As to Hong Kong laws

CFN Lawyers
27th Floor, Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

As to Malaysian laws

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

As to Cayman Islands laws

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Legal advisors to the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters

Raymond Siu & Lawyers
Unit 1802, 18/F, Ruttonjee House
11 Duddell Street
Central
Hong Kong

Joint auditors* and reporting accountants

Mazars CPA Limited
42/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Mazars LLP
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

Internal control consultant

APEC RISK MANAGEMENT LIMITED
22/F., West Exchange Tower
322 Des Voeux Road Central
Sheung Wan, Hong Kong

* Mazars CPA Limited and Mazars LLP have been appointed as the joint auditors of the Group until the conclusion of the first annual general meeting of the Company after the Listing.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Industry consultant	China Insights Consultancy Limited 10/F Tomorrow Square 399 West Nanjing Road Huangpu District Shanghai, PRC
Property valuer	Rahim & Co International Sdn. Bhd. 118-1, Jalan Cerdas Taman Connaught, Cheras, 56000 Kuala Lumpur Malaysia
Compliance adviser	VBG Capital Limited 18/F, Prosperity Tower 39 Queen's Road Central Hong Kong
Receiving bank	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

CORPORATE INFORMATION

Registered office in the Cayman Islands	Cricket Square, Hutchins Drive P. O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters in Malaysia	B-7-7, Sky Park @ One City Jalan USJ 25/1, 47650 Subang Jaya Selangor Malaysia
Principal place of business in Hong Kong	27th Floor, Neich Tower 128 Gloucester Road Wanchai Hong Kong
Company secretary	Lam Yat Ting <i>HKICPA</i> Flat 16, 10/F, Mei Tin House Hing Tin Estate Lam Tin Kowloon Hong Kong
Compliance officer	Liu Yan Chee James
Authorised representatives (for the purpose of the GEM Listing Rules)	Liu Yan Chee James Flat G, 38th Floor Block 6, Sorrento 1 Austin Road West Tsim Sha Tsui, Kowloon Hong Kong Lam Yat Ting Flat 16, 10/F, Mei Tin House Hing Tin Estate Lam Tin Kowloon Hong Kong
Members of audit committee	Ho Suet Man Stella (<i>Chairman</i>) Chan San Ping Su Chi Wen
Members of remuneration committee	Chan San Ping (<i>Chairman</i>) Su Chi Wen Ho Suet Man Stella
Members of nomination committee	Su Chi Wen (<i>Chairman</i>) Chan San Ping Ho Suet Man Stella

CORPORATE INFORMATION

Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	CIMB Bank Berhad 1st Floor 14 Jalan Sri Selayang Taman Sri Selayang 68100 Batu Caves Selangor Malaysia
Website	www.mindtelltech.com (information of this website does not form part of this prospectus)

INDUSTRY OVERVIEW

The information set forth in this section is derived from the CIC Report, which is based on information obtained from CIC's database, publicly available sources, industry reports, as well as data obtained from interviews and other sources. We believe that the sources of such information are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisers, or any other person or party (except CIC) involved in the Share Offer, and no representation is given as to the completeness, accuracy or fairness of such information. Accordingly, the information as presented herein should not be unduly relied upon.

INTRODUCTION

We commissioned CIC, an independent market consulting firm, to conduct a detailed analysis of and prepare a report on Malaysia's IT services market in reference to the period from 2012 to 2022. We agreed to pay CIC a total fee of USD93,000, which we believe reflects the market rate for similar services. CIC is an investment consulting company originally established in Hong Kong. Its services include industry consulting services, commercial due diligence, strategic consulting, and so on. Its consultant team has been tracking the latest market trends in agriculture, chemicals, consumer goods, culture and entertainment, energy and industry, finance and related services, healthcare, telecommunications, media and technology, transportation, etc., and has relevant and insightful market intelligence in the above industries.

SOURCE OF INFORMATION

CIC undertook both primary and secondary research using a variety of sources. Primary research involved interviewing key industry experts and leading industry participants. While secondary research involved analyzing data from various publicly available data sources, including the Department of Statistics Malaysia, Malaysian Government releases, industry associations, annual reports published by companies, independent research reports, the internal database of China Insights Consultancy Limited, etc.

In compiling and preparing the CIC report, CIC has adopted the following assumptions: (i) the overall social, economic, and political environment in Malaysia is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to continue driving growth in Malaysia's IT services market throughout the forecast period, including the ongoing transition to newer computing platforms, the increasing penetration rate for internet access, and the government's initiatives in support of a digital economy; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way.

The CIC Report mainly focuses on Malaysia's IT services market, i.e., the market in which we operate our business. Our Directors confirm that after taking reasonable care, there have been no material adverse changes in the market information included herein subsequent to the published dates for the relevant data contained in the CIC Report, changes which may qualify, contradict, or have an impact on the information as presented in this section.

OVERVIEW OF THE IT SERVICES MARKET IN MALAYSIA

Classification of the IT industry

The IT industry consists of three major segments under which there are different sub-segments. The three major segments are IT infrastructure, software development, and IT services. IT services, the sub-segment in which Our Group's businesses activities fall under, refers to the development and maintenance of application systems that are customised for enterprise users. IT services are categorised into four sub-segments, i.e., IT consulting, IT system integration, IT system maintenance and consultancy, and IT outsourcing. Among these sub-segments, Our Group engages in IT system integration, IT system maintenance and consultancy, and IT outsourcing.

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Classification of the IT industry			
Segments	IT infrastructure	Software development	IT services
Sub-segments	Devices Mobile phones, PCs and tablets, and printers	Application software A program or group of programs designed for specific end user applications	IT consulting Designs the overall plan for IT system integration
	Data centre systems Enterprise communication applications, enterprise network equipment, external controller-based storage, and servers	Operating system Software that manages computer hardware and software resources and provides common services for computer programs	IT system integration Develops an enterprise's application systems according to the design
		Embedded software Specialised program in a chip or on firmware that controls a device's functions they are embedded in	IT system maintenance and consultancy Maintains and supports systems to ensure their uninterrupted operations
			IT outsourcing Provides human resources in offering various IT services, including IT system integration, maintenance, and consultancy services, etc.

Our group's business focus

Value chain of the IT services industry

The value chain of the IT services industry begins with the provision of a development platform and ends with IT system maintenance and consultancy services. For IT system integration services, third-parties are sometimes contracted by IT system integration services providers to provide outsourcing support. As for IT outsourcing services, third-parties are sometimes contracted by enterprise users instead of the original application provider when providing maintenance and consultancy services.

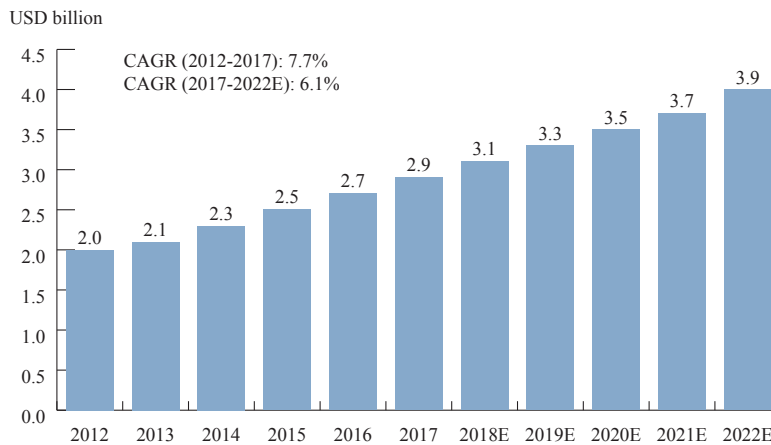
	IT system users		IT service providers			Outsourced service providers			
Upstream Provision of development tools	Development platform providers								
	Enterprise resource planning (ERP)	Customer relationship management (CRM)	Cloud and data platforms	Analytics	Finances	Others			
	Development platform providers include platform developers that provide the basic platform that application systems are developed on. Development platforms include but are not limited to ERP, CRM, cloud and data platforms, analytics, and finances.								
Midstream IT system design, development, deployment and integration	IT consulting service providers								
	IT strategy design		IT function design			Other consulting services			
	IT consulting service providers offer high-level designs for IT system integration activities, such as IT strategy design and IT function design. In essence, IT consulting provides IT system integration planning.								
Downstream Provision of IT system and maintenance	IT system integration providers						IT outsourcing service providers		
	ERP	CRM	Cloud and data platforms	Analytics	Finances	Others	Customer designation	Technical support	Geographic coverage
	IT system integration service providers are responsible for developing customised enterprise IT functions according to the design created during the IT consulting stage. Enterprise IT functions are established using the development platform set up by development platform providers. Sometimes IT system integration services are packaged together with IT consulting services.						IT system integration service providers may outsource certain modules to other IT service providers when required by the customer, for instance, when the provider requires technical support for certain modules or when the provider is unable to cover certain geographical areas.		
	Enterprise users			Original application providers			IT outsourcing service providers		
	Enterprises are the end users for IT system integration services. Enterprise users need IT systems to strengthen their IT management functions, such as finances, storage, procurement, etc.			Original application providers install, test, check, and upgrade IT systems and help ensure the uninterrupted system operation.			In some cases, the installation, testing, and upgrading of IT systems is performed by IT outsourcing service providers instead of the original application provider.		

INDUSTRY OVERVIEW

Market size of the IT services industry in Malaysia and related drivers

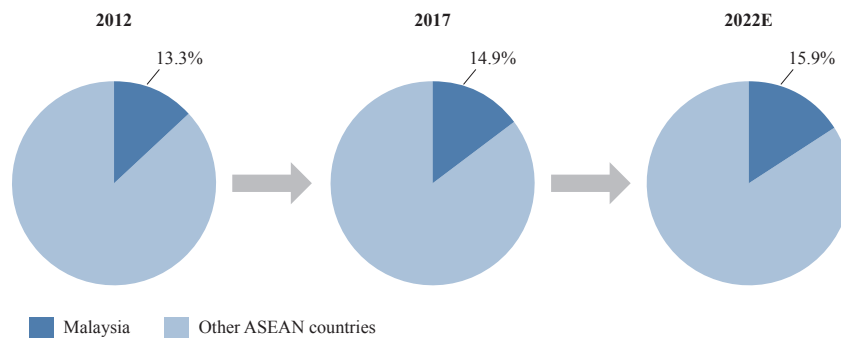
The IT services industry in Malaysia grew steadily between 2012 and 2017, with revenue increasing from USD2.0 billion to USD2.9 billion, representing a CAGR of 7.7%. This steady growth was driven primarily by the following key drivers: (i) an increasing demand for IT system integration services given an increased penetration rate for IT systems used in enterprises and favorable government initiatives aimed at boosting the country's digital economy; and (ii) an increasing demand for IT system maintenance and consultancy services as well as IT outsourcing services due to a rising number of end-users and the growing complexity of enterprise IT systems. With these factors expected to continue having an influence in the years ahead, the market size of the IT services industry in Malaysia is expected to continue growing at a CAGR of 6.1% to reach approximately USD3.9 billion by 2022. As the market size of Malaysia's IT services industry expands, the country is projected to play an increasingly important role in the IT services industry when looking at the ASEAN region as a whole. As a percentage of the total market size for the ASEAN region, the market size of the IT services industry in Malaysia increased from 13.3% in 2012 to approximately 14.9% in 2017, and is expected to further reach 15.9% by 2022.

Market size of the IT services industry in terms of revenues, Malaysia, 2012-2022E



Source: CIC report

Market size of the IT services industry in Malaysia as a percentage of the total market size for ASEAN countries, 2012 vs. 2017 vs. 2022E



Source: CIC report

Favourable development environment for the FinTech industry in Malaysia

Malaysia government is committed to strengthen the local FinTech industry. The Second Finance Minister claimed at Malaysia FinTech Awards 2018 that the government assures that it would provide a clear and transparent economic environment and leadership to the corporate world to ensure that there will be no interruption to the digital business.

INDUSTRY OVERVIEW

In fact, a group of entrepreneurs, founders, enthusiasts, community leaders, government agencies (including regulators) have already come together at different junctions to establish FinTech Association of Malaysia (FAOM) in October 2016, aspiring to be the key enabler and a national platform to support Malaysia to be the leading hub for FinTech innovation and investment in the region. Bank Negara Malaysia, the Central Bank of Malaysia, also established Financial Technology Enabler Group (FTEG) in June 2016, which is a cross-functional committee responsible for formulating and enhancing regulatory policies to facilitate the adoption of technological innovations in the Malaysian financial services industry. The Financial Technology Enabler Group (FTEG) was established by Bank Negara Malaysia to support innovations that improve quality, efficiency and accessibility of financial services in Malaysia. Cloud computing can help achieve those goals by reducing costs, improving operational efficiency and quality of the services of companies in finance sectors. By utilizing cloud computing technology, finance firms will be able to reduce the setup and operating costs related to installing infrastructures that are required to build new data center in order to achieve efficient and secure storage of data. Also, cloud computing will help finance firms enter into new market that is otherwise not cost-effective to operate in. FTEG serves as a regulator to formulate regulatory policies that enable cloud computing to improve efficiency and quality of services while protecting data integrity in financial services. Such practices will cultivate safe usage of cloud computing in finance sectors and enhance financial firms' confidence in such technology, which ultimately will promote wider applications of cloud computing within finance sectors in the future.

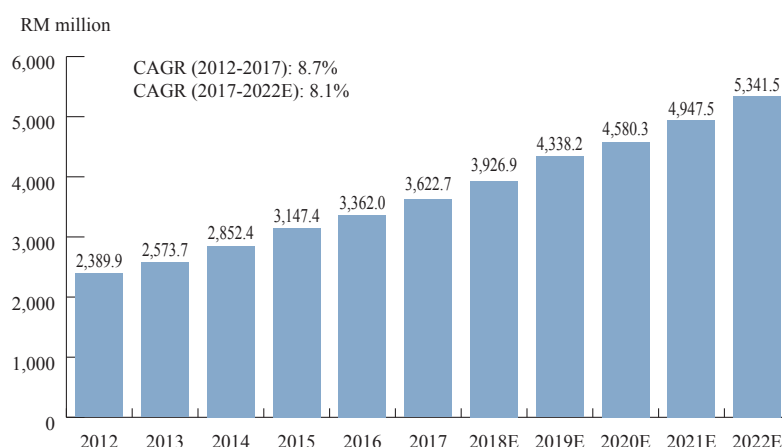
It is expected that the FinTech industry in Malaysia, including cloud storage and computing services, will benefit from the supporting schemes and experience a substantial growth in the near future.

ANALYSIS OF THE IT SYSTEM INTEGRATION SERVICES INDUSTRY IN MALAYSIA

Market size of the IT system integration services industry in Malaysia and related drivers

Between 2012 and 2017, the IT system integration services industry in Malaysia underwent rapid growth, with revenues in this market having expanding from RM2,389.9 million to reach RM3,622.7 million. The outstanding growth in this market has been driven by several key drivers: (i) the Malaysian government's proactive policy initiative, known as the National BDA Initiative, which aims to provide a boost to the country's digital economy; and (ii) an increasing penetration rate for IT systems used by enterprises as a means to enhance their competitiveness. With further improvements to Malaysia's digital economy expected in the future, the penetration rate for web-based and mobile-based applications, such as online banking and e-commerce, is expected to continue expanding among Malaysia's citizens. This trend, in turn, presents a greater need for enterprises to continue developing their corresponding IT systems. Consequently, the IT system integration services industry is expected to continue benefitting from the country's growing digital economy. For this reason, the size of the market is expected to reach RM5,341.5 million by 2022 in terms of revenues.

Market size of the IT system integration services industry in terms of revenues, Malaysia, 2012-2022E



Source: CIC report

INDUSTRY OVERVIEW

Overview of the data management, cloud storage and computing services in Malaysia

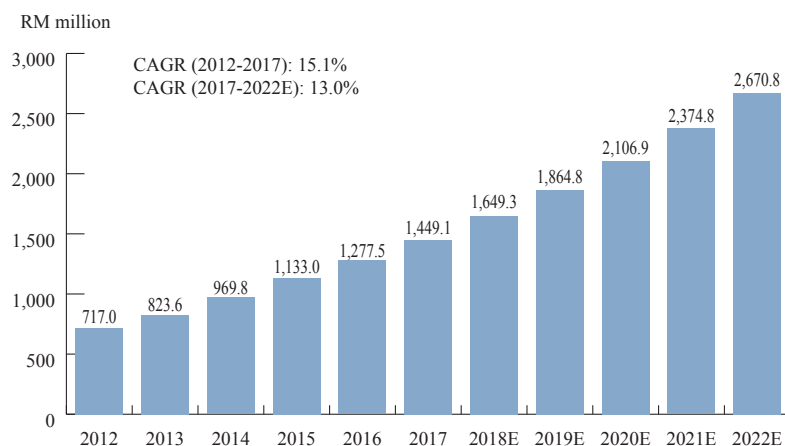
Data management, cloud storage and computing services refer to the segment of IT system integration services that are supplying enterprise tools or systems which are able to handle data manipulation and management, big data analysis, as well as cloud storage and computing. Driven by the decreases in costs for cloud storage, the improving regulatory compliances on cloud applications, and the increasing demand for data analysis risen from booming industries such as FinTech, the data management, cloud storage and computing services industry in Malaysia experienced rapid growth. Its market size in terms of revenue expanded from approximately RM717.0 million in 2012 to RM1,449.1 million in 2017, representing a CAGR of 15.1%. With the continuing penetration of cloud computing among enterprises, the total revenues for data management, cloud storage and computing services are expected to grow at a CAGR of 13.0% to reach approximately RM2,670.8 million by 2022.

Overview of mobile payment in Malaysia

As of 2017, mobile banking penetration rate was 40% and only 14% of the population in Malaysia made purchase via APP. From 2011 to 2017, the number of e-payment transactions per capita grew significantly from 49 to 111, representing a CAGR of 14.6%.

The transaction value of mobile payment in Malaysia was RM16.1 million in 2017 and is estimated to reach RM30.1 million by 2022. In order to further promote mobile payment, Bank Negara Malaysia has established market incentive structures to promote innovation and investments in payments infrastructure. Operationalization of ICTF (Interoperable Credit Transfer Framework) aims to fuel the development of innovative payment services to cater to the needs of different customer groups. As set out in “Financial Sector Blueprint 2011-2020” introduced by Bank Negara Malaysia, the number of e-payment transactions per capita is targeted to reach 200 by 2020.

Market size of the data management, cloud storage and computing services industry in terms of revenues, Malaysia, 2012-2022E



Similar to the IT system integration services industry in Malaysia, the data managements, cloud storage and computing services industry appears to be fragmented that none of the suppliers is able to achieve a distinguished market share as compared to peer competitors. Our Group captured a market share of 0.7% and 2.4% in 2016 and 2017, respectively.

Competitive landscape of cloud computing and related service market in Malaysia

The cloud computing and related service market in Malaysia is fragmented, with hundreds of companies being engaged in this market. None of the suppliers is able to achieve a significant market share as compared to peer competitors. The five companies listed below are typical companies providing the cloud computing and related services in Malaysia.

INDUSTRY OVERVIEW

Company profile of typical market participants in cloud computing and related service market, Malaysia, 2017

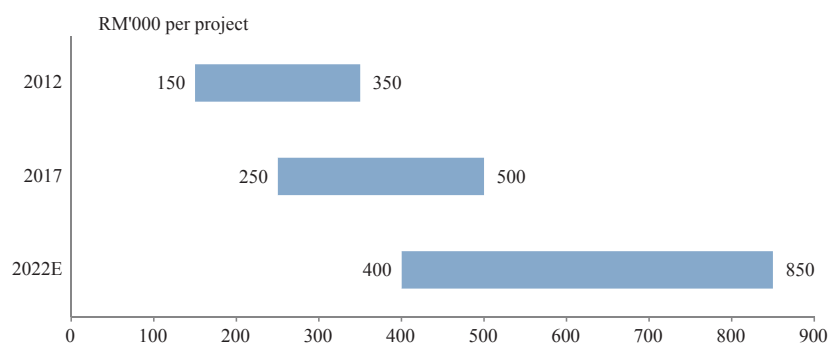
Company	Year of establishment	Major services
Company A	2008	<ul style="list-style-type: none"> Cloud analysis, Post deployment services, Enterprise web hosting, Disaster recovery & backup, Big data, etc.
Company B	2000	<ul style="list-style-type: none"> Web hosting, Web protection, etc.
Company C	2003	<ul style="list-style-type: none"> Dedicated server hosting, Cloud hosting, Co-location services, Email hosting, Web hosting, Domain name services, etc.
Company D	1999	<ul style="list-style-type: none"> Enterprise solutions, Web-based solutions, etc.
Company E	2002	<ul style="list-style-type: none"> End-user computing, Network virtualization, IT service management, Information lifecycle management, etc.

Source: CIC report

Pricing model and price trend for IT system integration services in Malaysia

Providers of IT system integration services tend to bill their clients based on the evaluation of four different factors. These factors include the number of systems to be integrated, the number of APIs, the number of staff required, and the duration of the project. The price for an IT system integration project in Malaysia ranged from RM250,000 to RM500,000 per project in 2017. As a result of the increasing complexity of these projects (i.e., the number of systems to be integrated), the price increased significantly between 2012 and 2017. In 2012, the price per project ranged anywhere between RM150,000 and RM350,000. Owing to this same key driving factor, the price is expected to continue increasing during the period from 2017 to 2022, increasing from RM400,000 to reach RM850,000 per project by 2022.

Price range and trend for IT system integration services, Malaysia, 2012-2022E



Source: CIC report

ANALYSIS OF THE IT SYSTEM MAINTENANCE AND CONSULTANCY SERVICES INDUSTRY IN MALAYSIA

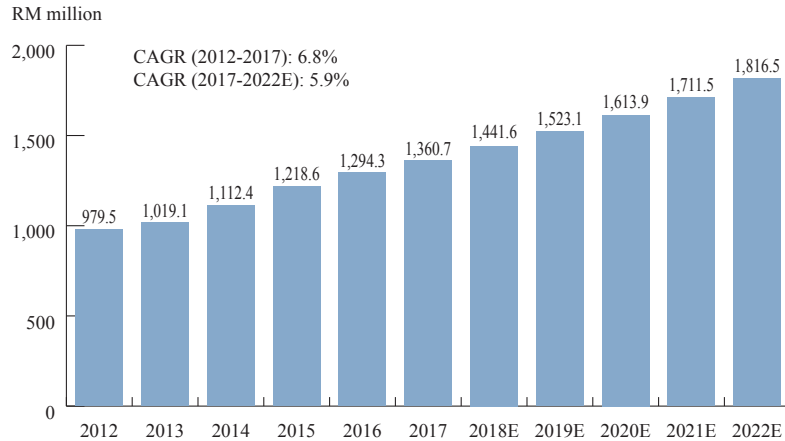
Market size of the IT system maintenance and consultancy services industry in Malaysia and related drivers

The IT system maintenance and consultancy services industry in Malaysia recorded continuous growth between 2012 and 2017, with the size of the market having expanded from RM979.5 million to reach RM1,360.7 million in terms of total revenues, representing a CAGR of 6.8%. Growth in this market was driven primarily by the following key factors: (i) the increased adoption of advanced technologies, big data analytics and cloud computing in particular, which created a new need to upgrade existing IT systems; and (ii) an increasing number of web-based and mobile-based system end users, which has fueled a need for related maintenance and consultancy services while increasing the overall complexity of IT systems, this increased

INDUSTRY OVERVIEW

complexity in turn setting higher requirements in terms of regular and preventative maintenance. IT system maintenance and consultancy services, which includes follow-up services used after IT system integration for the purposes of further technology upgrades, data migration, and so forth, are also expected to continue growing in line with expansion in the IT system integration services industry. In terms of revenues, the size of this industry is expected to grow at a CAGR of 5.9% to reach approximately RM1,816.5 million by 2022.

Market size of the IT system maintenance and consultancy services industry in terms of revenues, Malaysia, 2012-2022E

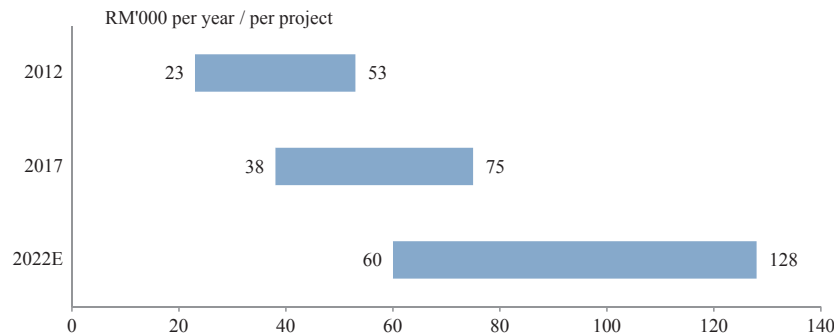


Source: CIC report

Pricing model and price trend for IT system maintenance and consultancy services in Malaysia

Providers of IT system maintenance and consultancy services tend to charge their clients using an annual subscriptions model or a monthly subscriptions model. The annual subscriptions model, which is the traditional and most-widely adopted pricing model, charges an annual price for maintenance and consultancy services as a fixed percentage of the total price for the IT system integration service offering. The new and emerging pricing model charges a monthly package price covering the provision of IT system integration services as well as follow-up maintenance and consultancy services offered on a monthly basis. The price for IT system maintenance and consultancy services has increased alongside the increase in the price for IT system integration services, with the annual rate for maintenance and consultancy services having remained stable at about 15% of the total price for IT system integration services. In 2017, the annual price range for an IT system maintenance and consultancy project was between RM38 thousand and RM75 thousand. This was an increase from 2012 when the price range was between RM23 thousand and RM53 thousand per project annually. By 2022, the price range is expected to reach RM60 thousand to RM128 thousand per year per project.

Price range and trend for IT system maintenance and consultancy services, Malaysia, 2012-2022E



Source: CIC report

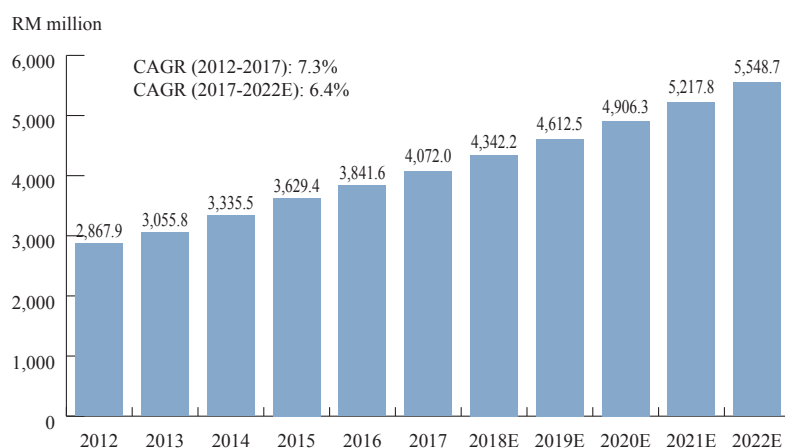
INDUSTRY OVERVIEW

ANALYSIS OF THE IT OUTSOURCING SERVICES INDUSTRY IN MALAYSIA

Market size of the IT outsourcing services industry in Malaysia and related drivers

The IT outsourcing services industry in Malaysia demonstrated steady growth between 2012 and 2017. The size of this market, in terms of overall revenues, increased from RM2,867.9 million to reach RM4,072.0 million, representing a CAGR of 7.3%. Growth in this market has been driven by the following key factors: (i) the growing complexity of enterprise IT systems with these systems having therefore become increasingly more difficult to manage, which in turn has led to an expanded demand for outsourced system integration and maintenance services; and (ii) the ongoing slowdown in the growth of downstream industries, which has led to a greater demand in these industries for IT outsourcing services as a means to better control operating costs. Given IT outsourcing provides a cost advantage, enterprises are expected to continue seeking out IT outsourcing services as a result of the increased level of complexity inherent in their IT systems. This trend is also likely to be supported by expanding penetration rates for new advanced technologies, such as big data analytics and cloud computing. In terms of overall revenues, the size of the IT outsourcing services industry is expected to grow at a CAGR of 6.4% to reach RM5,548.7 million by 2022.

Market size of the IT outsourcing services industry in terms of revenues, Malaysia, 2012-2022E



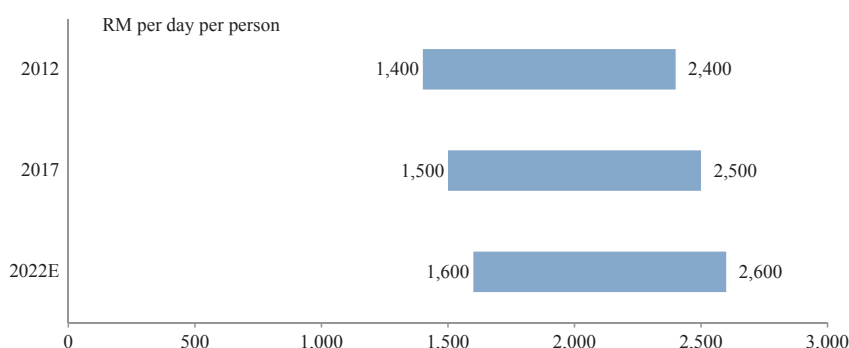
Source: CIC report

Pricing model and price trend for IT outsourcing services in Malaysia

IT outsourcing service providers tend to adopt one of three pricing models: setting prices according to (i) the length of the service period; (ii) the number of times services are requested; or (iii) the full duration required for the onsite deployment of staff. For IT maintenance and consultancy services, IT outsourcing service providers will normally adopt any one of these three models. As for IT system integration, outsourcing service providers normally charge their clients based on the third model, i.e., the full duration required for the onsite deployment of staff. The average daily rate charged for IT outsourcing services has remained largely stable during the observation period. In 2012, the daily rate ranged between RM1,400 and RM2,400. In 2017, the daily rate increased moderately with a range between RM1,500 and RM2,500. This trend is expected to continue when looking ahead to the period from 2017 to 2022. In 2022, the daily rate is expected to fall anywhere between RM1,600 and RM2,600.

INDUSTRY OVERVIEW

Price range and trend for IT outsourcing services, Malaysia, 2012-2022E



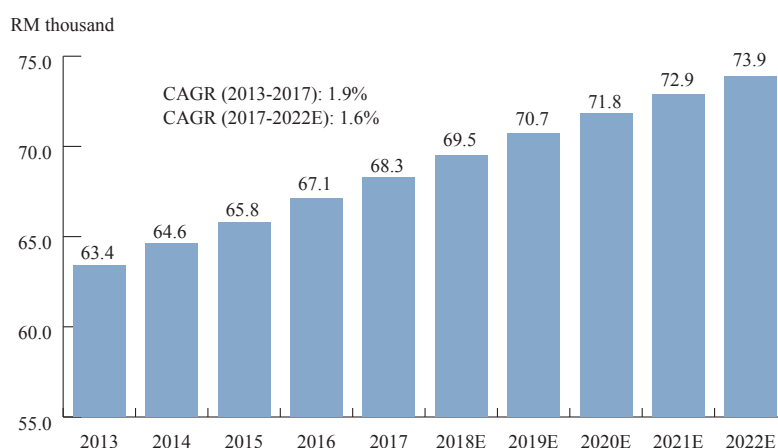
Source: CIC report

Cost analysis of IT service market in Malaysia

1) Labor cost

Labor cost is one of the most essential cost items in Malaysia's IT services market. In Malaysia, the average annual salary of IT services market was relatively stable with slight increase between 2013 and 2017. It increased from RM63,400 in 2013 to RM68,300 in 2017, representing a CAGR of 1.9%. In the following years, the annual salary is expected to continue increasing slightly to RM73,900 by 2022, with a CAGR of 1.6% between 2017 and 2022. The following chart presents the average annual salary of Malaysia's IT service market from 2013 to 2022:

Average annual salary of IT service market, Malaysia, 2013-2022E



Note: the average annual salary in Malaysia's IT service market follows similar fluctuations as the information service and computer programming and related activities market in Malaysia.

Source: CIC report

2) Subcontracting service

As the major cost item in subcontracting service is labor cost, the trend of spending on subcontracting service follows the similar trend as the labor cost in Malaysia's IT service market.

3) Spending on hardware and software

MS Windows is the major software system that is used in Malaysia's IT service market. Microsoft announced the release of Windows 8 Pro in 2013, and its price was approximately RM885.0. In 2015, Microsoft released Windows 10 Pro with price of RM1,099.0 in Malaysia. By 2017, the price of Windows 10 Pro was approximately RM999.0. Hence, from 2013 to 2017, the purchasing cost of windows system was relatively stable with slight fluctuation. It is forecasted that the cost for the continuous use of windows system will be relatively stable in the following years.

INDUSTRY OVERVIEW

Oracle database system is one of the most widely used database systems in Malaysia. Price of Oracle Database Standard Edition 2 ranges from RM2,840 to RM70,050, with different types of products bearing different technical specifications. With higher requirements of IT services in enterprises in terms of function and speed of operation, the price of database system applied grew at approximately 5% to 10% from 2013 to 2017. As technology advances in database systems, the price of such product is estimated to grow at approximately 5% per year in the next five years.

The purchasing cost of server is the major hardware cost for market participants engaged in Malaysia's IT service market. Major brands in the Malaysia's hardware server market include Dell, IBM, HP, and others. The price of server under these brands varies substantially depending on the function, power, and speed of the equipment, and the price could be as low as approximately RM6,000 and as high as approximately RM20,000. The cost spending on server by IT service providers in Malaysia increased at a CAGR of approximately 5% to 10% from 2013 to 2017. With the product upgrade, enterprises' spending on hardware is expected to continue growing at a CAGR of 3% to 8% in the following years.

COMPETITIVE ANALYSIS OF THE IT SERVICES INDUSTRY IN MALAYSIA

Malaysia's IT services market remains highly fragmented. In each of the subsidiary markets, the top 10 players account for around 10% of the total market share. To be more specific, in 2017, top 10 players claimed 10.0%, 13.0%, and 11.0% of total revenues in the IT system integration services market, the IT system maintenance and consultancy services market, and the IT outsourcing services market respectively. Although there are entry barriers in the fields of brand name, customer loyalty, competences and capabilities, these entry barriers remains to be relatively low and easy to overcome, which has resulted in a highly competitive market environment. For each of the abovementioned subsidiary markets, Our Group captured 1.0%, 0.2%, and 0.04% shares in terms of revenues in 2017. In 2017, Our Group ranked sixth among IT system integration services providers in terms of revenue.

Ranking of the leading providers of IT system integration services in terms of revenues, Malaysia, 2017

Ranking	Company	Company profile	Revenue (RM million)	Market share (%)
1	Company A	A leading ICT solutions provider in Malaysia that provides cloud computing, maintenance services, etc.	59.9	1.7%
2	Company B	A subsidiary of Telecom Malaysia, providing system integration and outsourcing services.	50.3	1.4%
3	Company C	Provides ICT solutions to associated companies and government agencies.	46.3	1.3%
4	Company D	Specialises in developing cloud backup solutions.	45.1	1.2%
5	Company E	Develops ICT systems and infrastructure for government agencies and commercial sectors.	44.9	1.2%
6	The Company	Specialises in design, procurement, installation, and maintenance of customized system applications for corporate customers.	34.6	1.0%
7	Company F	Specialises in analytics and big data, helping clients interpret and manage unstructured data.	24.4	0.7%
8	Company G	Provides integrated self-service banking solutions across web and mobile platforms.	17.2	0.5%
9	Company H	Provides networking technologies and IT service chain management.	16.8	0.5%
10	Company I	Provides system integration solutions to customers in commercial and government sectors.	16.7	0.5%
	Sub total		356.2	10.0%
	Others		3,266.5	90.0%
	Total		3,622.7	100.0%

Note: Revenues are estimated based on annual reports and industry expert interviews.

INDUSTRY OVERVIEW

Ranking of leading providers of IT maintenance and consultancy services in terms of revenues, Malaysia, 2017

Ranking	Company	Company profile	Revenue (RM million)	Market share (%)
1	Company A	A leading ICT solutions provider in Malaysia that provides cloud computing, maintenance services, etc.	50.4	3.7%
2	Company B	A subsidiary of Telecom Malaysia, providing system integration and outsourcing services.	22.7	1.7%
3	Company C	Provides ICT solutions for associated companies and government agencies.	21.0	1.5%
4	Company D	Specialises in developing cloud backup solutions.	20.9	1.5%
5	Company E	Develops ICT systems and infrastructure for government agencies and commercial sectors.	17.0	1.3%
6	Company F	Specialises in analytics and big data, helping clients interpret and manage unstructured data.	11.7	0.9%
7	Company G	Provides end-to-end solutions in IT infrastructure, integrated enterprise management, etc.	8.1	0.6%
8	Company H	Provides integrated self-service banking solutions across web and mobile platforms.	7.8	0.6%
9	Company I	Provides networking technologies and IT service chain management.	7.6	0.6%
10	Company J	Provides system integration solutions to customers in commercial and government sectors.	7.6	0.6%
Sub total			174.8	13.0%
Others			1,185.9	87.0%
Total			1,360.7	100.0%

Note: Revenues are estimated based on annual reports and industry expert interviews.

Ranking of leading providers of IT outsourcing services in terms of revenues, Malaysia, 2017

Ranking	Company	Company profile	Revenue (RM million)	Market share (%)
1	Company B	A subsidiary of Telecom Malaysia, providing system integration and outsourcing services.	193.4	4.8%
2	Company D	Develops ICT systems and infrastructure for government agencies and commercial sectors.	94.1	2.3%
3	Company K	Provides managed services mainly to financial institutions in Malaysia.	56.3	1.4%
4	Company L	Specialises in managed data centre services and IT infrastructure services.	22.5	0.6%
5	Company M	Mainly services customers in government, education, telecommunications, and financial services sectors.	18.6	0.5%
6	Company A	A leading ICT solutions provider in Malaysia that provides cloud computing, maintenance services, etc.	15.1	0.4%
7	Company N	Specialises in office automation and IT services and document management.	14.1	0.3%
8	Company O	Specialises in developing solutions for government agencies and commercial sectors.	11.3	0.3%
9	Company P	Specialises in IT outsourcing serving customers in commercial sectors.	10.1	0.2%
10	Company Q	An IT solutions and service provider focusing on computer sales and services, outsourcing services, etc.	10.1	0.2%
Sub total			445.6	11.0%
Others			3,626.4	89.0%
Total			4,072.0	100.0%

Note: Revenues are estimated based on annual reports and industry expert interviews.

INDUSTRY OVERVIEW

ENTRY BARRIERS FOR THE IT SERVICES INDUSTRY IN MALAYSIA

Industry-specific experience

The service experience in target industries constitutes a major barrier to entry. The quality of IT system integration services, IT system maintenance and consultancy services, and IT outsourcing services relies to a great degree on the industry-specific service experience as operation processes vary from industry to industry.

Customer loyalty

The industry norm of establishing long-term customer relationships constitutes a major barrier to entry. Customers tend to engage the same IT system integration service provider for future IT services as long as customers are satisfied with their previous services. It thus remains difficult for new market entrants to obtain customer trust without a proven track record.

Experienced and adequate staff

The employment of an experienced and adequate talent pool constitutes a major barrier to entry. Having a team of experienced staff members is critical for a business as service quality heavily relies upon the capabilities of a given staff. For IT outsourcing services, having an adequate staff is critical for a business as staff members will be the ones to carry out services as offered by the business.

Technological capabilities

The technological capabilities of a service provider constitute a major barrier to entry. IT system integration services involves the use of development platforms and the integration of different systems. In order to successfully carry out services as required the service provider must first have a deep technological understanding.

Brand name

The time and effort required to become a brand name service provider constitutes a major barrier to entry. The brand name of a business is particularly important for IT system integration service providers. A strong brand name can help indicate the rich experience of the service provider. Hence, an established brand name enables service providers to establish new and continuing business relationships with greater ease.

Despite the above entry barriers, they are relatively easy to overcome.

REGULATORY OVERVIEW

OVERVIEW OF MALAYSIAN LAWS AND REGULATIONS

As at the Latest Practicable Date, our Group acts as IT services provider with two of its subsidiaries registered under MSC in Malaysia. The business focus of our Group includes IT application and infrastructure solutions, solution development services as well as secondment services.

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

(I) Laws and Regulations relating to MSC

Government of Malaysia through MDEC recognises MSC Malaysia status for ICT-facilitated businesses and information and communication technology that utilise or develop multimedia technologies to produce and improve their products and services.

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

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

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

- (a) provide a world-class physical and information infrastructure.
- (b) Allow unrestricted employment of local and foreign knowledge workers.
- (c) Ensure freedom of ownership for MSC Malaysia status companies.
- (d) Give freedom of global capital sourcing for MSC Malaysia infrastructure, and access to borrow funds globally.
- (e) Provide competitive financial incentives, including Pioneer Status (100% tax exemption) for up to 10 years or an Investment Tax Allowance for up to 5 years and no duties on import of multimedia equipment.
- (f) Become a regional leader in intellectual property protection and cyberlaws.
- (g) Ensure no internet censorship.
- (h) Provide globally competitive telecommunications tariffs.
- (i) Tender key MSC Malaysia infrastructure contracts awarded to leading companies willing to use MSC Malaysia as their regional hub.
- (j) Provide a high-powered implementation agency to act as an effective one-stop super shop.

REGULATORY OVERVIEW

On 12 June 2018, the Government of Malaysia announced its participation in the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) taxation initiatives whereby Malaysia in principle has committed to implement the BEPS Action Plan. Pursuant thereto, the Government of Malaysia will streamline all relevant tax incentives for Malaysia to be consistent with the minimum standard under the BEPS Action 5 which focus on improving transparency through the exchange of information on tax matters and requirement of substantial activities for any preferential regimes.

As at the Latest Practicable Date, the legislation and guidelines for MSC Malaysia tax incentives are currently being reviewed by the Government of Malaysia and changes are expected to be implemented by 31 December 2018. In the meantime, no approvals will be granted for MSC Malaysia status effective from 1 July 2018 including any application for extension of income tax exemption period.

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

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

In the event that Tandem cannot maintain the MSC status and/or Pioneer Status, Tandem will be taxed at the rate of 18% for the first RM500,000 and 24% for any estimated assessable profits in excess of RM500,000 pursuant to the current prevailing Malaysia corporate income tax. Details which are set out in the sub-paragraph “The Income Tax Act 1967” under the section headed “Regulatory Overview”.

(II) Laws and Regulations relating to Business Operation

(a) The Local Government Act 1976

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

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

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

REGULATORY OVERVIEW

The Group is running its businesses at District of Subang and District of Petaling Jaya, State of Selangor, Malaysia and therefore it is a requirement to comply with the following by-laws:

- (i) *Licensing of Trades, Businesses and Industries (Subang Jaya Municipal Council) By Laws 2007*

Section 3 provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the council for any activity of trade, business and industry without a licence issued by the licensing authority. Any person who contravenes of this provision shall on conviction, be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both. An additional daily fine of RM200 per day will be imposed during which such offence is continued after the conviction.

- (ii) *Trade, Business and Industrial By-Laws (Petaling Jaya Municipal Council) 2007*

Section 3 provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the council for any activity of trade, business and industry without a licence issued by the licensing authority. Any person who contravenes this provision shall on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both. An additional daily fine of RM200 per day will be imposed during which such offence is continued after the conviction.

- (b) *The Sale of Goods Act 1957*

The Sale of Goods Act 1957 (“**SOGA 1957**”) governs the law on the sale of goods in Malaysia. The applicable requirements of SOGA are set out as follows:

- (i) the formation of a contract for sale takes place when there is a transfer in the property of the goods for a price.
- (ii) the conditions and warranties that govern the contract of sale such as stipulations as to time, conditions and warranties, implied undertakings as to title and as to quality or fitness are met with, in carrying the business. In particular, quality of the product shall not be compromised, neither shall the fitness for the purpose of the trade.
- (iii) the performance of the contract is complied with wherein the sale is carried out with the seller complying with its duties and that delivery of the product is in line with the SOGA.

- (c) *The Copyright Act 1987*

Works eligible for copyright under the Copyright Act 1987 (“**CA 1987**”) are literary works, musical works, artistic works, films, sound recordings and broadcasts.

The definition of “literary work” under the CA 1987 includes computer programs.

REGULATORY OVERVIEW

“Computer program” according to the CA 1987 means “an expression, in any language, code or notation, of a set of instructions (whether with or without related information) intended to cause a device having an information processing capability to perform a particular function either directly or after either or both of the following:

- (i) conversion to another language, code or notation;
- (ii) reproduction in a different material form.

Therefore, the products and/or software relating to the business of the Group are eligible to be protected under CA 1987. Copyright in any literary, musical or artistic work which subsists in such work under CA 1987 shall subsist during the life of the author and shall continue to subsist until the expiry of a period of fifty years after his death.

Pursuant to CA 1987, in order for the products and/or software of a company to be eligible for protection, the company shall make a notification of copyright to the controller of copyright by or on behalf of the author of the products and/or software, the owner of the copyright in the products and/or software, an assignee of the copyright, or a person to whom an interest in the copyright has been granted by licence.

(d) *The Trade Marks Act 1976*

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

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

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

The proprietor of a trade mark which is entitled to protection under the Paris Convention for the Protection of Industrial Property of 20 March, 1883 as revised at Stockholm on 14 July 1967 or the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 as a well-known trade mark is entitled to restrain by injunction the use in Malaysia in the course of trade and without the proprietor’s consent of the trade mark which, or the essential part of which, is identical with or nearly resembles the proprietor’s mark, in respect of the same goods or services, where the use is likely to deceive or cause confusion.

REGULATORY OVERVIEW

A trade mark, once registered with the Malaysian Intellectual Property Corporation (“**MyIPO**”) is valid for 10 years and may be renewed every 10 years.

The Common Law Protection towards Unregistered Trade Marks

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

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

(e) The Financial Services Act 2013

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

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

Foreign Exchange Administration administered under the Financial Services Act 2013 provides for the regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

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

Foreign exchange administration rules allow non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, must be made in foreign currency.

(f) The Financial Procedure Act 1957

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

REGULATORY OVERVIEW

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

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

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

(III) Laws and Regulations relating to Employment

The business of the Group is subject to the employment laws in Malaysia. Malaysia's employment and labour laws are governed by statutes and case law. The relevant legislations are the Employment Act 1955 and the Industrial Relations Act 1967 as well as the National Wages Consultative Council Act 2011 which was enacted before the passing of the Minimum Retirement Age Bill 2012 on 28 June 2012.

(a) *The Employment Act 1955*

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

For the purpose of clarifying the EA, Employment (Amendment) Act 2012 ("**EAA**") states that 'employee' means any person, irrespective of his occupation, who has entered into a contract of service with an employer and whose wages does not exceed RM2,000 a month.

Every employer is required to prepare and keep the registers of employees in the prescribed form. Unless otherwise permitted by the Director General, the register of employees is required to be kept under Employment Regulations 1957 ("**ER 1957**") in the office within the place of employment where employees are employed and shall make such register of employees available for inspection by the Director General as and when required to do so.

REGULATORY OVERVIEW

(b) *The Employment (Restriction) Act 1968*

The Employment (Restriction) Act 1968 (“ERA”) provides for the restriction of employment in certain business activities in Malaysia of persons not being citizens unless these non-citizens had been issued in respect of that person a valid employment permit.

No person shall employ a non-Malaysian citizen in Malaysia unless there has been a valid employment permit issued. Upon obtaining the approval from the Ministry of Home Affairs Malaysia, the company is required to submit applications for Employment Pass to Foreign Workers Division, Immigration Department of Malaysia. The approval of the Employment Pass can be revoked if its conditions are contravened.

(c) *The Employees Provident Fund Act 1991*

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

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

Save for those employees whom there exist an approved fund as provided pursuant to the EPFA and thus no contributions to EPF shall be made, both employers and employees shall pay monthly contributions on the amount of wages at the rate respectively set out in the EPFA 1991. An approved fund means a provident fund or other scheme for benefit of employees established by an employer or by a group of employers and declared by the EPE board under Section 52 of EPFA 1991 or any scheme expressly by any written law immediately before 6 August 1970, for the benefit of the employees in any trade, business, industry or occupation.

Every employer shall before the end of the first week in the first month in which he is paying wages in respect of which he is required to pay contributions under EPFA, register with the EPF Board unless he is already registered with the EPF Board.

(d) *The Employees’ Social Security Act 1969 (“ESSA 1969”)*

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

REGULATORY OVERVIEW

Before 1.6.2016, ESSA 1969 covers all employees who work under employers with a monthly salary RM3,000 or below. Amendment effective from 1.6.2016 with the ESSA 1991, all the employees whom being employed under an employer under contract of service or apprenticeship in private sector is required to be insured. The ceiling of wages for contribution payment is capped at RM4,000.

The contribution to employee under ESSA 1969 shall comprise the contribution by the employer and employee respectively. The contributions shall fall into the following two categories, namely:

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

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

(e) *The Minimum Wages Order 2016 ("MWO 2016")*

The Minimum Wages Order 2016 imposes minimum wages on all employees.

The current minimum wages of employees in Peninsular Malaysia is RM1,000 per month whereas the current minimum wages of employees in Sabah, Sarawak and Federal Territory of Labuan is RM920 per month.

As at the Latest Practicable Date, the Group has complied with the Minimum Wages Order 2016.

(IV) Laws and regulations relating to Taxation

(a) *The Promotion of Investments Act 1986*

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

Under the Promotion of Investments Act 1986 ("**PIA 1986**"), any company or person proposing to register a high technology company, being desirous of establishing or participating in a promoted activity or producing a promoted product in areas of new and emerging technologies, and intending that a factory be constructed, or where the factory is already in existence, be occupied in Malaysia for that purpose, may make an application in writing to the Minister for pioneer status, or for pioneer status to be given when the proposed company has been registered, in relation to that activity or product and that factory.

REGULATORY OVERVIEW

According to Section 9 of PIA 1986, where a pioneer company fails to comply with any of the conditions in the pioneer certificate, the Minister shall by notice in writing require the company within 30 days from the date of service of the notice to show cause why the pioneer certificate should not be cancelled.

Pioneer status is a form of tax incentive which provides for full or partial exemption from payment of income tax. In order to be granted with tax incentives from the Government of Malaysia under PIA 1986, the applicant must be involved in the promoted products and activities in specific business activities as promoted by the Government of Malaysia.

The Minister in charge of the Ministry of International Trade and Industry (“MITI”) is entrusted to determine the promoted agency set up under MITI to oversee these activities. A pioneer status company is generally eligible for exemption from income tax for five years and may make an application for extension of tax relief period for another five years subject to the discretion of MITI with the concurrence in writing of the Ministry of Finance.

(b) *The Income Tax Act 1967*

Pursuant to the Income Tax Act 1967 (“ITA 1967”), income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia. Section 7 of ITA defines tax resident as an individual who has been residing in Malaysia for 182 days of the tax year.

A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia. In normal circumstances, the place where the directors’ meetings are held concerning management and control of the company will be considered in determining where the management and control is exercised.

Resident companies with a paid-up capital of RM2,500,000 or more and non-resident companies are subject to a tax rate of 24% with effect from year of assessment 2016. For the year of assessment 2017, resident companies with a paid-up capital of RM2,500,000 or less, they are taxed at the rate of 18% for the first RM500,000 and 24% for any sum in excess of RM500,000. The rates described will not apply if such resident company is a member of a group of companies where any of its related company has a paid up capital of RM2,500,000 or more.

According to Section 107C(2) of ITA 1967, a company shall furnish their estimate tax payable in Form CP 204 for the coming year of assessment not later than 30 days before the beginning of the basis period for that year of assessment to the Inland Revenue Board (“IRB”). The amount for the estimate tax payable shall be paid to the IRB in equal monthly installments determined in accordance to the number of months in the basis period and each instalment shall be paid by the due date beginning from the second month of the basis period for the year of assessment.

REGULATORY OVERVIEW

Pursuant to section 120(1)(f) of the ITA 1967, the Company who without reasonable excuse fails to furnish as estimate in accordance to section 107C(2) commits an offence and shall on conviction, be liable to a fine not less than RM200 and not more than RM2,000 or to imprisonment for a term not exceeding 6 months or to both.

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

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

Pursuant to Rule 3 of Income Tax (Deduction from Remuneration) Rules 1994 (“**ITDRR**”) and Income Tax (Deduction from Remuneration) (Amendment) Rules 2015, it is mandatory for employers to make deductions from their employees’ remuneration every month in accordance with the Monthly Tax Deduction (“**MTD**”) Schedule. Employer shall then pay to the Director General the deducted remuneration by the 15th day of the month following the month of deduction.

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

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

The Goods and Services Tax Act 2014 (“**GSTA 2014**”) was implemented on 1 April 2015 with the standard rate of goods and services tax (“**GST**”) fixed at 6%. GST is chargeable on all taxable supplies of goods and services made in the course or furtherance of a business in Malaysia and importation of goods into Malaysia by a taxable person.

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

With effect from 1 September 2018, GSTA 2014 was repealed and replaced by Sales Tax Act 2018 and Service Tax Act 2018 (“**STA 2018**”). Pursuant to Service Tax Regulations 2018, the provision of information technology services are subject to service tax. The rate of service tax shall be charged at the rate of 6%.

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

- (i) the provision of sales of goods in connection with the provision of information technology services; or
- (ii) provision of information technology services in connection with the goods or land situated outside Malaysia.

REGULATORY OVERVIEW

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

(V) Laws and Regulations relating to Data Protection

(a) *The Personal Data Protection Act 2010*

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

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

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

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

(VI) Enforcement of Foreign Judgments in Malaysia

The Malaysian statutory regime in which foreign judgments may be enforced are (i) Reciprocal Enforcement of Judgments Act 1958 (“**REJA 1958**”) (ii) Maintenance Orders (Facilities for Enforcement) Act 1949 (“**MOFEA 1949**”) and (iii) Probate and Administration Act 1959 (“**PAA 1959**”). In the context of our proposed listing, only a discussion on REJA 1958 is necessary.

REGULATORY OVERVIEW

Pursuant to section 3 and 4 of REJA 1958, a person, being the judgment creditor of a judgment given in the superior courts of a reciprocating country (listed in First Schedule of REJA 1958, and including the United Kingdom, Hong Kong, Singapore, New Zealand, Republic of Sri Lanka, India and Brunei Darussalam) may apply to the High Court at any time within six (6) years after the date of the judgment, to have the judgment registered in the High Court. The judgment to be registered must be a monetary judgment and must be a final and conclusive judgment. Section 7 of REJA 1958 provides that a judgment to be registered under REJA 1958 shall not be enforced otherwise.

A non-REJA foreign judgment may be enforced under the common law via the initiation of a fresh suit in court to enforce the said judgment. However, foreign monetary judgments which fall within the purview of REJA 1958 may only be enforced via registration under REJA 1958.

Our Company was incorporated in the Cayman Islands and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance and is therefore subject to the jurisdiction of the courts in the Cayman Islands and Hong Kong. A valid, final and conclusive judgment granted by a competent court in the Cayman Islands or Hong Kong (as applicable) may be enforced subject to the above statutory regime as described.

HISTORY, DEVELOPMENT AND REORGANISATION

OVERVIEW

Our Group principally engages in the provision of IT services based in Malaysia, specialising in design, procurement, installation, and maintenance of customised IT system applications for corporate customers. The history of our Group can be traced back to July 2006 when Mixsol was established by Mr. Chong and two Independent Third Parties with their personal funds to provide system integration and computer related services. Subsequently, in 2011, Concorde was set up by Mr. Chong and Mr. Siah, by their personal funds to provide general trading services in relation to IT services. Mr. Chong and Mr. Siah became the beneficial owners of Tandem in June 2011 for provision of management advice and consultancy services regarding computer softwares and information technology. For background and relevant industry experience of Mr. Chong and Mr. Siah, please refer to the section headed “Directors and senior management” in this prospectus.

Our Group has expanded its business throughout the years and provided IT services to both private and public sectors. We specialise in design, procurement, installation, and maintenance of customised system applications for corporate customers in Malaysia.

BUSINESS MILESTONES

The key milestones in the development of our Group are as follows:

Year	Milestone events
2006	Incorporation of Mixsol
2011	Mixsol launched CUSTPRO, which is an enterprise portal product developed by us to provide web-based solutions to sell products and services over the internet Mixsol was awarded the status of MSC by the MDEC, a government-owned agency in Malaysia
2012	Tandem was awarded the status of MSC by MDEC Tandem was appointed as one of the local recognised suppliers by the Ministry of Finance in Malaysia Tandem launched NS3, which is an IT software product developed by us for data integration
2015	Tandem was granted a funding of RM750,000 for project development and commercialisation by MDEC
2016	Mixsol was granted a funding of RM650,000 for project development and commercialisation by MDEC
2018	Tandem was awarded the “Recognition Award for Outstanding Investee Companies in 2017” by Malaysia Venture Capital & Private Equity Association

HISTORY, DEVELOPMENT AND REORGANISATION

CORPORATE HISTORY

Our Company

Our Company was incorporated in the Cayman Islands on 27 February 2018 with limited liability under the Companies Law. Upon incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One nil-paid Share was allotted and issued, to the initial subscriber, an Independent Third Party, on 27 February 2018, which was subsequently transferred to Mr. Chong on the same day. Further, on the same day, one nil-paid Share was allotted and issued to Mr. Siah. Our Company is an investment holding company.

Mixsol

Mixsol was incorporated with limited liability in Malaysia on 4 July 2006, principally engages in the provision of system integration and computer related services in Malaysia. Upon its incorporation, one share was allotted and issued as fully paid to each of Mr. Chong and two Independent Third Parties, namely Mr. Yong Wai Ming and Mr. Tang Kian Hoe, at an issue price of RM1.00 per share.

On 30 March 2010, 3,333 shares of Mixsol were allotted and issued to each of Mr. Chong, Mr. Yong Wai Ming and Mr. Tang Kian Hoe at an issue price of RM1.00 per share.

On 14 April 2011, 13,500 shares of Mixsol were further allotted and issued to each of Mr. Chong, Mr. Yong Wai Ming and Mr. Tang Kian Hoe at an issue price of RM1.00 per share.

On 19 July 2013, Mr. Yong Wai Ming transferred 8,417 and 8,417 shares of Mixsol to Mr. Tang Kian Hoe and Mr. Chong, respectively, at a consideration of RM1.00 per share.

On 14 October 2014, Mr. Tang Kian Hoe transferred 25,251 shares of Mixsol to Mr. Siah at a consideration of RM1.00 per share.

On 23 April 2015, 25,000 shares of Mixsol were allotted and issued to each of Mr. Chong and Mr. Siah, respectively, at an issue price of RM1.00 per share.

On 15 October 2015, 50,000 shares of Mixsol were further allotted and issued to each of Mr. Chong and Mr. Siah, respectively, at an issue price of RM1.00 per share.

Upon the above allotments and up to immediately before the Reorganisation, Mixsol was owned as to 50% and 50% by Mr. Chong and Mr. Siah, respectively, with an issued and paid-up share capital of RM200,502.

Concorde

Concorde was incorporated with limited liability in Malaysia on 23 March 2011 to engage in provision of IT products and services. Upon its incorporation, one share of Concorde was issued and allotted as fully paid to each of Mr. Siah (as trustee for Mr. Chong) and an Independent Third Party, namely Mr. Ng Teng Yao (as trustee for Mr. Siah).

On 26 October 2011, Mr. Ng Teng Yao transferred one share of Concorde to Mr. Siah Jiin Yang (as trustee for Mr. Siah), who is the brother of Mr. Siah, at a consideration of RM1.00.

HISTORY, DEVELOPMENT AND REORGANISATION

On 28 May 2014, 49,999 and 49,999 shares of Concorde were allotted and issued to each of Mr. Siah (as trustee for Mr. Chong) and Mr. Siah Jiin Yang (as trustee for Mr. Siah) at an issue price of RM1.00 per share.

On 9 August 2016, 400,000 shares of Concorde were further allotted and issued to Mr. Siah (as trustee for Mr. Chong in respect of 200,000 shares and for himself in respect of 200,000 shares).

Upon the said allotment and up to immediately before the Reorganisation, Concorde was held as to 90% by Mr. Siah (who held a shareholding of 50% on trust for Mr. Chong, and a shareholding of 40% for himself) and 10% by Mr. Siah Jiin Yang (who held such interest on trust for Mr. Siah) respectively with an issued and paid-up share capital of RM500,000.

Tandem

Tandem was incorporated with limited liability in Malaysia on 16 December 2010 to provide management advice and consultancy services for computer software and information technology. Upon its incorporation, one share was issued and allotted as fully paid to each of the two initial subscribers, being Independent Third Parties, respectively.

On 22 February 2011, each of Mr. Siah and Mr. Ng Teng Yao (as trustee for Mr. Siah) acquired one subscriber share at a consideration of RM1.00.

On 27 June 2011, Mr. Siah transferred one share of Tandem to Mr. Chong at a consideration of RM1.00.

On 24 July 2012, 2,498 shares of Tandem were allotted and issued to Mr. Chong at an issue price of RM1.00 per share.

On 17 October 2013, 247,501 and 249,999 shares of Tandem were allotted and issued to each of Mr. Chong and Mr. Ng Teng Yao (as trustee for Mr. Siah), respectively, at an issue price of RM1.00 per share.

On 16 April 2014, Mr. Chong transferred 250,000 shares of Tandem to Mr. Simson Jaban Anak Engkujat at a consideration of RM1.00 per share, and Mr. Ng Teng Yao (as trustee for Mr. Siah) transferred 250,000 shares to Ms. Aida Hani Binti Khalid at a consideration of RM1.00 per share. Mr. Simson Jaban Anak Engkujat confirmed that he subsequently held such 250,000 shares of Tandem on trust for Mr. Siah since 14 November 2014; and Ms. Aida Hani Binti Khalid confirmed that she subsequently held such 250,000 shares of Tandem on trust for Mr. Chong since 14 November 2014.

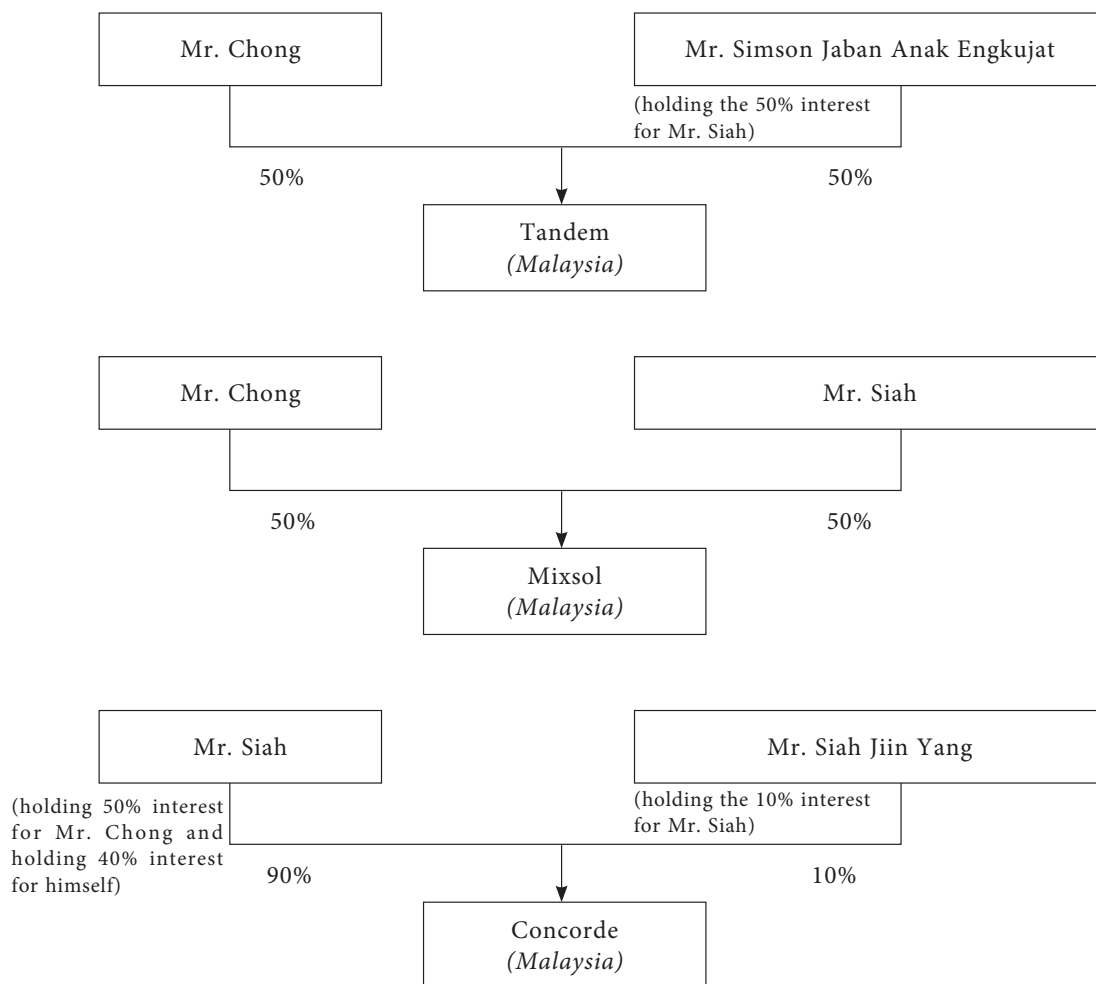
On 18 February 2016, Ms. Aida Hani Binti Khalid transferred 250,000 shares of Tandem to Mr. Chong at a consideration of RM1.00 per share.

Upon the said allotment and up to immediately before the Reorganisation, Tandem was beneficially owned as to 50% and 50% by Mr. Siah and Mr. Chong, respectively, with an issued and paid-up share capital of RM500,000.

HISTORY, DEVELOPMENT AND REORGANISATION

REORGANISATION

The following diagrams set out the corporate structure of our Group immediately before the Reorganisation:



In preparation for the Listing, our Group underwent the Reorganisation to rationalise our Group structure through the following steps:

1. Incorporation of Excel Elite

On 28 June 2017, Excel Elite was incorporated under the laws of the BVI as a limited company and is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each. On 8 August 2017, 10,000 shares were allotted and issued to Mr. Chong at a consideration of US\$10,000. On 13 December 2017, Mr. Chong transferred 5,000 shares to Mr. Siah at a consideration of US\$5,000.

HISTORY, DEVELOPMENT AND REORGANISATION

2. Subscription of new shares in Excel Elite by the Pre-IPO Investors

A subscription agreement was entered into between (i) the Pre-IPO Investors; (ii) Excel Elite; (iii) Mr. Chong and (iv) Mr. Siah on 16 October 2017, pursuant to which each of the Pre-IPO Investors subscribed for 1,945 shares in the share capital of Excel Elite at a subscription price of HK\$3,500,000 (the “**Subscription Price**”). The Subscription Price was determined and mutually agreed by the parties and was based on a price-earning ratio of 1.38 with reference to the combined net profit of our Group for the year ended 30 November 2016.

After the issue and allotment of a total of 3,890 shares on 14 December 2017, each of the Pre-IPO Investors held approximately 14.0% of the issued share capital of Excel Elite.

The key particulars of the Pre-IPO Investment are set out in the table below:

Name of Pre-IPO Investors	Mr. Liu Yan Chee James	Mr. Lam Pang
Date of the subscription agreement	16 October 2017	16 October 2017
Amount of consideration paid	HK\$3,500,000	HK\$3,500,000
Basis of determination of the consideration	The Subscription Price was determined and mutually agreed by the parties and was based on a price-earning ratio of 1.38 with reference to the combined net profit of our Group for the year ended 30 November 2016.	
Date of completion and settlement of the consideration in full	14 December 2017	14 December 2017
Effective cost per Share (taking into account of the Capitalisation Issue)	approximately HK\$0.09	approximately HK\$0.09
Approximate percentage of discount to the mid-point of the range of the Offer Price	88.5%	88.5%
Lock-up period	Each of the Pre-IPO Investors has undertaken to our Company, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that he will not, among others, sell or otherwise transfer or dispose of any Shares for a period of 24 months after the Listing Date. Please refer to the paragraph headed “Underwriting — Underwriting arrangements and expenses — Other undertakings — (C) Undertaking by the Pre-IPO Investors” in this prospectus for details.	
Use of proceeds of the Pre-IPO Investment	Strengthened the liquidity position of our Group. As at the Latest Practicable Date, approximately 91% of the proceeds was utilised.	

HISTORY, DEVELOPMENT AND REORGANISATION

Strategic benefits	Mr. Liu became an executive Director and serves our Group with his experience in finance and accounting and knowledge in corporate governance practices of listed companies in Hong Kong.	Mr. Lam became a non-executive Director and serves our Group with his experience in corporate management, especially in two PRC corporations, which are i) GOME Retail Holdings Limited, a listed company on the Main Board of the Stock Exchange (Stock Code: 0493) from September 2000 to May 2007 and ii) 山東金泰集團股份有限公司 (Shandong Jintai Group Co., Ltd), a listed company on the Shanghai Stock Exchange (Stock Code: 600385) from July 2007 to June 2013.
Special rights	Nil	Nil
Percentage of shareholdings upon Listing (without taking into account any Shares that may be issued and allotted upon exercise of any options granted under the Share Option Scheme)	9.8%	9.8%
Public float	Since Mr. Liu is an executive Director and thus a core connected person of our Company, the Shares held by him will not be counted towards the public float.	Since Mr. Lam is a non-executive Director and thus a core connected person of our Company, the Shares held by him will not be counted towards the public float.

Sole Sponsor's Confirmation

The Sole Sponsor has confirmed that the investment by each of the Pre-IPO Investors is in compliance with the Interim Guidance on Pre-IPO Investments issued on 13 October 2010, the Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017 by the Stock Exchange, as the investments by the Pre-IPO Investors were unconditionally completed and the consideration for such investments had been fully settled more than 28 clear days before the date of our Company's submission of the initial Listing application to the Stock Exchange and no special rights had been granted to the Pre-IPO Investors under the subscription agreement.

HISTORY, DEVELOPMENT AND REORGANISATION

3. Incorporation of our Company

On 27 February 2018, our Company was incorporated under the laws of the Cayman Islands as a limited company with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each, with one nil-paid Share issued to an initial subscriber, which was subsequently transferred to Mr. Chong on the same day. On the same day, one nil-paid Share was issued to Mr. Siah.

On 12 September 2018, Mr. Chong transferred the one nil-paid Share to Delicate Edge at nil consideration and Mr. Siah transferred the one nil-paid Share to King Nordic at nil consideration.

4. Acquisition of Tandem by Excel Elite

A sale and purchase agreement was entered into between (i) Mr. Chong; (ii) Mr. Siah; (iii) Mr. Simson Jaban Anak Engkujat; and (iv) Excel Elite on 20 March 2018, pursuant to which Excel Elite acquired the 250,000 shares and 250,000 shares in the share capital of Tandem (together being the entire issued share capital of Tandem) that were held by Mr. Chong and Mr. Simson Jaban Anak Engkujat, respectively, at a nominal consideration of RM1 paid to each of Mr. Chong and Mr. Siah, respectively.

Upon completion of the above acquisition, Tandem became a direct wholly-owned subsidiary of Excel Elite.

5. Acquisition of Mixsol by Excel Elite

A sale and purchase agreement was entered into between (i) Mr. Chong; (ii) Mr. Siah; and (iii) Excel Elite on 20 March 2018, pursuant to which Excel Elite acquired the 100,251 shares and 100,251 shares in the share capital of Mixsol (together being the entire issued share capital of Mixsol) that were held by Mr. Chong and Mr. Siah, respectively, at a nominal consideration of RM1 paid to each of Mr. Chong and Mr. Siah, respectively.

Upon completion of the above acquisition, Mixsol became a direct wholly-owned subsidiary of Excel Elite.

6. Acquisition of Concorde by Excel Elite

A sale and purchase agreement was entered into between (i) Mr. Siah; (ii) Mr. Chong; (iii) Mr. Siah Jiin Yang; and (iv) Excel Elite on 20 March 2018, pursuant to which Excel Elite acquired the 250,000 shares and 250,000 shares in the share capital of Concorde (together being the entire issued share capital of Concorde) that were beneficially held by Mr. Siah and Mr. Chong, respectively, at a consideration of RM1 paid to each of Mr. Siah and Mr. Chong, respectively.

Upon completion of the above acquisition, Concorde became a direct wholly-owned subsidiary of Excel Elite.

HISTORY, DEVELOPMENT AND REORGANISATION

7. Acquisition of Excel Elite by our Company

A sale and purchase agreement was entered into between (i) Mr. Chong; (ii) Mr. Siah; (iii) the Pre-IPO Investors and (iv) our Company on 13 September 2018, pursuant to which our Company acquired the 5,000 shares, 5,000 shares, 1,945 shares and 1,945 shares in the share capital of Excel Elite that were legally and beneficially owned by Mr. Chong, Mr. Siah, Mr. Liu and Mr. Lam respectively (together being the entire issued share capital of Excel Elite), at an aggregate consideration of US\$13,890 to be satisfied in full by our Company crediting two nil-paid Shares held by Delicate Edge and King Nordic as fully paid up and issuing and allotting 3,599 Shares, 3,599 Shares, 1,400 Shares and 1,400 Shares, credited as fully paid, to Delicate Edge (as directed by Mr. Chong), King Nordic (as directed by Mr. Siah), Mr. Liu and Mr. Lam, respectively.

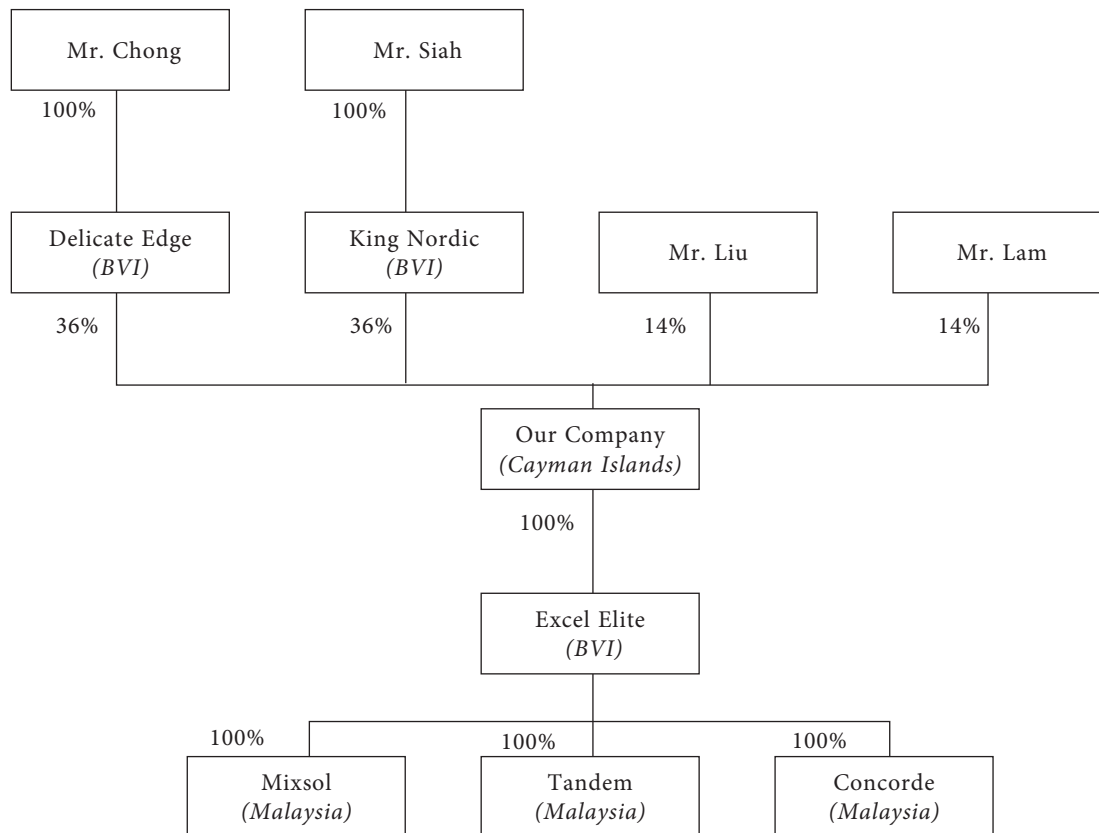
Upon completion of the above acquisition, Excel Elite became a direct wholly-owned subsidiary of our Company.

8. Increase in authorised share capital of our Company

The authorised share capital of our Company shall be increased by HK\$19,620,000 by the creation of an additional of 1,962,000,000 new Shares.

GROUP STRUCTURE AFTER REORGANISATION AND THE PRE-IPO INVESTMENT

The following diagram shows the corporate structure of our Group immediately after the Reorganisation but before the Capitalisation Issue and the Share Offer:



HISTORY, DEVELOPMENT AND REORGANISATION

CAPITALISATION ISSUE

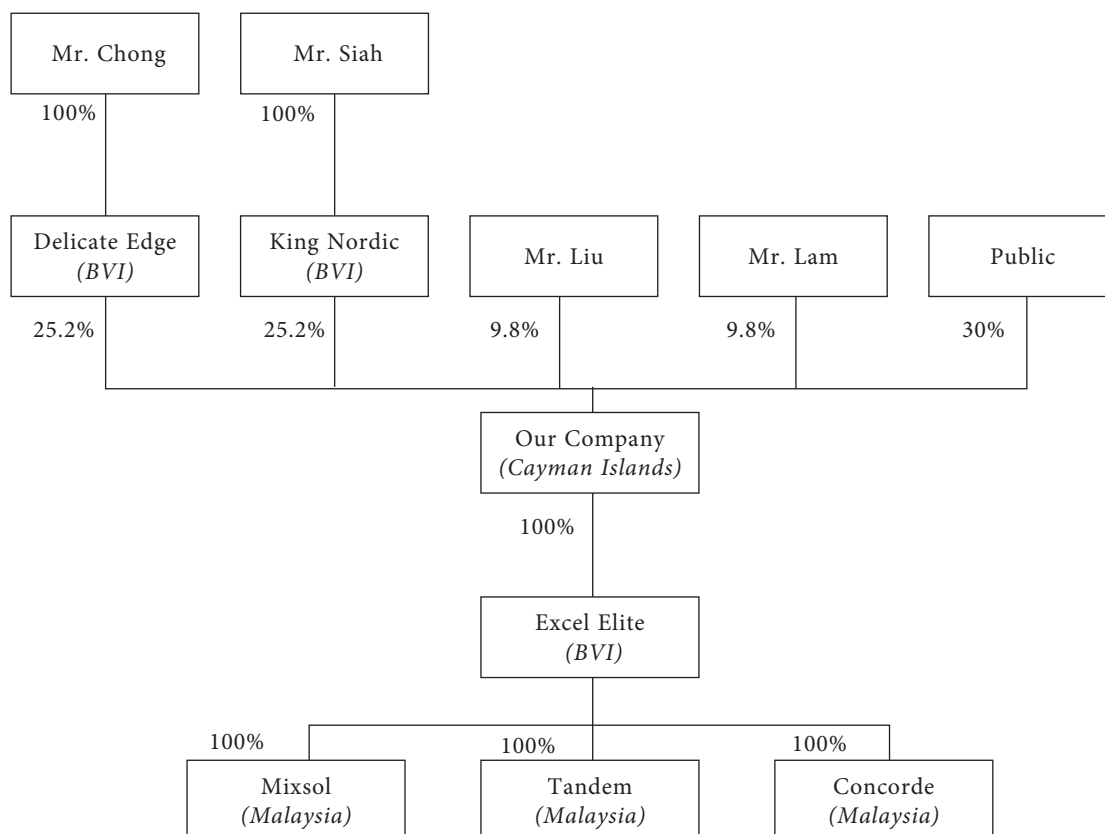
Conditional on the share premium account of our Company being credited as a result of the Share Offer, our Company will conduct the Capitalisation Issue, pursuant to which 272,990,000 Shares are proposed to be issued and allotted to the then shareholders of our Company in proportion (as nearly as possible without involving fractions) to their then shareholdings in our Company, each ranking pari passu in all respects with the then issued Shares. After completion of the Capitalisation Issue and the Share Offer, the total number of issued shares of our Company will be 390,000,000 Shares.

THE SHARE OFFER

Assuming the Share Offer becomes unconditional, our Company will offer 117,000,000 new Shares, representing 30% of the total issued shares, for subscription by the public and professional, institutional and other investors. The total issued share capital of our Company immediately after the completion of the Capitalisation Issue and the Share Offer will be HK\$3,900,000 divided into 390,000,000 Shares with 1,610,000,000 Shares which the Company is authorised to issue remaining unissued.

GROUP STRUCTURE IMMEDIATELY UPON COMPLETION OF THE SHARE OFFER

The following diagram illustrates the shareholding and corporate structure of our Group immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme):



BUSINESS

OVERVIEW OF OUR BUSINESS

Established in 2006, we are an IT service provider based in Malaysia, specialising in design, procurement, installation, and maintenance of customised system applications for corporate customers. Our services are mainly categorised as:

- (i) System integration and development — development and customisation of corporate IT system applications on project basis, either in the capacity as a main contractor or as a subcontractor, the fees of which are charged on project basis;
- (ii) IT outsourcing — performance of specific tasks of development and customisation of corporate IT system applications which are within our expertise under the supervision of customers, the fees of which are in general charged on man-day or monthly basis; and
- (iii) Maintenance and consultancy — maintenance and support of the developed IT system applications.

We provide services mainly to banks and financial institutions, government and statutory bodies, education institutions, IT services firms, software principals and other small and medium enterprises.

Our revenue and profit during the years/periods indicated is as follows:

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 <i>(Unaudited)</i>	2018 RM'000
Revenue	13,986	38,929	6,307	14,136
Gross profit	10,389	21,585	3,974	7,666
Profit before income tax	8,448	16,604	3,063	4,223
Profit and total comprehensive income for the year/period	8,393	16,533	3,032	3,192

Our revenue and profit increased significantly during the year ended 30 November 2017 and the four months ended 31 March 2018 as compared with the year ended 30 November 2016 and the four months ended 31 March 2017 respectively, due to Project W. For the year ended 30 November 2017, Project W contributed approximately 68.0% of the total revenue generated by our Group and approximately 76.5% of our revenue derived from the system integration and development segment. Project W contributed approximately 56.9% of the gross profit of our Group and approximately 66.0% of our gross profit derived from the system integration and development segment. For the four months ended 31 March 2018, Project W contributed approximately 66.1% of the total revenue generated by our Group and approximately 74.0% of the revenue derived from the system integration and development segment. Project W contributed approximately 60.7% of the gross profit of our Group and approximately 69.7% of our gross profit derived from the system integration and development segment.

BUSINESS

For the year ended 30 November 2017, the gross profit margin of Project W is approximately 46.4%, which is 31.2% point lower than the average gross profit margin of other projects. However, the gross profit margin of Project W in respect of (i) services provided is approximately 59.7%, which is approximately 19.5% point lower than the average gross profit margin of other projects; and (ii) purchase of hardware and software on behalf of our customers is approximately 28.2%, which is approximately 13.0% point higher than the average gross profit margin of other projects due to the size of the Project W. For the four months ended 31 March 2018, the gross profit margin of Project W is approximately 49.8%, which is approximately 11.6% point lower than the average gross profit margin of other projects. The gross profit margin of Project W in respect of services provided is also approximately 49.8% and is approximately 11.6% point lower than the average gross profit margin of other projects. Despite the relatively low gross profit margin of project W, it had brought significant revenue to our Group.

Our system integration and development services is our major business segment. For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, the revenue derived from:

- (a) our system integration and development services represented approximately 64.1%, 89.0% and 89.4% of our total revenue during the same period respectively; and
- (b) our IT outsourcing services and maintenance and consultancy services in aggregate represented approximately 35.9%, 11.0% and 10.6% of our total revenue during the same period respectively.

For our system integration and development services, our Group mainly acts as a subcontractor. For each of years ended 30 November 2016 and 2017, and the four months ended 31 March 2018, the revenue derived from our Group as a subcontractor was approximately RM4.4 million, RM30.8 million and RM12.1 million respectively, representing approximately 49.5%, 88.9% and 95.6% of the revenue generated from our system integration and development services.

During the Track Record Period, approximately 99.4% of our revenue was derived in Malaysia and our remaining revenue was derived in Singapore.

The breakdown of our revenue by business segments during the years/periods indicated is as follows:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	<i>(Unaudited)</i>							
System integration and development services	8,969	64.1	34,634	89.0	5,238	83.0	12,631	89.4
IT outsourcing services	1,299	9.3	1,451	3.7	483	7.7	642	4.5
Maintenance and consultancy services	3,718	26.6	2,844	7.3	586	9.3	863	6.1
	<u>13,986</u>	<u>100.0</u>	<u>38,929</u>	<u>100.0</u>	<u>6,307</u>	<u>100.0</u>	<u>14,136</u>	<u>100.0</u>

BUSINESS

The table below sets out the breakdown of our revenue by geographical locations of the projects for the years/periods indicated:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
					<i>(Unaudited)</i>			
Malaysia	13,706	98.0	38,853	99.8	6,307	100.0	14,105	99.8
Singapore	280	2.0	76	0.2	—	—	31	0.2
	<u>13,986</u>	<u>100.0</u>	<u>38,929</u>	<u>100.0</u>	<u>6,307</u>	<u>100.0</u>	<u>14,136</u>	<u>100.0</u>

During the Track Record Period, we have completed 28 system integration and development projects.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths of our Group have contributed to our success to date:

We offer comprehensive IT solutions and services to cater for customers' need

We offer comprehensive one-stop IT solutions and services to our customers. Our tailor-made one-stop IT solutions services may encompass (i) consultancy; (ii) procurement of hardware and/or software; (iii) design and implementation; and (iv) on-going support and maintenance. For example, as IT technology advances rapidly, when our customers subscribe for a new system, they need a bridging between their existing old system and the new system. In this connection, we have extensive experience in providing tailor-made architecture services which involve integration of different IT systems of our customers. We also provide customer relationship management solutions under which we help our customers to manipulate and manage their database and present information in a useful way so as to enhance their operation efficiency. Further we provide project related trainings to our customers.

To ensure the service quality of our IT solutions, we adopt a methodology called STAR. For details of our methodology, please refer to the paragraph headed "Project implementation for system integration and development" in this section below. We believe that our ability to provide our customers with convenience, flexibility and efficiency at a reasonable cost allows us to build long term business relationships with our customers. As at the Latest Practicable Date, we have maintained business relationship ranging from one to 12 years with our five largest customers during the Track Record Period.

We have our own developed IT products

Through years of operations and based on our practical experiences, we have successfully developed to IT products, which are known as NS3 and CUSTPRO.

BUSINESS

NS3 is a data conversion platform designed for the integration of third-party software and hardware to fulfil the needs of various customers. CUSTPRO is an enterprise portal product providing corporations with web based solution to manage their customer profiles and perform the sales of products and services by analyzing data of their customers' purchasing histories. For details of the aforesaid products, please refer to the paragraph headed "Our Services" of this section.

With such products, we are able to provide unique comprehensive IT solutions to our customers, which our market players may not be able to provide the same.

We have extensive experiences and expertise in IT services projects in Malaysia where there is a trend of increasing demand

We have been in the IT solution service industry since 2006. We offer comprehensive and tailor-made IT solutions to our customers, which includes but not limited to enterprise portal solution, mobile application, mobile payment solution, channel solution, data management solution and financial and regulatory compliance solution. In addition, we have gained extensive industry knowledge by serving customers from various industries, including but not limited to banking and finance, telecommunications, government agencies, airlines, medical and health care provider and education. Meanwhile, according to the CIC Report, the IT services industry in Malaysia experienced steady growth between 2012 and 2016, with a CAGR of 7.8% and such growth is expected to continue at a CAGR of 6.6% and to reach approximately USD4.0 billion by 2020. Such growth is attributable to (i) the increasing demand for system integration and development services coupled with the increased penetration of enterprise IT systems and government initiatives designed to boost the country's digital economy; and (ii) the increasing demand for system maintenance and support services and IT outsourcing services coupled with the increasing number of end users and the growing complexity of enterprise IT systems. Our Group captured 0.3%, 0.3%, and 0.03% shares in term of revenues in 2016 for the IT system integration services market, the IT system maintenance and consultancy services market, and the IT outsourcing services market respectively. In 2017, the respective market shares of our Group are approximately 0.9%, 0.2%, and 0.04%. Throughout the years, our Group has an established reputation in IT services in Malaysia where we are known as a service provider and partner to deliver system integration and development services through customisation of NS3 and CUSTPRO. When bidding for a project, IT services firms which engaged us as a subcontractor to provide system integration and development services usually submit the bid together with us so as to increase the chance of securing such project. This bidding strategy was especially essential for those IT services firms which solely provide hardware or IT consultancy. Although our market shares are relatively insignificant, our Directors expect that there will continuously be new projects to provide IT services in Malaysia and our Directors believe that our extensive experience and knowledge in projects as well as our established reputation in provision of system integration and development services will position us well in securing projects in Malaysia for the coming years.

BUSINESS

We have an experienced management team

We have an experienced management team. Our Chairman, executive Director and Chief Executive Officer, who is also the founder of our Group, Mr. Chong has over 10 years of experience in IT services industry and business management. Our senior management team consisted members that specialise in different areas of business operation, in which Mr. Pang is responsible for overall strategic IT planning, implementation and support as an integral component of the business plan, Mr. Chung is responsible for overall project implementation and project management, and Mr. Wong is responsible for research and development of our own product(s). Please refer to the section headed “Directors and Senior Management” in the prospectus for further details on the biographical details of our executive Directors and senior management. Their qualification and experience facilitate (i) the preparation of competitive tenders, which are essential in securing new business opportunities; (ii) the formulation of effective project plans to carry our projects in an effective and timely manner; and (iii) maintenance of a long-term customer relationship. Our Directors believe that our management team will continue to be our Group’s valuable assets and strive our Group towards greater success.

We have abundant, highly skilled, and local human capital

Our Group has maintained a team of approximately 70 employees, including project managers and software engineers. Since a mega project can easily involve more than 30 employees over a long period, the sizable staff team allows our Group to execute multiple large projects simultaneously.

Most software engineers have obtained professional certifications issued by well-known software and hardware companies. Although industry participants can still provide IT services even if they do not hold certifications, our Group can charge for higher prices since their team is certified.

Most of our staff team members are local Malaysians. This provides our Group with a natural advantage in bidding for projects from local clients such as the Malaysian government, the central bank of Malaysia as these agencies only allow Malaysians to work in their offices.

We have strong relationships with major partners

Our Group’s software is designed to contain business elements and other regulatory processes, and is installed and deployed on development platforms from well-known software and hardware companies. Our Group maintains strong relationships with major partners including well-known international software and hardware companies allowing our Group to receive first hand assistance from them whenever necessary. Some customers only want to buy branded software.

We have proven track record and well-known brand name

Our Group has a proven track record and enjoys a well-known brand name in major industry sectors that require IT services such as government, banking, and telecommunications. Our Group is a registered vendor for major companies in these sectors such as the central bank of Malaysia, two of the three major telecommunication providers in Malaysia. Our Directors are of the view that our Group has great potential to fully utilise their branding and expand their business to nearby countries such as Indonesia.

BUSINESS

OUR BUSINESS STRATEGIES

We strive to be one of the major IT services providers in Malaysia. To achieve growth in our business, we intend to pursue the following business strategies:

We pursue to be a major IT solution provider to the DFTZ

Digital Free Trade Zone is an initiative put forward by the Malaysian Government and a PRC technology company, implemented through MDEC, which intends to facilitate seamless cross-border trade and enable local businesses to export their goods by e-commerce.

Our Group intends to provide IT solution under any DFTZ initiative. In particular, we will (i) roll out our own product, the advanced version of Blackbutton and (ii) help our business partner to localize its mobile payment product into Malaysia and potentially some of the ASEAN Countries markets with Malaysia as a base through integrating the payment operator with the banking infrastructure through our advanced version of Blackbutton. For the details of the advanced version Blackbutton, please refer to the section headed “Future Plans and Use of Proceeds — Use of Proceeds — further details on use of proceeds for research and development of advanced and adapted versions of our Group’s existing IT products” in this prospectus. As mobile payment market is regulated by local government authorities and agencies, the advanced version of Blackbutton can benefit from our status as a local player of Malaysia. The advanced version of Blackbutton can provide services to overseas mobile payment operator to perform cross-border payment as it can perform the function of payment settlement.

We pursue to capture new growth opportunities through our successful product, Square Intelligence

The management of our Group believes our success in Square Intelligence, a product based on the technical know-how of NS3 would bond our system integration and development services tightly with technology innovation. For more details about NS3 and Square Intelligence, please refer to the paragraph headed “Our Services” of this section. This cultural bonding would become a crucial competitive edge of our Group in the long-run. Moreover, our Group is poised to capture new growth opportunities through targeted and strategic expansion relating to consumption upgrading, technology innovation as well as emerging industries, financial services and Fintech.

Leveraging on the business networks of the Pre-IPO Investors to introduce IT products in the PRC into Malaysia

Our founders have in-depth expertise and extensive experiences in IT systems. They also possess extensive network in the IT industry in Malaysia. By admitting the Pre-IPO Investors to sit on the Board, our Group wishes to leverage on their network in the PRC and endeavours to introduce IT products in the PRC into Malaysia, whether by way of appointing our Group as sole distributor, or joint venture between our Group and the business partners or otherwise. In particular, Mr. Lam, our non-executive Director, has extensive management experience in PRC corporations. His biography is set out in the section headed “Directors and Senior Management”. Our Board considers Mr. Lam’s previous experiences and networks enabled him to establish extensive business network in the PRC and will be helpful to introduce suitable business partners to our Group. Through such introduction, our Group may utilise its local knowledge and expertise in IT to carry out certain value-added processing and adaptation work in order to ensure the product fit the preference of Malaysian users. Additionally, our relationships with local banks and financial institutions ensure that the proposed product introduction has a solid customer base in Malaysia.

BUSINESS

Diversifying our service offerings to our customers

During the Track Record Period, we mainly provided system integration and development services to our customers. We intend to diversify our service offerings. As the first step, our Group intends to use a portion of the proceeds from the Share Offer to purchase hardware and other equipments for the purpose of establishing a data centre and provisions of cloud storage and cloud computing services.

We plan to use our products, NS3 and Square Intelligence, as a foundation to develop a data conversion platform to be provided in cloud services. Beginning in May 2015, Securities Commission Malaysia (SC) started to adopt Extensible Business Reporting Language (XBRL) for statistics, financial and regulatory reporting. The reporting in the format of XBRL is expected to be implemented progressively across the Malaysian capital market. Our data conversion platform is designed for participants in the Malaysian capital market, such as banks and financial institutions, to generate and process data of different format into XBRL as the standard and exchangeable format.

None of the existing XBRL conversion softwares have a dominant position. Our data conversion platform to be provided in cloud services mainly aims at financial institutions of relatively small operation scale, which usually have cost concerns on establishing large IT infrastructure within their enterprises. Our Directors believe that our target customers will prefer our platform to those of our competitors because of (i) the experience and expertise that we have gained from providing the similar services in the form of IT infrastructure; (ii) the capability of processing mega data with the establishment of a data centre with a storage capacity and (iii) the function of automatic generation of the filing format, which is developed based on the technical know-how of NS3 and Square Intelligence.

Besides, we plan to promote the standard cloud version of our CUSTPRO to those SMEs that are in need of the CRM System to manage their customers' profiles and sales records. This standard cloud version of CUSTPRO is designed to be subscribed via our cloud services, which include everything required to host a web portal. As distinct from our current version of the CUSTPRO, which is provided as a customised solution on the premise of our customers, the cloud version will be launched as a standard version with no customisation and for general business use. Standard features of a CRM system, such as basic sales automation workflow, will be included in our cloud version. Sales automation work flow comprises of functions to organize, automate and track business processes and provides its users with forecast analysis, marketing research, sales activities tracking, customer management and analysis of return on investment. This product targets at SMEs which are in need of a CRM system and intend to use its basic functions in their daily operation to allocate resources more effectively. Further, instead of charging a premium on the customisation services offered in the current version of the CUSTPRO, we will offer the cloud version at a lower standard price so as to reach a larger customer base in the SMEs. For more details, please refer to the section headed "Future Plans and Use of Proceeds". Our Group may also consider other possible IT services depending on the market opportunities. Our Directors are of the view that, by diversifying our service offerings, we will also be able to diversify our customer base.

OUR BUSINESS MODEL

Introduction

We are a Malaysia-based IT services provider, specialising in design, procurement, installation, and maintenance of customised system applications for corporate customers. Our services are mainly categorised as: (i) system integration and development, (ii) IT outsourcing and (iii) maintenance and consultancy.

We provide services mainly to banks and financial institutions, government and statutory bodies, education institutions, IT services firms, software principals and other small and medium enterprises.

System integration is an IT or engineering process or phase concerned with joining different subsystems or components as one large system. It ensures that each integrated subsystem functions as required. System integration is also used to add value to a system through new functionalities provided by connecting functions of different systems. For examples, for financial institutions, it may require various functions, such as consumer banking, wealth management, corporate banking. The aforesaid functions may also require the support of other components, such as exchange rates, interest rate, tax, payments, etc. New technologies may also emerge from time to time, such as online banking, mobile banking, cloud technologies, other electronic payment methods and all these change the solution requirements.

System Integration and Development Services

Our system integration and development services is our major business segment. During each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, the revenue derived from such business segment were approximately RM8.9 million, RM34.6 million and RM12.6 million, representing approximately 64.1%, 89.0% and 89.4% of our total revenue during the same period respectively. We recognised our revenue using the percentage of completion method. Our services mainly include design, procurement and installation of tailor-made IT system solutions to corporate customers based on their specific needs and requirements. We usually deliver our system integration and development services through customisation at our two developed IT products, which are known as NS3 and CUSTPRO. We either act as a main contractor or as a subcontractor in the provision of system integration and development services. Regardless of our capacity as a main contractor or as a subcontractor, we provide our services in a similar nature and scope and charge on project basis with fixed price.

For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, NS3 and Square Intelligence were applied in 19 projects, generating a revenue of approximately RM4.4 million, RM14.8 million and RM6.0 million respectively. During the same period, CUSTPRO and Blackbutton were used in 11 projects, generating a revenue of approximately RM589,000, RM8.3 million and RM6.5 million respectively.

Our solutions include enterprise portal solution, mobile application, mobile payment solution, mobile banking solution, channel solution, data management solution and financial and regulatory compliance solution.

BUSINESS

We render most of the core services through design of the overall plan for system integration and development, procurement and installation of software and/or hardware, testing of the systems and management of the overall project. We usually assign our project team led by our project manager of each project. In general, we will have to bear the risks in connection with the overall timing and the success of the project.

IT Outsourcing Services

We sometimes perform specific tasks of development and customisation of corporate IT system applications which are within our expertise under the supervision of our customers. As distinct from the case when we act as a subcontractor in the segment of system integration and development services where services are provided on project basis, in providing IT outsourcing services, we act as a sub-contractor and only perform certain specific tasks as delegated by main contractor(s) and we charge our main contractor(s) on man-day or monthly basis. In general, we are only responsible for provision of specific tasks and the proper functioning of the tasks delegated to us but not required to bear the risks in connection with the project. Our level of involvement in those projects will depend on the exact requirements of the main contractor(s). For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our revenue derived from IT outsourcing services were approximately RM1.3 million, RM1.5 million and RM642,000, representing approximately 9.3%, 3.7% and 4.5% of our total revenue respectively. We recognise our revenue on a time rate basis.

Maintenance and Consultancy Services

Following the completion of the development and customisation of the corporate IT system applications, we may be engaged by our customers to provide maintenance and support services. We may also be engaged by customers whose IT application systems were built and developed by other parties for maintenance and support services. Such services include but not limited to, problem reporting, problem diagnosis, correction of errors and malfunctioning of software, help desk support services, onsite assistance, etc.

In addition to the provision of maintenance and support services, we also provide certain consultancy services on the development and customisation of IT corporate system applications, particularly on CUSTPRO solution. The revenue derived from our maintenance and consultancy services were approximately RM3.7 million, RM2.8 million and RM863,000, representing approximately 26.6%, 7.3% and 6.1% of our total revenue during each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively.

Revenue for maintenance service is recognised on a straight-line basis. Revenue for consultancy service is recognised based on the percentage of completion method.

BUSINESS

Revenue in term of types of services

The table below illustrates the breakdown of our revenue by business segments during the Track Record Period:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
System integration and development services								
Services provided	5,789		23,171		5,029		12,631	
Sales of externally acquired/purchased hardware and software	3,180		11,463		209		—	
	<u>8,969</u>	64.1	<u>34,634</u>	89.0	<u>5,238</u>	83.0	<u>12,631</u>	89.4
IT outsourcing services	1,299	9.3	1,451	3.7	483	7.7	642	4.5
Maintenance and consultancy services	3,718	26.6	2,844	7.3	586	9.3	863	6.1
	<u>13,986</u>	100.0	<u>38,929</u>	100.0	<u>6,307</u>	100.0	<u>14,136</u>	100.0

OUR SERVICES

System Integration and Development Services

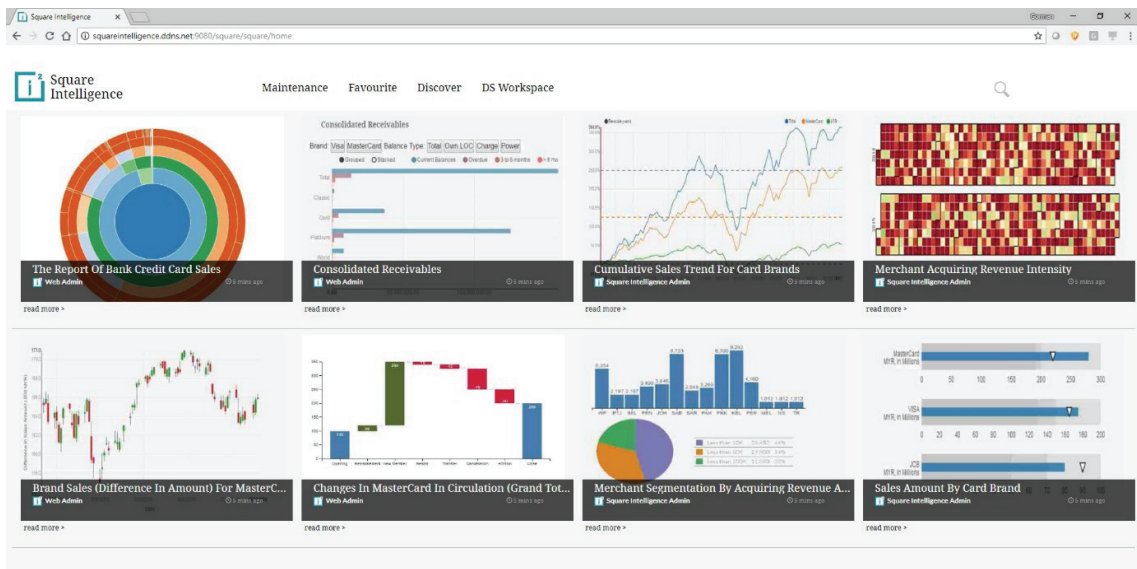
Our system integration and development services mainly include design, procurement and installation of tailor-made IT system solutions to corporate customers based on their specific needs and requirements. We usually deliver our system integration and development services through customisation of our two developed IT products, which are known as NS3 and CUSTPRO.

For the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, NS3 and Square Intelligence were applied in 19 projects, generating a revenue of approximately RM4.4 million, RM14.8 million and RM6.0 million respectively. During the same period, CUSTPRO and Blackbutton were used in 11 projects, generating a revenue of approximately RM589,000, RM8.3 million and RM6.5 million respectively.

NS3

NS3 is a data conversion platform designed for the integration of third-party software and hardware to fulfil the needs of various customers. NS3 can also be understood as a data translator, through which data of different format from different systems are integrated such that it becomes presentable and readable by users even though they are transferred from IT systems and/or infrastructures of different configurations. NS3 is first designed and created by our Group to be used in the central bank of Malaysia in 2012 and subsequently has been used by various major banks and financial institutions in Malaysia mainly as a financial and regulatory compliance solution. It provides data integration solutions, including migration of all financial institutional terminals' submission system into a centralised system. It helps the regulators to own a consolidated architecture of framework system, ready for them to implement control framework, supervisory practice, monitoring and audit in various areas, including but not limited to, financial statements, risk management, foreign currency transactions, credit data and information, etc. It contains automation module whereby data of specific format can be generated automatically. The submission system enables the financial institutions to extract data from existing information system and compile the required information for the regulators.

Based on the technical know-how of NS3, we developed an IT product known as Square Intelligence. In the context of business environment, it is mostly understood as a business intelligence tool for corporate users to easily manipulate and manage data from their databases and present big data analysis in a simple and clear way, such as flowcharts and storyboards.



The screenshot above presents examples of visualized analysis carried out by Square Intelligence, including but not limited to a pie chart on the sales of credit cards of a bank; a bar chart on the consolidated receivables of a company; and a column chart on the changes of credit card in circulation of a bank. By clicking on different spots of the pies, charts and lines, users can easily extract more detailed information on the relevant sub-category and these functions can assist users to conduct the required analysis and formulate the relevant business strategies or decisions.

BUSINESS

Square Intelligence is our crucial competitive edge and can capture growth opportunities because it has various features required by our customers. Customers need to adapt to changing market conditions promptly, and therefore they need to analyse their organization in an efficient manner. With Square Intelligence, no in-depth user requirement study is needed. All the customers has to provide is its data. Square Intelligence also has pre-developed reports. These features allow a report to be issued with Square Intelligence within a shorter period with pre-defined reporting and data mart as compared with other business intelligence solutions. Further, Square Intelligence also has a number of features that cater the needs of customers in an all-round manner. Customers can choose to store their data on their own premises or a cloud storage to be operated by our Group. Our Group also believes that we have advantage in term of pricing over other business intelligence solutions. We package Square Intelligence as a standard system integration package for operational solution implementation project as a value-added feature to customers. In the market, analytics module are usually not part of the operation solution, and customers have to purchase analytics module separately. Analytics module is used to discover the pattern of data such as customer segmentation, purchase behaviour, risk assessment, etc. The major difference between operation solution and analytics modules is that the operation solution usually has data entry functionalities while analytic system has the more valuable function of discovery and interpretation of data pattern.

CUSTPRO

CUSTPRO is an enterprise portal product providing corporations with web based solution to manage their customer profiles and perform the sales of products and services by analyzing data of their customers' purchasing histories. CUSTPRO provides customer relationship management modules to help our customers to understand and learn more about the needs of their end customers and their behaviours in order to develop a stronger relationship with them and formulate the relevant business strategies. Such modules help to enhance marketing effectiveness, drive sales performance and improve customer satisfaction.

CUSTPRO is designed and created by our Group and has been used to serve small and medium-sized enterprises. The features of such product include:

- (i) Content management: This module streamlines the entire documentation to share information with employees, customers and partners. Announcement could be updated via the user-friendly content management in CUSTPRO. Each document created will be tagged to ease the search process. Search of documents can be done very quickly based on the keywords. Content access privilege could be configured based on the user profile in CUSTPRO;
- (ii) Product management: This module allows multi-level nested product category and is targeted to support any form of product sold by the portal administrator;
- (iii) Account management: This module manages and keeps track of all the latest updated information of end customers and potential end customers. End customers and prospective information can be retrieved easily for marketing, sales and services and our customers can have a better understanding of their needs;
- (iv) Lead management: This module enables the user to manage, and to keep track on the sales leads. It provides information on the sales cycles from the first contact to final sale, and allows the sales teams of our customers to effectively analyse and manage the sales;

BUSINESS

- (v) Task management: This module manages tasks and activities of the sales team. Each task assigned is traced and shared within the team to provide better sales approaches;
- (vi) Sales and marketing: This module manages and tracks every element of sales campaign. This acts as a marketing planner and sales planner to help sales team to keep track of each marketing campaign. Each activity in the marketing campaign could be detailed into specific element component such as communications, responses, budget, actual cost and prospects. All these help our customers to maximise the result of each marketing campaign;
- (vii) Case management: This module functions as a platform for sales and support team to provide better customer services. Customer service records are kept such that our customers can serve their end customers in a timely and effective manner;
- (viii) Report dashboard: This module integrates all critical business data across modules in order to save time in analyzing the business data; and
- (ix) Document management: This module provides centralised platform for the customers to share information across employees. It helps our customers to keep important documents such as contract in order to allow access anytime whenever it is needed.

CUSTPRO is flexible to allow customisation that can be done on the existing framework to cater for all kinds of business requirements of our customers.

With the innovation and development in the field of financial technology, our Group improved and updated the design of CUSTPRO and produced Blackbutton.

Blackbutton is a mobile payment application, which provides the facility of integrating all payment gateways in the market, such as credit card, debit card, inter-bank transfer and Paypal, and allows users to choose their desired payment method. Additionally, Blackbutton includes the function of loyalty programme, where it can be integrated with the corporation's existing membership system or can be established as new in-house system for the corporation.

The features of Blackbutton include:

- (i) cash replacement mechanism as we promote close proximity payment transaction;
- (ii) end-to-end solutions covering B2B, B2C & C2C;
- (iii) no special device required at merchant side;
- (iv) operation with minimum requirement which only camera is required;
- (v) able to integrate with other loyalty management available in the market;
- (vi) data analytics with demand analysis for marketing purposes based on user's spending history and behavior; and
- (vii) support various payment methods available in the market, e.g. debit/credit card, inter-bank transfer, direct bank clearing and etc..

BUSINESS

Our solutions

Through customisation of NS3 and CUSTPRO, we are able to deliver system integration services tailored to the needs of our customers.

Our solutions include enterprise portal solution, mobile application, mobile payment solution, mobile banking solution, channel solution, data management solution and financial and regulatory compliance solution. In one tender invitation received by our Group, a financial institution may wish to improve their entire CRM system. The former CRM System was not able to cater the demands of the user, and some of the problems were that (i) the former CRM System was not able to track and view the end customers' journey on the web which could have helped tracking end customers' interest in a product, (ii) the staff of the financial institution had to navigate close to 10 applications in handling end customers' enquiries and within each application, the staff also needed to navigate through various screens to obtain the necessary information and those information are unstructured and staff spent a lot of time in searching for the information, (iii) no performance dashboard available to be able to take immediate action on any gaps in processes such as delayed fulfilment or spike in issues, (iv) no proper escalation in place which allows for an end to end solution of a rework case as the supervisor is not kept in the know of any error or delay and (v) staff could be offering generic products or services to end customers which do not meet end customers' needs. Such financial institution needs to improve the entire CRM System such that the above issues could be resolved or otherwise improved. In another example, a financial institution is looking for a big data solution that can provide customers' spending behavior and customer sentiment analysis which will eventually help in its marketing campaign by pushing merchants' marketing material/SMS based on the selected location. The required information will be mined from the credit card and remittance databases from the financial institution as well as social media. The end customers' spending behaviors and sentiment analysis will be processed as daily batch run and will be available on the next day for campaign matching purpose.

Our capacity

We either act as a main contractor or as a subcontractor to provide system integration and development services to our customers and end customers. The table below sets out the revenue breakdown in respect our capacity as a main contractor and a subcontractor during the Track Record Period:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Main contractor	4,533	50.5	3,861	11.1	648	12.4	561	4.4
Subcontractor	4,436	49.5	30,773	88.9	4,590	87.6	12,070	95.6
	<u>8,969</u>	<u>100.0</u>	<u>34,634</u>	<u>100.0</u>	<u>5,238</u>	<u>100.0</u>	<u>12,631</u>	<u>100.0</u>

BUSINESS

The revenue derived from our capacity as a subcontractor increased significantly from approximately RM4.4 million, representing 49.5% of our system integration and development revenue for the year ended 30 November 2016 to approximately RM30.8 million, representing 88.9% of our system integration and development revenue for the year ended 30 November 2017. The significant amount of increase was due to the start of Project W during the year ended 30 November 2017 in which we acted as a subcontractor. For the year ended 30 November 2017, Project W recognised a total revenue of approximately RM26.5 million, which increased our system integration and development revenue by approximately 286.2% from the year ended 30 November 2016 to the year ended 30 November 2017.

The revenue of system integration and development services derived from our capacity as a subcontractor increased significantly from approximately RM4.6 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM12.1 million for the four months ended 31 March 2018, which was primarily due to the significant increase of revenue recognised for Project W from approximately RM3.4 million to approximately RM9.3 million for the corresponding periods.

The table below sets out the gross profit margins attributable to the Group's role as a main contractor and a sub-contractor for its projects during the Track Record Period:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	Gross profit		Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Main contractor	3,249	71.7	2,808	72.7	176	27.2	335	59.7
Subcontractor	3,517	79.3	15,791	51.3	2,985	65.0	6,333	52.5
	<u>6,766</u>	<u>75.4</u>	<u>18,599</u>	<u>53.7</u>	<u>3,161</u>	<u>60.3</u>	<u>6,668</u>	<u>52.8</u>

Regardless of whether we act as a main contractor or as a subcontractor, we provide our system integration and development services on project basis with fixed price and scope. We render our service based on the scope and planned timeline of the project and if there is any change in the scope, a variance order would occur. For outsourcing service as discussed in the paragraph headed "Provision of IT outsourcing services" in this section of the prospectus, our fees are purely charged on the basis of time expended. We only perform certain specific tasks of development and customisation of corporate IT system application which are within our expertise under the supervision of our main contractors and we usually charge our main contractors on man-day or on monthly basis.

In order to become an approved subcontractor, the main contractor will consider various factors, including our financial strength, operational capability to undertake sizable projects, technical competence and experience, track records, references from other customers, possession of extensive technical and functional resources. Most of the main contractor customers require subcontractors to be certified by these technology principals, and therefore, our Group was able to become an "approved" subcontractor from our customers. Our Group is a certified partner to many technology principals to perform reselling and implementation of their products, and our staff are also certified engineer of products from these technology principals as well.

BUSINESS

We render most of the core services through design of the overall plan for system integration and development, procurement and installation of software and/or hardware, testing of the systems and management of the overall project.

Set out below is our major system integration and development projects with project amount exceeding RM1.5 million that our Company handled or is handling during the Track Record Period:

Rank	Customers	Principal business of the customer	Description of the project	Project amount <i>RM'000</i>	Project period
1	Customer D	Services in the telecommunication industry	An enterprise portal solution for members of a Malaysian Social Security Organization	71,812	December 2016 – July 2020
2	Customer C	Security infrastructure, data centre and IT security	Provision of NS3 solution	3,092	May 2016 – December 2016
3	Customer E	Data analytic services and solutions	A compliance solution for accounting principles used by a Malaysian bank	2,135	March 2017 – April 2018
4	Customer F	IT solutions	Provision of NS3 solution	1,851	December 2014 – January 2017
5	Customer A	Banking and financing services	A channel solution to connect various systems of a Malaysian bank, including core bank system, internet banking, mobile banking and text messages system	1,832	August 2016 – July 2017
6	Customer E	Data analytic services and solutions	A compliance solution for accounting principles used by a Malaysian bank	1,700	October 2017 – October 2018
7	Customer H	Banking and financing services	A mobile application for a Malaysian bank's mobile payment and loyalty system	1,580	February 2017 – December 2018

Each of our projects mainly involved three stages: (i) project identification; (ii) project implementation; and (iii) project completion.

BUSINESS

Project identification for system integration and development

Our system integration and development services is project-based. During the Track Record Period, we endeavoured to secure our business for system integration and development services by closed tenders. For closed tenders, we receive request for quotation and request for proposal from time to time for new projects. We also receive email notification from an electronic procurement system used by Malaysian public agencies from time to time to see if there is any relevant project available for open tenders.

The following table provides a summary of two different ways of securing projects for system integration and development services during the Track Record Period:

	Year ended 30 November				Four months ended	
	2016		2017		31 March 2018	
	Contracts secured through		Contracts secured through		Contracts secured through	
	<i>Closed tender</i>	<i>Open tender</i>	<i>Closed tender</i>	<i>Open tender</i>	<i>Closed tender</i>	<i>Open tender</i>
Number of new contracts secured	14	—	10	—	5	—
Aggregate value of new contracts secured (RM'000)	12,175	—	78,645	—	1,701	—
Revenue attributable to all contracts secured (RM'000)	7,932	—	29,895	—	1,384	—
Percentage to the total revenue for the corresponding period	56.7%	—	76.8%	—	9.8%	—

Closed Tenders

During the Track Record Period, all of our new projects are obtained through closed tenders. Either we are approached by potential customers through business connections and referrals or past working relationships for fee quotation or we may receive RFP from our potential customers if our name is on their internal approved list of vendors.

If we receive a request for fee quotation, based on the requirements of the services and/or products to be provided and the scope of work, we will estimate our costs and provide our fee quotation. If our potential customer accepts our quotation, it will then issue a purchase order to us. Once agreed and accepted, we will issue an invoice and proceed with the project.

If we receive RFP, we will make a preliminary assessment to determine whether to bid for the project. Such RFP usually includes brief description of the works, technical specifications and the closing date of the tender.

BUSINESS

Tender review and analysis and submission of tender documents

When making preliminary assessment, we will commence preliminary works, including but not limited to, assessing the nature of the project, customer's profile, and the preference of the customer, obtaining quotation for third party software and/or hardware products and assessing internal resources, such as estimates on time and manpower, and tender submission date. If we decide to bid for the projects, our proposal team will prepare and submit a proposal to the potential customers. Sometimes, in addition to our proposal, we may also be required to submit the corporate documents, bank statements and financial reports of our Group for potential customers' perusal.

Indication of tender awarded

Our potential customers may raise enquiries on our proposal and we may be required to provide further elaboration and clarification. If the potential customer decides to appoint us for the project, a letter of award will be issued and/or an agreement will be entered into. Sometimes, a meeting may be held between our Group and our customer in order to agree on the detailed scope of works for the project. For the principal terms of our engagement, please refer to the section headed "Business — Major terms of our agreements with our customers for system integration and development services" in this prospectus.

Open Tenders

During the Track Record Period, we have tried to secure business through open tender, which are all projects from the public sectors. We have registered with the MOF online through ePerolehan System provider registration system. ePerolehan System is the electronic procurement system used by Malaysian public agencies. We will receive email notifications from time to time from ePerolehan System if a potential tender may be appropriate for us to apply based on our profile registered with the Ministry of Finance.

Once a tender invitation is identified, similar procedure will be proceeded as stated in the above paragraph headed "Closed Tenders" of this section.

Tender Success Rate

The table below sets out the approximate number of closed tenders submitted by, and contracts awarded to, our Group for the years/period indicated:

	Year ended 30 November		Four months ended 31 March
	2016	2017	2018
Number of tenders submitted	41	27	21
Number of contracts awarded (<i>Note 1</i>)	25	18	17
Success rate (<i>Note 2</i>)	61.0%	66.7%	81.0%

BUSINESS

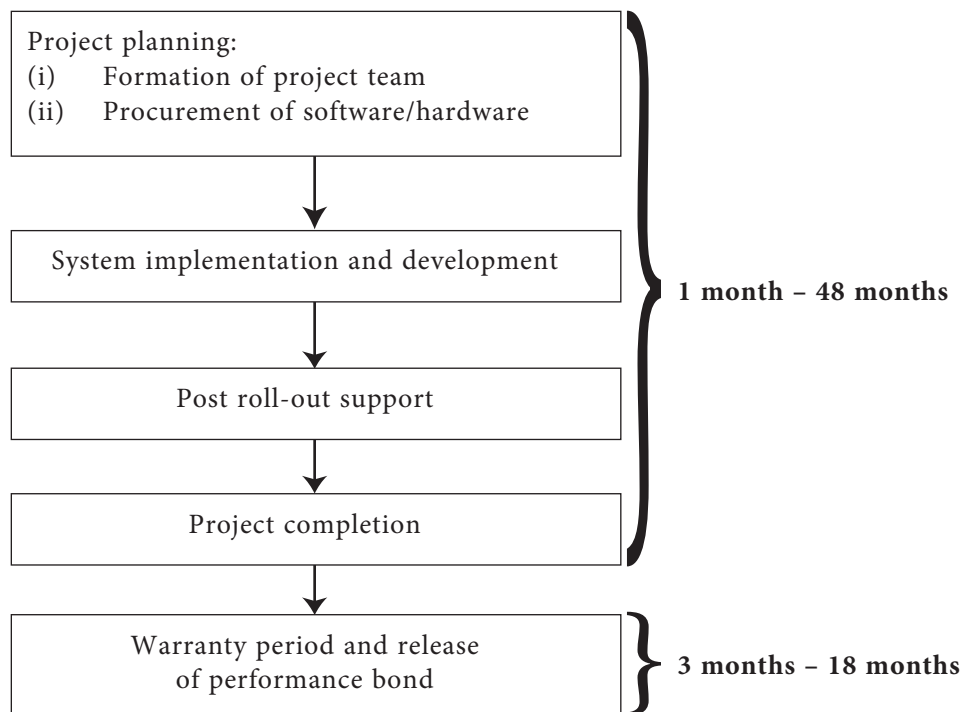
Notes:

1. Number of contracts awarded during a relevant financial year/period refers to the contracts awarded during the relevant financial year/period, regardless of whether the tenders were submitted during such year/period.
2. Tender success rate is calculated as the number of contracts awarded in respect of the tenders submitted during a financial year/period, divided by the number of tenders submitted during the respective financial year/period.

Our Directors consider that our tender success rates during the Track Record Period remained stable and were satisfactory and improving in general.

Project implementation for system integration and development

For our system integration and development projects, the typical steps are as follows:



Once our customers confirm our engagement, we commence the implementation of the project by project planning, which includes (i) formation of project team; and (ii) procurement of software and/or hardware.

The duration of our system integration and development projects is affected by a range of factors including scope of work, technical complexity, delivery time of third party software and hardware, expectation of customers, and varies widely. During the Track Record Period, our system integration and development projects usually take 1 to 48 months from project planning to project completion.

BUSINESS

Formation of project team

Upon the commencement of the project, a project manager is appointed and a project team is formed. The size of our project team depends on the size of the project and the complexity of the work undertaken. A typical project team usually involves (i) project manager, who bears the overall responsibility for project related activities, (ii) solution architect, who is responsible for managing the overall quality of the project, (iii) technical team lead, who is responsible for technical architecture, (iv) developer, who is responsible for developing and modifying the software based on the requirements of the customers, (v) business analyst, who is responsible for providing consultation and comments on functional issues and training to customers and (vi) quality assurance, who is responsible for ensuring the quality of deliverables.

Procurement of software and/or hardware

Based on the requirements of our customers, we sometimes assist our customers to procure software and/or hardware from third parties, such as those major software developers in the U.S.:

- (i) if our customer has a preference on certain software and/or hardware, we would follow its instructions;
- (ii) if our customer is referred by software developers, we would usually recommend the software and/or hardware of that software developers to the customer; and
- (iii) if neither (i) nor (ii) applies, we would make recommendation to our customers based on the capability of the software/hardware and our relevant profit margin.

During the Track Record Period and up to the Latest Practicable Date, there were no defects or quality issues relating to the software and hardware provided by the suppliers that had adversely affected progress of our projects or led to any liability claims or complaints against our Group.

For each system implementation and development project, we are required to satisfy the specific functional requirements, technical requirements and security requirements of our customers and those requirements vary depending on the purpose and objective which the customers wish to achieve. For example, for financial institutions, (i) functional requirements may include the capability to display all relevant information of each end customer of the financial institution and extract information from various systems within the financial institution to be displayed on one page, the capability to record all requests, complaints and enquiries made by such end customers and the updated status thereof, etc., (ii) technical requirements refer to the hardware, software, network to be used and (iii) security requirements refer to security and access control, user identity and password management, data encryption, etc. We may be required to fill in a checklist containing those requirement before project completion to our customer.

System implementation and development

We adopt a methodology called STAR to implement our solutions for our customers. This guideline ensures a consistent approach, common language, and repeatable process applied to different projects and customers. Each phase of the implementation has a clearly defined purpose, which ensures that all goals have been satisfactorily met before taking the next steps within a phase, or before moving on to the next phase.

BUSINESS

The table below describes the details of each step in the STAR. During the steps of analyse and test, we usually work at the customer's site. As to the other steps, we have the flexibility to work either at our own office or at the custom's site depending on the requests by the customer.

Analyse	The strengths and weaknesses of the existing system and infrastructure environment are understood with improvement as the goal and business and technical requirements for the solution are clearly defined.
Plan	We review the project plan setting out steps of how to get from current state to the implemented solution based on the business and technical requirements.
Design	Design of the application(s) is performed based on the business and technical requirements.
Build	The customisation and configuration of the application(s) will be performed based on the business and technical requirements.
Test	Testing, i.e. SIT and UAT, is performed to ensure the application(s) in support of the existing system and infrastructure environment and in satisfactory of the business and technical requirements.
Roll-out	<ul style="list-style-type: none">• An application software installation is performed, in which the proposed solution will be delivered and installed in production environment.• An onsite configuration test will be followed to ensure the software being capable of operating on the targeted hardware and accessible through the customer's network.

Post roll-out support

After the system goes alive, we will assign our staff to standby on-site to support the live implementation of the new system. The duration of post roll-out support usually lasts for a few days.

Project completion

The project is completed once a deployment checklist is delivered to the customer. The checklist lists out all the installed hardware and software components, work products and system configurations that are tested during UAT and serves as the evidence for delivery and acceptance of the final deployment of the system.

Training and Supporting Documentation

We are usually required to provide our customer with a number of documentations, including but not limited to (i) full project documentation, including database and entity relationship diagrams; (ii) full training manual, bespoke to the project configuration and (iii) full training manual, bespoke for the end user.

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We are also usually required to provide on-site training at the offices of our customers on the use of the new IT systems integrated and developed by us. Such training may last for 1 day to 1 week.

Warranty Period

Warranty period commences once the project is practically completed and handed over to the customers after the post roll-out support stage. Warranty periods offered by us usually ranges from 3 months to 18 months. During the warranty period, we shall at the customer's request, repair, re-perform or replace any non-conforming deliverables and/or services without any additional charge.

Performance Bond

Some of our customers request us to procure performance bonds issued by financial institutions as security for due performance and satisfactory completion of a system integration and development project. The amount of performance bond is directly correlated to the total project amount for a project and the amount of performance bond required for most of the projects would normally not exceed 5% for its total project amounts. Our Group is generally required to place a required amount of deposit to such financial institutions for securing the performance bond issued to our Group's customers on behalf of our Group as a guarantee. As at 31 March 2018, we had a bank balance of approximately RM762,000, deposited as the performance bonds which were procured for 7 projects with a total project amount of approximately RM11.9 million, out of which 3 projects are in relation to system integration and development with an aggregate deposit amount of RM647,000 of a total contract sum of RM9.0 million. Therefore, in obtaining performance bonds of higher value and number, we will need more financial resources. If our Group fails to provide satisfactory performance to our customers to whom performance bond has been given, our customer is entitled to seek compensation from the financial institutions for the amount of financial losses incurred not exceeding the amount of the performance bond.

If no compensation is being claimed against the performance bond, the deposits will be released by the financial institutions and the performance bonds are normally released upon no earlier than certain periods (e.g. 12 months) after the date of completion of the project or any extension thereof, whichever is later.

Our Group would issue performance bond only if it is required by the contract. As the execution of performance bond requires our Group to provide certain security usually cash to the bank, this might affect our Group's working capital.

There was no compensation claimed against the performance bonds given by our Group during the Track Record Period.

Major terms of agreements with our customers for system integration and development services

Given the non-recurring nature of our project, we have not entered into long-term agreements with our customers, including Customer D, which had brought us significant revenue and gross profit during the Track Record Period.

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Upon receipt of the letter of award, meetings will be held between us and our customers to define the scope, goals and objectives of the project, and a legally binding engagement contract will subsequently be entered into between us and our customers. The engagement contract usually contains the following major terms:

- our Group shall carry out, complete and maintain the contract works in such manner and sequence as reasonably directed and requested by the customer;
- price of the works or the method of determination of the same and the performance bond requirement are set out in the agreement;
- if our customer issues any instructions to our Group relating to variation of the works, i.e. change request, such variation shall not be effected until both parties agree in writing;
- our Group shall complete the contract works and each part thereof (if applicable) within stipulated period;
- our Group shall deploy supervisory personnel of appropriate seniority and background with authority, usually in the role as the project manager, to handle all matters, to make all decisions and to communicate on behalf of our Group;
- our Group shall be liable for liquidated damages for any delays and/or failure to deliver products, which is calculated at a rate of certain percentage of the total contract price for each day or each week of delay but is subject to a maximum percentage of the total contract price;
- our Group shall indemnify our customer against all losses, damages, costs and expenses incurred by the customer to the extent that the same arise by reason of any breach or non-compliance of the agreement by our Group;
- our Group shall keep all the works used or produced by us free from intellectual property infringement claims during and/or at any time after the termination of the agreement with our customer;
- the ownership and intellectual property rights of any work produced by our Group shall pass to our customer upon full payment of the service; and
- our contract may be terminated (i) if either party commits any material breach of the contract which is not remedied within a specified period of time upon receiving written notice from the non-breaching party; (ii) if either party gives prior written notice of stipulated period, which is usually 30 or 60 days, to the other party; or (iii) if either party is subject to liquidation or winding-up proceeding.

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Our major projects

During the Track Record Period, we recognised revenue generated from system integration and development services from 21, 21 and 13 projects, of which 10, 13 and 5 have been completed for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. To the best knowledge of our Directors, none of our on-going projects were terminated as at 31 March 2018. The following table sets out the breakdown of our revenue by completed and on-going projects for the years/periods indicated:

	Year ended 30 November						Four months ended 31 March					
	2016			2017			2017			2018		
	Number of projects	Project amount RM'000	Outstanding project amount RM'000	Number of projects	Project amount RM'000	Outstanding project amount RM'000	Number of projects	Project amount RM'000	Outstanding project amount RM'000	Number of projects	Project amount RM'000	Outstanding project amount RM'000
Opening on-going projects	7	4,011	1,635	11	12,520	4,910	11	12,520	4,910	8	78,448	48,921
New projects awarded	14	12,175	4,243	10	78,645	48,750	5	75,910	72,059	5	1,701	316
Projects completed	(10)	(3,666)	—	(13)	(12,717)	—	(3)	(2,158)	—	(5)	(1,110)	—
On-going projects	—	—	(968)	—	—	(4,739)	—	—	(1,379)	—	—	(11,247)
Closing on-going projects	11	12,520	4,910	8	78,448	48,921	13	86,272	75,590	8	79,039	37,990

The following table sets out our top five projects for system integration and development services with the highest revenue contribution to our Company for the year ended 30 November 2016:

Rank	Project description	Customers	Project amount RM'000	Amount of revenue recognised for the year ended 30 November 2016 RM'000	% of our Company's total revenue for the year ended 30 November 2016
1	Provision of NS3 solution	Customer C	3,092	2,350	16.8%
2	Provision of NS3 solution	Customer F	1,851	603	4.3%
3	Provision of CUSTPRO solution	Customer C	541	541	3.9%
4	Enterprise resource planning development of the university's core system	Customer G	356	356	2.6%
5	Provision of NS3 solution	Customer F	1,358	338	2.4%

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The following table sets out our top five projects for system integration and development services with the highest revenue contribution to our Company for the year ended 30 November 2017:

Rank	Project description	Customers	Project amount <i>RM'000</i>	Amount of revenue recognised for the year ended 30 November 2017 <i>RM'000</i>	% of our Company's total revenue for the year ended 30 November 2017
1	An enterprise portal solution for members of a Malaysian Social Security Organization (i.e. Project W)	Customer D	71,812	26,491	68.0%
2	A channel solution to connect various systems for a Malaysian bank, including its core bank system, internet banking, mobile banking and text messages system	Customer A	1,832	1,808	4.6%
3	A compliance solution for accounting principles used by a Malaysian bank	Customer E	2,135	1,068	2.7%
4	Provision of NS3 solution	Customer F	1,358	1020	2.6%
5	Machine learning power generation system	Customer F	834	834	2.1%

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The following table sets out our top five projects for system integration and development services with the highest revenue contribution to our Company for the four months ended 31 March 2018:

Rank	Project description	Customers	Project amount <i>RM'000</i>	Amount of revenue recognised for the four months ended 31 March 2018 <i>RM'000</i>	% of our Company's total revenue for the four months ended 31 March 2018
1	An enterprise portal solution for members of a Malaysian social security organization (i.e. Project W)	Customer D	71,812	9,342	66.1%
2	A compliance solution for accounting principles used by a Malaysian bank	Customer E	2,135	922	6.5%
3	Provision of CUSTPRO solution	Customer F	697	697	4.9%
4	A mobile application for a Malaysian bank's mobile payment and loyalty system	Customer H	1,580	462	3.3%
5	A business process engineering solution for employment insurance and services	Customer C	750	434	3.1%

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Summary of our major projects

Below are brief details of our projects exceeding the project amount of RM100,000 relating to the provision of system integration and development services during the Track Record Period and up to the Latest Practicable Date:

Project	Year of engagement	Project amount <i>RM'000</i>	Accumulated revenue recognised during the Track Record Period <i>RM'000</i>	Revenue expected to be recognised for the eight months ending 30 November		Commencement date	Completion date/Estimated completion date	
				the year ending 30 November 2018 <i>RM'000</i>	the year ending 30 November 2019 <i>RM'000</i>			
On-going Projects								
1	An enterprise portal solution for members of Malaysian social security organization (i.e. Project W)	2016	71,812	35,834	18,065	10,748	December 2016	July 2020
2	A compliance solution for accounting principles used by a Malaysian bank	2017	2,135	1,990	145	—	March 2017	November 2018 <i>(Note)</i>
3	A compliance solution for accounting principles used by a Malaysian bank	2017	1,700	765	935	—	October 2017	August 2018 <i>(Note)</i>
4	A mobile application for a Malaysian bank's mobile payment and loyalty system	2017	1,580	1,106	—	—	February 2017	May 2018
5	Data management solution for Online ATM cardholder	2014	950	476	76	—	September 2014	September 2018
6	A business process engineering solution for employment insurance and services	2018	750	434	316	—	February 2018	June 2018

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Project	Year of engagement	Project amount RM'000	Accumulated revenue recognised during the Track Record Period RM'000	Revenue expected to be recognised for		Commencement date	Completion date/Estimated completion date
				the eight months ending 30 November 2018 RM'000	the year ending 30 November 2019 RM'000		
Completed Projects							
1	Provision of NS3 solution	2016	3,092	3,092	—	—	May 2016 December 2016
2	Provision of NS3 solution	2014	1,851	710	—	—	December 2014 January 2017
3	A channel of solution to connect various systems of a Malaysian bank, including its core banking system, internet banking, mobile bank and text messages system.	2016	1,832	1,832	—	—	August 2016 July 2017
4	Provision of NS3 solution	2017	1,358	1,358	—	—	January 2017 February 2017
5	Machine learning power generation system	2017	834	834	—	—	July 2017 September 2017
6	Provision of CUSTPRO solution	2017	697	697	—	—	December 2017 March 2018
7	Identity system for a Malaysian government agency	2016	600	600	—	—	March 2016 November 2017
8	Provision of CUSTPRO solution	2016	541	541	—	—	August 2016 October 2016
9	Development of a reporting system for a Malaysian bank	2015	537	233	—	—	January 2015 July 2017
10	Mobile application for a system used by a Malaysian government department	2015	429	43	—	—	October 2015 August 2017
11	Enterprise resource planning development of the university's core system	2016	356	356	—	—	September 2016 October 2016
12	Provision of NS3 solution	2016	328	328	—	—	April 2016 June 2016
13	Provision of management reporting solution	2015	280	280	—	—	December 2015 September 2016
14	Provision of NS3 solution	2016	240	240	—	—	May 2016 June 2016
15	Provision of NS3 solution	2017	170	170	—	—	January 2017 September 2017

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Project	Year of engagement	Project amount RM'000	Accumulated revenue recognised during the Track Record Period RM'000	Revenue expected to be recognised for		Commencement date	Completion date/Estimated completion date	
				the eight months ending 30 November 2018 RM'000	the year ending 30 November 2019 RM'000			
16	Enterprise resource planning development of the university's core system	2016	160	160	—	—	October 2016	January 2018
17	System enhancement enhancement of channel solutions to connect various systems of a Malaysian bank by inclusion of the credit card system	2015	135	135	—	—	December 2015	November 2016
18	Provision of CUSTPRO solution	2018	130	130	—	—	January 2018	March 2018
19	Provision of CUSTPRO solution	2015	128	59.8	—	—	January 2015	June 2017
20	Mobile project for a Malaysian mobile telecommunication company	2017	120	120	—	—	December 2017	March 2018

Note:

These projects were delayed due to the relevant customer not able to provide or confirm the requisite information.

As at 30 November 2016 and 2017 and 31 March 2018:

- the outstanding project amount for system integration and development projects was approximately RM4.9 million, RM48.9 million and RM38.0 million respectively; and
- we had 11, 8 and 8 on-going projects respectively.

Provision of IT outsourcing services

In some of the IT projects in which our Group is not engaged as the IT service provider on project basis, the engaged IT service provider, i.e. the main contractor, may outsource a part or parts of the whole project to our Group.

We act as subcontractor and provide development and customisation services of corporate IT system application as delegated by main contractor(s), by performing certain specific tasks; whereas in the segment of system integration and development services, we provide development and customisation services on project basis even acting in the capacity of a subcontractor. In general, for system integration and development services, we will have to bear the risks in connection with the overall timing and the success of the project and for IT outsourcing services, we are only responsible for the proper functioning of the tasks delegated to us but not

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required to bear the risks in connection with the project. The end customers of those projects involving outsourcing mainly involve various banks in Malaysia. For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our revenue derived from IT outsourcing services were approximately RM1.3 million, RM1.5 million and RM642,000, representing approximately 9.3%, 3.7% and 4.5% of our total revenue during the same period respectively.

The duration of our IT outsourcing services usually ranges from 1 month to 12 months.

Provision of Maintenance and Consultancy Services

We offer a range of maintenance and consultancy services to assist our customers to maintain their IT systems in good working order, identify and resolve errors and defects in developed programs and software. For the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our revenue derived from maintenance and consultancy services were approximately RM3.7 million, RM2.8 million and RM863,000, representing approximately 26.6%, 7.3% and 6.1% of our total revenue respectively. The majority of our maintenance and consultancy services are secured through direct negotiation and few of our maintenance and consultancy services are obtained through tendering process. Similar procedures are adopted by us to identify the projects as stated in the section headed “Business — Project Identification for System Integration and development”.

Provision of maintenance and support services

We offer maintenance and support services to our customers in relation to (i) applications developed by us and (ii) IT systems developed by third parties. Some of our system integration and development service agreements include maintenance and support services as part of the whole package and some of our maintenance agreements are subsequently entered into. In general, our maintenance and support services include problem reporting, problem diagnosis and problem resolution. Our goal is to ensure the continuity of the smooth running of our IT solutions upon the expiry of the warranty period. Besides, we may also be engaged by customers for whom we have not provided any system integration and development services to provide maintenance and support services for their existing IT systems.

The duration of our maintenance and support services ranges from one year to five years.

Our customers may stipulate the time frame for response time and resolution time in connection with our maintenance and support services. For major problem causing entire system inoperable, we may usually be required to respond within a number of hours and resolve the same within 1 working day. For other less serious functional errors, we may usually be required to respond within one day and resolve the same within several working days.

In addition to above, our scope of work under maintenance and support services also include the following:

Help desk support services

Help desk support services means telephone and email support during normal business hours for our customers. Upon receiving a request for support services, we provide our customers technical assistances by telephone or email with the installation and use of the software, the identification of software and/or documentation problems and the reporting of bugs.

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Preventive maintenance (online and on-site support)

We provide IT security monitoring services that include proactive alert on system vulnerabilities and security threats such as virus, worms or other malicious activities. Once a security vulnerability or threat is identified, we assist our customers apply patches or re-configure their IT system to fix or remove such vulnerability or threat. We also assist our customers to perform checks of their IT systems and recommend equipment and systems improvement that can cope with their business changes.

Corrective maintenance (on-site services)

The corrective maintenance services usually include: (i) response to the support request from the customer, (ii) compilation of the issue log and escalation to our support team, (iii) on-site assistance for any incidents for system breakdown or interruption, (iv) provision of application maintenance support and (v) receipt of incidents reports for system breakdown.

Provision of consultancy services

We also provided certain consultancy services on the development and customisation of IT corporation programs and software, particularly on CUSTPRO solution. Our consultancy service is project-based. For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, we had five consultancy service projects and our revenue derived from provision of consultancy services were approximately RM3.1 million, RM1.9 million and RM400,000, representing approximately 22.2%, 5.0% and 2.8% of our total revenue during the same period respectively.

OUR CUSTOMERS

During the Track Record Period, our customers include banks and financial institutions, government and statutory bodies, education institutions, IT services firms, software principals and other small and medium enterprises in Malaysia and Singapore. Set out below is a breakdown of our revenue by customer classification during the years/period indicated:

	Year ended 30 November		Year ended 30 November		Four months ended	
	2016		2017		31 March 2018	
	RM'000	%	RM'000	%	RM'000	%
Banks and financial institutions	3,990	28.5	3,510	9.0	484	3.4
Education institutions	579	4.1	12	0.1	320	2.3
Government and statutory bodies	76	0.5	328	0.8	33	0.2
IT services firms (<i>Note</i>)	7,346	52.6	31,479	81.0	11,454	81.0
Software principals	1,221	8.7	2,728	7.0	1,724	12.2
Other small and medium enterprises	774	5.6	872	2.1	121	0.9
Total	<u>13,986</u>	<u>100.0</u>	<u>38,929</u>	<u>100.0</u>	<u>14,136</u>	<u>100.0</u>

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Note:

IT services firms are customers which mainly engage us for the provision of system integration and development services through customisation of NS3 and CUSTPRO, and consultancy services thereof.

Our top five customers during the Track Record Period have relationships with our Group from one to 12 years. Most of our revenue was derived from projects which are non-recurring in nature.

During the Track Record Period, our Group did not have any material disputes with its customers.

Payment Terms

Generally, for our system integration and development services, we charge our customers either (i) a one off payment upon confirmation of purchase order or (ii) a fixed price basis payable upon completion of specific milestones as set out in the payment schedule of the agreement, in which fees are usually billed in five to seven instalments: upon confirmation of purchase order, completion of business requirement specification sign-off, completion of system integration testing, completion of user acceptance testing and the final payment is to be paid upon completion of the project.

In certain case where third-party software and/or hardware are procured on behalf of our customer, we usually require our customer to pay for the software and hardware first, 50% upon confirmation of purchase order and 50% upon delivery.

In respect of IT outsourcing services, we charge our main contractor(s) on a man-day basis or for a fixed price on a monthly basis.

In respect of maintenance and consultancy services, we charge our customers on an annual or monthly basis or at a lump sum, payable in two installments, 50% upon confirmation of purchase order and 50% upon delivery of the service.

During the Track Record Period, our customers mainly settled payments with us in RM by way of cheque and bank transfers.

Major customers

For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018:

- the aggregate revenue attributable to our five largest customers amounted to approximately RM11.9 million, RM35.6 million and RM12.9 million respectively, representing approximately 85.1%, 91.4% and 91.4% of our total revenue during the relevant year/period respectively; and
- the aggregate revenue attributable to our largest customer amounted to approximately RM3.7 million, RM26.5 million and RM9.3 million respectively, representing approximately 26.7%, 68.0% and 66.1% of our total revenue during the relevant year/period respectively.

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The following table sets out our five largest customers for the year ended 30 November 2016:

Customers	Principal business activities	Approximate revenue from the customer <i>(RM'000)</i>	Approximate percentage of our Group's total revenue	Approximate years of business relationship with our Group as at the Latest Practicable Date
Customer A	A Malaysian bank	3,731	26.7%	3
Customer B	A Malaysian management consulting and IT solution provider	3,100	22.2%	3
Customer C	A Malaysian IT products provider	2,891	20.7%	3
Customer E	A Malaysian company engaging in data analysis, business intelligence and data management	1,221	8.7%	12
Customer F	A Malaysian company providing IT solution and resource management service	955	6.8%	4
Total		11,898	85.1%	

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The following table sets out our five largest customers for the year ended 30 November 2017:

Customers	Principal business activities	Approximate revenue from the customer <i>(RM'000)</i>	Approximate percentage of our Group's total revenue	Approximate years of business relationship with our Group as at the Latest Practicable Date
Customer D	A Malaysian IT service provider in telecommunication industry	26,491	68.0%	1
Customer A	A Malaysian Bank	2,795	7.2%	3
Customer E	A Malaysian company engaging in data analysis, business intelligence and data management	2,728	7.0%	12
Customer F	A Malaysian company providing IT solution and resource management service	1,947	5.0%	4
Customer B	A Malaysian management consulting and IT solution provider	1,635	4.2%	3
Total		35,596	91.4%	

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The following table sets out our five largest customers for the four months ended 31 March 2018:

Customers	Principal business activities	Approximate revenue from the customer (RM'000)	Approximate percentage of our Group's total revenue	Approximate years of business relationship with our Group as at the Latest Practicable Date
Customer D	A Malaysian IT service provider in telecommunication industry	9,342	66.1%	1
Customer E	A Malaysian company engaging in data analysis, business intelligence and data management	1,724	12.2%	12
Customer F	A Malaysian company providing IT solution and resource management service	947	6.7%	4
Customer H	A Malaysian bank	466	3.3%	3
Customer C	A Malaysian IT products provider	434	3.1%	3
Total		12,913	91.4%	

We offer our customers a credit period of up to 30 days from the date of issuance of our invoice or in some circumstances, we request our customers to pay upon delivery of our service.

Business relationship with Customer C

Customer C is a Malaysian IT company mainly providing products and/or services of security infrastructure, data centre and IT security. During the Track Record Period, we mainly: (i) provide system integration and development services through customisation of our own developed product, NS3; (ii) develop mobile phone applications to Customer C. For detailed description of NS3, please refer to the paragraph headed "Our Services" of this section above. The revenue from Customer C for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 amounted to approximately RM2.9 million, RM741,000 and RM434,000, representing approximately 20.7%, 1.9% and 3.1% of our total revenue for the corresponding year/period respectively.

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Mr. Siah, one of our non-executive Directors, served as the director of Customer C from 6 May 2015 to 5 March 2018. Meanwhile, Mr. Siah also held 50% of shares of Customer C and he disposed of all his interests in Customer C on 5 March 2018.

Our Directors believe that the resignation and share disposal by Mr. Siah will not affect our business relationship with Customer C. We are of the view that our transaction with Customer C is on normal commercial terms and that the prices we charge Customer C are fair and reasonable with reference to the prevailing market rate.

Save as disclosed above, all of our top five customers are Independent Third Parties. Save as disclosed aforesaid, none of our Directors, their close associates, or any of our Shareholders, who, to the best knowledge of our Directors, own more than 5% of the share capital of our Group, has any interest in any of our top five customers during the Track Record Period.

Project/Customer concentration

Our system integration and development services is project-based. A large-sized project will occupy a substantial part of our resources and inevitably result in our Group not being able to deploy resources to other projects. Therefore, given the existing size of our Group, if we are engaged in a large-sized project, it will be easy for the customer of the said project to become our largest customer during the relevant period.

The revenue recognised for our project with Customer D, i.e. Project W, since December 2016 represented approximately 68.0% and 66.1% of our total revenue for the year ended 30 November 2017 and the four months ended 31 March 2018 respectively. Project W contributed to the significant increase in our revenue by approximately 178.3% from the year ended 30 November 2016 to the year ended 30 November 2017 and approximately 124.1% from the four months ended 31 March 2017 to the four months ended 31 March 2018.

For the eight months ending 30 November 2018, Project W is expected to generate revenue of approximately RM18.1 million. During same period, Project W is expected to contribute to 48.9% of the gross profit of our Group, of which it is expected to contribute to 65.8% of the gross profit derived from the system integration and development segment.

Although there is no explicit termination clause under the contractual arrangement of Project W, there are certain circumstances which the parties shall be entitled to terminate the Project W, details of which please refer to the section named “Risk Factors” in this prospectus.

We would like to draw attention to the prospective investors of the Share Offer that our Group’s financial results may deteriorate (i) if Project W is terminated before completion or (ii) after the completion of Project W if we are not able to secure new sizable projects that can bring us similar amount of revenue and gross profit.

Project W involves the implementation of a system providing portal services for the members of a social security organization in Malaysia to perform application, contribution, claim and other related activities. The members’ portal are presented in two modes: web-based portal via internet and the kiosk located at the branch of the said organization. Project W is non-recurring and our Group serves as a subcontractor for Customer D.

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Customer D is a Malaysian company in the ICT industry. The scope of its business includes but not limited to ICT consultancy, mobile application, payment gateway, cloud computing and business analysis. Its products and services are widely used by Malaysian authorities and agencies, insurance companies and carriers, property developers and financial institutions. The end customer of Project W is SOCSO, which is a government department of the Ministry of Labour and Manpower of Malaysia.

The Sponsor after satisfactory completion of due diligence review of Customer D, including its liquidity and financial position, confirms that Customer D is financially credible and Project W was entered into on normal commercial terms, taking into consideration of the project scale, scope of services and duration.

The issue of concentration of a specific customer at any specific point of time is purely caused by (i) the project-based nature of the business of our Group, (ii) the lengthy execution period of the project which led to a longer revenue recognition period for our Group, (iii) the existing limited size of our Group which limited the number of projects which could be taken up by us at the same time and (iv) the strategic allocation of resources of the management (collectively, the “Causes”). It is of different nature from over-reliance and not an indication of our Group’s inability to secure business from other customers. If a longer period, instead of the Track Record Period alone, is considered, our Group in fact has a diversified range of customers and projects. Our Directors consider that despite the project/ customer concentration, our Group’s business model is sustainable due to the following factors:

- For large-sized projects, it is inevitable to have a large project amount such that one large-sized project can contribute to a substantial amount of our revenue during the project period. In addition, a sizable project can have a contract period lasting for several years. Therefore, if we decide to undertake a project with large project amount, the relevant customer may easily become our largest customer in terms of revenue contribution to us for more than one financial year;

If Project W is disregarded:

- the revenue of our Group for the year ended 30 November 2017 would decrease by approximately RM26.5 million, representing a decrease of approximately 68.0% in revenue for such year;
- the profit of our Group for the year ended 30 November 2017 would decrease by approximately RM13.2 million, representing a decrease of approximately 80.1% in profit for such year;
- the revenue of our Group for the four months ended 31 March 2018 would decrease by approximately RM9.3 million, representing a decrease of approximately 66.1% in revenue;
- our bottom line result for the four months ended 31 March 2018 would decrease by approximately RM4.7 million, resulting in a loss of approximately RM1.5 million for such period;
- revenue for the year ended 30 November 2017 would decrease by approximately 11.1% as compared with that for the year ended 30 November 2016;

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- our revenue would increase from approximately RM2.9 million for the four months ended 31 March 2017 to approximately RM4.8 million for the four months ended 31 March 2018. The increase in revenue for such period in this hypothetical situation shows that our Group can maintain its revenue without Customer D.

- We have been actively tendering for, or securing, other projects. If any of our major customers substantially reduce the number or size of projects placed with us or terminates its business relationship with us, our Directors consider that we would have extra capacity to handle other potential projects from other customers in view of the sustained market momentum in the following years. According to the CIC Report, between 2012 and 2016, the IT system integration services industry in Malaysia underwent rapid growth, with revenue in this market having expanding at a CAGR of approximately 8.9%. The industry is expected to continue benefitting from Malaysia's growing digital economy, the size of the market is expected to reach approximately RM5,547.6 million by 2022, representing a CAGR of approximately 8.8% during the period between 2018 and 2022; and

- Although a large-sized project would occupy a substantial part of our resources in short term, our Group can gain valuable experiences from such project and our profile will also be enhanced. Since the customers will consider our experiences in determining the successful bidder in their tender, undertaking large-sized project will benefit the future business development of our Group in the long run.

Although Project W is non-recurring, our Directors believe that our business will not be seriously affected after the completion of Project W. As at the Latest Practicable Date, our Group has a total number of eight on-going projects for our system integration and development services segment, of which the revenue expected to be recognised for the eight months ending 30 November 2018 and the year ending 30 November 2019 is approximately RM19.5 million and RM10.7 million respectively and our Group is confident that it will be able to continue to secure new projects. Further, we will continue to adopt business strategies that emphasize on service diversification and product innovation. For details of our business strategies, please refer to the section headed "Business – Our Business Strategies" in this prospectus. In particular, our Group intends to establish business collaboration with potential partners in PRC and the Greater China Region, diversify our service offerings to our customers and leverage on our local status in Malaysia to secure new sizable projects from the Malaysian government and banking sectors.

BUSINESS

Entities which are our customers and also our suppliers

During the Track Record Period, four of our customers were also our suppliers (the “Relevant Customers”). The following table sets out the background, business nature and financial details of the Relevant Customers:

Relevant Customers	Background/ principal activities	Approximate revenue from the Relevant Customer(s) for the year ended 30 November (RM'000)	Approximate percentage of our Group's total revenue		Approximate cost of services and materials sold		Approximate percentage of our total cost of services and materials sold	
			for the four months ended 31 March	for the year ended 30 November	for the four months ended 31 March	for the year ended 30 November (RM'000)	for the four months ended 31 March	for the four months ended 31 March
Relevant Customer A	Provision of services and/or products by our Group (i) provision of system integration and development services through customisation of our own developed product, NS3 and (ii) mobile phone application development	2,891	20.7%	1.9%	297	8.3%	4.8%	61.9%
Relevant Customer B	A Malaysian company providing IT solution and resource management service	1,947	6.8%	5.0%	395	11.0%	18.9%	N/A
Relevant Customer C	A Malaysian company engaging in data analysis, business intelligence and data management	1,221	8.7%	7.0%	39	1.1%	N/A	N/A
Relevant Customer D	A Malaysian company trading computer products	328	2.3%	N/A	990	27.5%	34.1%	0.4%

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The arrangement between the Relevant Customers and our Group are mutually beneficial. Depending on the business requirements of various projects, we provide the Relevant Customers our own IT products and professional services with our competent skill sets, and, our Relevant Customers provide us with software and hardware, professional services and training with their competent skill sets. The training course on a newly issued accounting standard provided by the Relevant Customer C was a one time purchase by our Group. Our Directors consider that our Group did not place undue reliance on our customers on the following grounds:

- for each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our revenue attributable to the Relevant Customers represented approximately 38.5%, 13.9% and 22.0% of our total revenue during the same period respectively. During the same period, our purchases from the Relevant Customers represented approximately 47.9%, 57.8% and 62.3% of our total cost of services and materials sold respectively;
- Relevant Customer A was owned by Mr. Siah, our non-executive Director, where Mr. Siah had 50% shareholding interest. On 5 March 2018, Mr. Siah disposed of all his interests in Relevant Customer A. Meanwhile, Mr. Siah served as a director of the Relevant Customer C from 6 May 2015 to 5 March 2018. For the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our revenue attributable to the Relevant Customer A represented approximately 20.7%, 1.9% and 3.1% of our total revenue for the corresponding year/period respectively. During the same period, our purchase from the Relevant Customer A represented approximately 8.3%, 4.8% and 84.5% of our total cost of services and materials sold for the corresponding year/period respectively. The significant increase of total cost of services and materials sold for the four months ended 31 March 2018 was primarily because Relevant Customer A was engaged by the Group as a subcontractor for Project W for the provision of IT professional services in relation to infrastructure and equipment design and setup;
- such arrangements with the Relevant Customers were not initiated by our Group and was not a prerequisite for us to be awarded for the relevant project. Given that the quotations of services from the Relevant Customers are competitive, there is simply no persuasive reason not to accept such arrangements from a commercial point of view;
- the provision of professional services and software and hardware by the Relevant Customers is available in open market and our Directors consider that there will no difficulties for our Group to procure the same with comparable price and quality from other suppliers or our Group is confident to provide comparable professional service by itself in the event that the Relevant Customers cease to supply the same to us due to any reason whatsoever; and
- negotiations of the terms of our sales to and purchase with the Relevant Customers were conducted on individual basis. Consistent with our arrangements with other customers and suppliers, the terms and conditions and quotation are agreed upon arm's length between our Group and each of the Relevant Customers, in line with the market standards and similar to those transaction with our other existing customers and suppliers.

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SALES AND MARKETING

Marketing policy

As at the Latest Practicable Date, our Group's sales and marketing team had five members. From time to time, we keep our existing and potential customers informed of our recent developments by updating our website. Our business partners sometimes refer new potential customers to us.

For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, advertising expenses incurred by our Group amounted to approximately RM114,000, RM181,000 and nil, representing approximately 0.8%, 0.5% and nil of our total revenue, respectively.

Pricing of our Group's services

Pricing for system integration and development services

Our pricing for system integration and development services, which is project-based, is determined on a cost plus basis having regard to various factors including (i) the scope of works we are responsible for; (ii) the scale, complexity and particular technical requirement of the project; (iii) the estimated project cost (including costs of hardware and/or software (if applicable), sub-contracting fees and staff costs, etc); (iv) the expected profit margin; (v) the estimated duration of the project; (vi) the prevailing market conditions and (vii) any special terms or requirements.

Our project manager will carefully monitor the costs and expenses during the course of the projects to minimise the risk of cost overruns. During the Track Record Period, for each project, the project manager will have a financial budget and monitor the same from time to time during the implementation of our project to ensure that the costs incurred by us correspond to the stage of the completion of our project. Due to the nature of our projects, the costs of a project, which mainly include the costs of software and/or hardware (if applicable) and staff costs could usually be estimated with reasonable accuracy without significant deviation. To the best knowledge of our Directors, during the Track Record Period, our Group did not encounter cost overruns.

During the Track Record Period, some of our system integration and development projects were priced at fixed costs (i.e. priced based on a pre-agreed fixed scope of work), subject to change requests. We may accept customers' change request in the scope of work. The value of change requests is usually determined by and is based on the original contract. During the Track Record Period, we did not experience any material dispute with our customers on the amount of project amount payable to us, including the progress payment, final payment and the fees for change requests.

Most of our system integration and development projects are subject to specific completion schedules. Compliance with such completion schedules is important to the customers for their business plans. According to our contracts entered into with our customers, our customers are entitled to claim for liquidated damages from us if we do not meet the agreed schedules. Liquidated damages are typically levied at a percentage of total contract price for each day of delay, subject to a maximum limit, which is usually 10% of the contract price. Failure to meet the schedule requirements of our contracts may result in significant amount of liquidated damages

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claims, other contractual liabilities and disputes with the customers or even the termination of relevant contracts. Delay in implementing integration and development projects may be caused by various factors, such as technical difficulties, timely delivery of the relevant hardware by third party vendors, etc. However, two projects, which both involve the provision of the compliance solution for accounting principles used by a Malaysian bank, were delayed due to the relevant customer not able to provide or confirm the requisite information.

Save as disclosed aforesaid, during the Track Record Period, there were no incidents of failure in meeting any schedule requirements or incidents of delay in implementing integration and development projects from our Group which had resulted in claims for liquidated damages or breach of other contractual liabilities from the customers.

During the Track Record Period, there were no loss-making projects and we had not experienced any material loss in relation to our system integration and development services due to substantial inaccurate cost estimate.

Pricing for IT outsourcing services

For our IT outsourcing services, our pricing is determined with reference to the complexity of the task, the complexity of the role delegated, the technical requirement and estimated amount of time to be expensed in the provision of the relevant services.

Pricing for maintenance and consultancy services

For our maintenance services, our pricing is in general determined with reference to certain percentage of the original contract value or with reference to the scope of services to be provided.

For our consultancy services, our pricing is determined with reference to the complexity of the project, the technical requirement and the estimated amount of time to be expended in the provision of the relevant services.

Seasonality

Due to the nature of our business, we generally do not have any significant seasonal trends during the Track Record Period, and we believe that there is no apparent seasonality factor affecting the industry.

OUR SUPPLIERS

Our suppliers mainly include suppliers of IT infrastructures, including but not limited to software, hardware and cloud computing services and servers, and IT professional services providers.

Characteristics of our suppliers

During the Track Record Period, our IT infrastructure suppliers mainly included suppliers of software, hardware, cloud computing services, servers, etc.. We generally order the relevant software and hardware in accordance with the requirements of the project and therefore do not maintain any inventory nor enter into any long-term agreements with our suppliers. During the Track Record Period, we engaged certain IT professional service providers as our subcontractors in the provision of system integration and development services. Those IT professional service

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providers were engaged to assist us to fulfill various requirements of the system integration and development projects as requested by our customers. Some of them were engaged by us because of a specific skill, such as expertise on cyber security, is required in the provision of our services, whereas our own technical staff are not capable of providing the same; some of them were engaged because of their professional role, such as expert consultant of certain specific matter, is required by our customers; and others were engaged to help us to save costs and deliver the projects on time.

Our Directors believe that we have established relationships with our suppliers and all of our five largest suppliers during the Track Record Period have been working with us from one to 12 years. During the Track Record Period, we did not encounter any material difficulties in sourcing supplies based on our needs.

Our suppliers generally grant us a credit term up to 30 days. During the Track Record Period, we mainly settled payments with our suppliers in RM by cheque and bank transfers.

During the Track Record Period, we had not experienced any material dispute with our suppliers, nor any disruption, shortage or delay in relation to the delivery of their supplies and services which may materially or adversely affect our operations and financial operations. Our Directors consider that the possibility of a material shortage or delay is remote given the availability of other suppliers supplying similar IT infrastructures or IT professional services in the market.

Prices of supplies

We obtain quotations from our suppliers before we procure any supplies. Prices are determined by reference to the quotations of supplies as agreed between us and the suppliers on an order-by-order basis. Our Directors consider various factors during procurement of supplies, including but not limited to the delivery time, price and payment terms proposed by the suppliers and the requirements of our customers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material fluctuation in the costs of supplies that had material impact on our business or financial condition.

Major suppliers

For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018:

- the costs incurred in respect of our five largest suppliers accounted for approximately 49.2%, 73.9% and 71.6% of our total cost of services and materials sold incurred respectively; and
- the costs incurred in respect of our largest supplier accounted for approximately 27.5%, 34.1% and 61.9% of our total cost of services and materials sold incurred respectively.

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The following table sets out our five largest suppliers for the year ended 30 November 2016:

Suppliers	Principal business activities	Products/services provided by supplier	Approximate cost of services and materials sold (RM'000)	Approximate percentage of our total cost of services and materials sold	Approximate years of business relationship with our Group as at the Latest Practicable Date
Supplier A	A Malaysian company trading computer products	IT products including software and enterprise solution	990	27.5%	10
Supplier B	A Malaysian company providing IT solution and resources management	IT professional services	395	11.0%	4
Supplier C	A Malaysian IT products distributor	IT products and IT professional services	297	8.3%	3
Supplier D	A Malaysian distributor of IT products	Software including SAS and SAP	48	1.3%	3
Supplier E	A Malaysian company engaging in data analysis, business intelligence and data management	Training courses	39	1.1%	12
Total			1,769	49.2%	

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The following table sets out our five largest suppliers for the year ended 30 November 2017:

Suppliers	Principal business activities	Products/services provided by supplier	Approximate cost of services and materials sold (RM'000)	Approximate percentage of our total cost of services and materials sold	Approximate year(s) of business relationship with our Group as at the Latest Practicable Date
Supplier A	A Malaysian company trading computer products	IT products including software and enterprise solution	5,908	34.1%	10
Supplier B	A Malaysian company providing IT solution and resources management	IT professional services	3,271	18.9%	4
Supplier F	A Malaysian company providing open source system integration solution services	Middleware and operating system	1,904	11.0%	1
Supplier G	A Malaysian company engaging in software systems conversion and consulting services	Consulting services	879	5.1%	1
Supplier C	A Malaysian IT products provider	IT products and IT professional services	827	4.8%	3
Total			12,789	73.9%	

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The following table sets out our five largest suppliers for the four months ended 31 March 2018:

Suppliers	Principal business activities	Products/services provided by supplier	Approximate cost of services and materials sold (RM'000)	Approximate percentage of our total cost of services and materials sold	Approximate year(s) of business relationship with our Group as at the Latest Practicable Date
Supplier C	A Malaysian IT products provider	IT products and IT professional services	4,003	61.9%	3
Supplier H	A Malaysian company providing services of IT consulting, computer software writing and computing training	IT professional services	283	4.4%	1
Supplier I	A Malaysian company engaging information of technology	IT professional services	265	4.1%	6
Supplier J	A Malaysian company providing IT solutions	IT professional services	52	0.8%	1
Supplier A	A Malaysian company trading computer products	IT products including software and enterprise solution	29	0.4%	10
Total			4,632	71.6%	

Business relationship with Supplier C

Supplier C is a Malaysian IT company mainly providing products and/or services of security infrastructure, data centre and IT security. During the Track Record Period, Supplier C mainly supplied: (i) hardware; (ii) data analytics programs; (iii) data management solution; and (iv) cloud services to our Group. The purchase from Supplier C for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 amounted to approximately RM297,000, RM827,000 and RM4.0 million, representing approximately 8.3%, 4.8% and 61.9% of our cost of services and materials sold for the corresponding year/period respectively.

Mr. Siah, one of our non-executive Directors, served as a director of Supplier C from 6 May 2015 to 5 March 2018. Meanwhile, Mr. Siah also held 50% of shares of Supplier C and he disposed of all his interests in Supplier C on 5 March 2018.

Our Directors believe that the resignation and share disposal by Mr. Siah will not affect our business relationship with Supplier C. We are of the view that our transaction with Supplier C is on normal commercial terms and the prices that Supplier C charges us are fair and reasonable with reference to the prevailing market rate.

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Save as disclosed above, all of our top five suppliers are Independent Third Parties. Save as disclosed aforesaid, none of our Directors, their close associates, or any of our Shareholders, who, to the best knowledge of our Directors, own more than 5% of the share capital of our Group, has any interest in any of our top five suppliers during the Track Record Period.

INVENTORY MANAGEMENT

Given the nature of our business, we did not have any inventory during the Track Record Period.

QUALITY ASSURANCE

We emphasise on the quality of our services provided to our customers. We have implemented the following procedures in controlling our service quality:

- Our project manager is delegated with the responsibility of ensuring that all works are carried out in compliance with the proper work methodology;
- We assist our customers to file warranties for software and/or hardware procured by our Group to ensure that potential defects of the software and/or hardware, if any, during the delivery of our service will be dealt with by their suppliers;
- We require our project management team to ascertain that software and hardware are used in accordance with the guidelines and recommendations provided by our suppliers and manufacturers;
- Our project management team conducts day-to-day site supervision, inspection and testing over the works performed by our Group for the purpose of ascertaining if the services provided conform to the contractual specifications and requirements;
- We conduct in-process inspections and testing on site at various stages of our projects in order to ensure that our work satisfies the requirements of our customers.

RESEARCH AND DEVELOPMENT

During the Track Record Period, we have developed our IT products named Square Intelligence and Blackbutton based on our technical know-how in NS3 and CUSTPRO. We capitalised the research and development expense incurred by NS3 and CUSTPRO and subsequent Square Intelligence and Blackbutton. The capitalised costs during the Track Record Period for (i) NS3 and Square Intelligence were approximately RM466,000 and (ii) CUSTPRO and Blackbutton other were approximately RM319,000. As at the Latest Practicable Date, we did not engage in any material research and development activity.

Our Group has a research and development functions. Since incorporation, our Group has successfully researched and developed 4 products, namely Square Intelligence, Blackbutton, NS3 and CUSTPRO. During the Track Record Period, we had more than 20 employees engaged in research and development led by Mr. Chong. Most of them have degree in computer science or business, and some of them have obtained professional certificates issued by well-known software and hardware companies. Their salaries have been counted towards the capitalised costs mentioned above. As disclosed in the section headed “Future Plans and Use of Proceeds” below, we plan to expand our research and development department by hiring dedicated IT specialists to cater for our expansion plan and pursue our business strategies.

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COMPETITION

According to the CIC Report, the IT services market in Malaysia remains highly fragmented. The top 10 players account for around 10% of the total market share. The high degree of fragmentation in Malaysia's IT services market can be attributed to relatively low entry barriers, which has resulted in a highly competitive market environment.

Given our proven track record in this industry, the business network developed by Mr. Chong with various stakeholders in the industry, as well as the competitive strengths we possess, we are confident that we are able to continue to develop our business in a sustainable manner.

For details of our competitive strengths, please refer to the paragraph headed "Our competitive strengths" in this section.

For more details on the industry environment, please refer to the section headed "Industry Overview" of this prospectus.

INSURANCE

We maintain fire and burglary insurance for our Malaysian office in Malaysia and all risk insurance for our office equipment in our office in Malaysia. We also maintain group health insurance for all our employees.

As advised by our Malaysian legal adviser, our Group has sufficient insurance coverage as required by Malaysian laws.

For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our insurance expenses were approximately RM30,000, RM14,000 and RM2,000 respectively.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 70 employees, of which 14 are foreign workers. Save and except 1 executive Director who is based in Hong Kong, all employees are based in Malaysia. As advised by our Malaysian legal adviser, all foreign workers employed by our Group are employed with the requisite approval of the relevant Malaysian governmental authority.

The following table sets forth a breakdown of our employees by department as at the Latest Practicable Date.

Department	Number of employees
Executive Directors and senior management	5
Project management (<i>Note</i>)	57
Finance, accounting and administration	2
Sales and marketing	6
Total	<u>70</u>

Note: As at the Latest Practicable Date, among the 57 staff in the department of project management, there are 4 business analysts and 1 graphic and multimedia designers.

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We believe that our ability to recruit and retain experienced and qualified staff is crucial to our growth and development. We generally recruit our employees from the universities in Malaysia.

We believe that providing trainings for our employees is important in order to maintain the service quality of our Company and to enhance their knowledge of applicable customs, laws and regulations of those industries with which we provide our services. In addition to providing our staff with the opportunities to receive on-the-job trainings, we strive to create a harmonious working environment for our staff.

We have made our statutory required contributions to the EPF and the SOCSO respectively during the Track Record Period. EPF is to provide for the retirement benefits for employees and SOCSO is to provide free medical treatment, facility for physical or vocational rehabilitation, and financial assistance to employees who suffer from accidents or disease that have reduced their abilities to work or rendered them incapacitated.

We consider that we have maintained a positive relationship with our employees during the Track Record Period and up to the Latest Practicable Date. We have not experienced any strike, labor dispute or other labor disturbance which have materially and adversely affected our operations.

For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, we incurred staff costs, inclusive of our contributions to EPF and SOCSO, of approximately RM2.4 million, RM4.7 million and RM2.4 million respectively.

HEALTH AND WORK SAFETY

We are required to comply with various occupational health and safety laws and regulations in Malaysia.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with the safety laws and regulations in all material respects, and we had not experienced any significant workplace accident.

ENVIRONMENTAL MATTERS

Due to our business nature, no pollutants are produced, emitted or discharged during the course of provision of our services. As such and as advised by our Malaysian legal adviser, we are not subject to any specific rules and regulation in relation to environmental protection matters. We do not currently have any environmental liabilities and do not expect to incur any environmental liabilities that could have any material impact on our financial condition or business operations in the future.

LICENCE AND PERMITS

According to the legal opinion issued by our Malaysian legal adviser, during the Track Record Period and up to the Latest Practicable Date, we have obtained all the necessary licenses, permits, approvals and/or certificates relevant to our operations in Malaysia.

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MSC STATUS

Our Group has enjoyed certain tax incentives in Malaysia pursuant to the pioneer status under the MSC status, and such tax benefits enjoyed by our Group have been affected by the announcement made by the Government of Malaysia in June 2018. As at the Latest Practicable Date, Mixsol's MSC status had been renewed, and there will be no impact on tax incentives that it currently enjoys until the implementation of the relevant changes on or before 31 December 2018. On the other hand, the renewal of Tandem's MSC status had not been granted on and before 1 July 2018, and the determination on tax incentives which Tandem can enjoy will be subject to the new legislation and guidelines expected to be implemented by 31 December 2018. Please refer to the sections headed "Regulatory Overview" and "Risk Factors" in this prospectus for further details.

The maintenance of MSC status and the further extension of pioneer status are subject to the new legislation and guidelines expected to be implemented by 31 December 2018. In the event that we are not entitled to any preferential tax treatment, Our Group may be subject to applicable tax laws for our Group's profits.

INTELLECTUAL PROPERTY

The ownership of the intellectual property rights to the developed products is normally entitled to the customers. As an industry practice, we normally do not retain the ownership of the intellectual property unless there is a negotiation between us and our customers for us to retain the ownership.

Our Group has made a voluntary notification of copyright of the computer software named "Square Intelligence" to the Intellectual Property Corporation of Malaysia on 9 March 2017. Such voluntary notification is to fulfill one of the covenants in the PCF granted by Multimedia Development Corporation Sdn. Bhd. (now known as MDEC). Under the agreement, we are granted a total amount of RM750,000 to develop Square Intelligence, our self-developed IT product. The agreement requires us to submit to MDEC evidence of intellectual property rights having been created under the project, the assertion of ownership of copyright by way of affirmation of statutory declaration.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material claim against our Group for infringement of any intellectual property right nor were we aware of any pending or threatened claims in relation to any such infringement, nor had any material claim been made by us against third parties in relation to the infringement of intellectual property rights owned by us.

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PROPERTIES

Property owned by us

As at the Latest Practicable Date, Mixsol owned one premise (the “**Owned Premise**”) which is situated within Selangor, Malaysia. Details of this premise as at the Latest Practicable Date are as follows:

Address	Approximate gross floor area (square feet)	Mortgages outstanding (applicable if owned property) (RM)	Usage
B-7-7, Sky Park @ One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor, Malaysia	1,933	914,890	Office

As advised by our Malaysian legal adviser, the individual strata titles in Sky Park One City have been issued in the name of One City Properties Sdn Bhd., the developer of Sky Park One City. Mixsol is in the process of transferring the strata title of the Owned Premise from the developer to Mixsol. As ruled by the Federal Court of Malaysia, anyone who paid the full purchase price of the property is the beneficial owner of the property and shall be entitled to the benefit of being the owner of the acquired property even though it has yet to become the registered owner. Therefore, there is no risk of eviction.

Property leased by us

As at the Latest Practicable Date, Concorde entered into a tenancy agreement (the “**Tenancy Agreement**”) with Mr. Siah, our non-executive Director, in respect of the following premise (the “**Leased Property**”), which is situated within Selangor, Malaysia. Details of the Leased Property as at the Latest Practicable Date are as follows:

Address	Approximate gross floor area (square feet)	Monthly rental (RM)	Duration of lease	Usage
L10-05, PJX-HM, Shah Tower, No 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor, Malaysia	1,621	8,600	Three years from 1 April 2018 to 31 March 2021	Office

The Tenancy Agreement constitutes a continuing connected transaction under the GEM Listing Rules. Our Directors (including independent non-executive Directors) are of the view that the Tenancy Agreement has been entered into in the ordinary and usual course of business following arm’s length negotiations, is on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Rahim & Co International Sdn. Bhd., our property valuer, is of the view that the Tenancy Agreement is on normal commercial terms and that the monthly rental is fair and reasonable with reference to the prevailing market rent.

For further details, please refer to the section headed “Connected Transaction” in this prospectus.

Further, Mixsol, as landlord, and Tandem, as tenant, have entered into a tenancy agreement on 1 October 2017, pursuant to which Mixsol agreed to lease 1,000 square feet of the Owned Premise to Tandem for a period of 3 years commencing from 1 October 2017 until 30 September 2020 at a monthly rental of RM1,000.

As confirmed by our Malaysian legal adviser, the lease in respect of those properties in Malaysia are legal, valid, subsisting and enforceable in accordance with Malaysian laws.

We had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Chapter 8 of the GEM Listing Rules to include in this prospectus any valuation reports. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Note (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Save as disclosed above, our Group does not have any property interests.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge after having made reasonable enquiries, there was no litigation or arbitration proceedings or claims pending or threatened against us or any of our Directors which would have a material effect on our financial condition or operating results and reputation.

According to the legal opinion issued by our Malaysian legal adviser, during the Track Record Period and up to the Latest Practicable Date, we had complied with the laws and regulations applicable to us in all material aspects.

CORPORATE GOVERNANCE AND INTERNAL CONTROL MEASURES

Our Company recognises the importance of good corporate governance in management and internal control procedures and intends to adopt or have adopted the following measures:

- Our Directors and a majority of the senior management of our Group had attended the trainings conducted by our Company’s Hong Kong legal adviser on 5 March 2018 in respect of the ongoing obligations, duties and responsibilities of directors of publicly listed companies in Hong Kong under the Companies Ordinance, the SFO and the GEM Listing Rules.

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- We have adopted and implemented comprehensive control policies in respect of various aspects of our business operations such as (i) risk management policies, (ii) anti-bribery policies; (iii) conflict of interest guidelines; and (iv) disclosure guidelines. We strongly encourage our employees to duly observe the abovementioned policies.
- We are committed to the principle that our Board should include a balanced composition of executive and independent non-executive Directors. We believe that our independent non-executive Directors are of sufficient caliber, are free of any business or other relationship which could interfere in any material manner with the exercise of their independence and will be able to provide an impartial, external opinion to protect the interests of our Shareholders;
- We have established an audit committee, with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules and the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules, to review and supervise the internal control and procedures for compliance of our Group. The audit committee consists of 3 members, namely Chan San Ping, Ho Suet Man Stella and Su Chi Wen. For details of the qualifications and experience of these committee members, please refer to the section headed “Directors and Senior Management” in this prospectus.

We believe that our internal control systems and current procedures are sufficient in terms of the comprehensiveness, practicability and effectiveness. In November 2017, we have appointed an external internal control review consultant (namely, APEC RISK MANAGEMENT LIMITED)(i) to review and assess our procedures, systems and controls (including accounting and management systems); and (ii) to prepare a report to our Company on factual findings and recommendations for improvements on our internal control systems over the abovementioned processes and procedures. As at the Latest Practicable Date, we have implemented the relevant internal control measures based on the recommendation of the external internal control consultant.

CONNECTED TRANSACTION

OVERVIEW

Our Group has entered into a transaction with an entity which will be regarded as a connected person of our Company upon Listing and such transaction will constitute a continuing connected transaction of our Company upon Listing under the GEM Listing Rules. Details of the transaction are set out below.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Tenancy Agreement with Concorde

Description of the transaction and pricing

On 20 March 2018, Concorde, as tenant, entered into a tenancy agreement (the “**Tenancy Agreement**”) with Mr. Siah, as landlord, pursuant to which Mr. Siah agreed to lease a property located at L10-05 PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor, Malaysia (the “**Property**”) with a gross floor area of approximately 1,621 square feet at a monthly rental of RM8,600 for a period of three years (comprising a term of 2 years and an option to renew for one more year) commencing from 1 April 2018. The Property is occupied by Concorde as office for daily administrative purposes.

The Group has engaged an independent property valuer to review the Tenancy Agreement. The independent property valuer has confirmed that the terms of the Tenancy Agreement, including the rental payable thereunder, are fair and reasonable and the rental payment reflects the prevailing market rate as at the date of the commencement of the Tenancy Agreement.

Historical transaction amounts

During the years ended 30 November 2016 and 2017, Mr. Siah provided the Property for the Group as office without charging any rents. The estimated rents of the Property were approximately RM103,000 and RM103,000 based on the market value for the years ended 30 November 2016 and 2017 respectively.

Proposed annual cap on future transactions amounts

We expect that the annual amounts to be paid by our Group to Mr. Siah under the Tenancy Agreement for the three years ending 30 November 2018, 2019 and 2020 will not exceed approximately RM69,000, RM103,000 and RM34,000 respectively. The proposed annual caps were determined based on the rental payable by our Group as stipulated under the Tenancy Agreement.

GEM Listing Rules implications

Concorde is an indirect wholly-owned subsidiary of our Company. Mr. Siah is our executive Director and a Controlling Shareholder, and therefore a connected person of our Company under the GEM Listing Rules. Accordingly, the transaction under the Tenancy Agreement constitutes a continuing connected transaction for our Company under the GEM Listing Rules following the Listing.

CONNECTED TRANSACTION

Since each of the applicable percentage ratios calculated based on the projections of the transaction amounts for the years ending 30 November 2018, 2019 and 2020 measured against the relevant benchmarks as at, or for the year ended, 30 November 2017, is less than 5% and the total consideration is less than HK\$3,000,000 per year, the Tenancy Agreement is fully exempt from all reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 20.74(1)(c) of the GEM Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) consider that the Tenancy Agreement has been entered into in the ordinary and usual course of business and on normal commercial terms, and the terms of and transactions contemplated under the Tenancy Agreement and the annual caps set out above are fair and reasonable, on normal commercial terms and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

Having considered the confirmation given by the independent property valuer that the terms of the Tenancy Agreement, including the rental payable thereunder, are fair and reasonable and the rental payment reflects the prevailing market rate as at the date of the commencement of the Tenancy Agreement, the Sole Sponsor is of the opinion that the terms of the Tenancy Agreement and the transactions contemplated thereunder have been and will be entered into in the ordinary and usual course of business of our Company and on normal commercial terms which are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), the issued share capital of our Company will be owned as to 25.2% and 25.2% by Delicate Edge and King Nordic, respectively, where Delicate Edge and King Nordic are in turned owned by Mr. Chong and Mr. Siah, respectively.

Over the course of our business history, Mr. Chong and Mr. Siah have been acting in concert. Mr. Chong and Mr. Siah confirmed in writing on 14 March 2018 that since both of them became the beneficial shareholders of each of Tandem, Concorde and Mixsol, respectively, they have been parties acting in concert for all material management affairs and the arrival and/or execution of all commercial decisions of those companies, and will also be parties acting in concert in respect of the Group; and they have co-operated (through their respective nominees, if applicable) and shall continue to co-operate (through their respective nominees or controlled companies, if applicable) with one another to obtain, maintain and consolidate control of the Group. In this regard, with respect to the business of our Group, Mr. Chong and Mr. Siah confirmed that, since both of them became the beneficial shareholders of each of Tandem, Concorde and Mixsol:

- i. they have agreed to, and shall continue to, consult each other and reach unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolutions, prior to the putting forward such resolution to be passed at any shareholders' meeting of any entity of our Group, and have voted on such resolutions (by themselves and/or through their nominees) unanimously in accordance with the consensus arrived at by them; and
- ii. they have centralised and shall continue to centralise the ultimate control and right to make final decision in respect of their interests in the business of our Group.

Accordingly, Mr. Chong and Mr. Siah, through Delicate Edge and King Nordic respectively, will be entitled to control, in aggregate, 50.4% of our entire issued share capital immediately upon the completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares to be issued upon exercise of the Share Options). Each of Mr. Chong, Mr. Siah, Delicate Edge and King Nordic will be regarded as Controlling Shareholders of our Company upon Listing for the purpose of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

In the opinion of our Directors, our Group is capable of carrying on our business independently from and does not place undue reliance on our Controlling Shareholders and their respective close associates, taking into consideration the following factors:

Management independence

Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts in the best interests of our Company and that no conflict between his duties as a Director and his personal interests would be allowed. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Director(s) or their respective close associate(s), the interested Director(s) shall abstain from voting at the relevant board meeting(s) of our Company in respect of such transactions and shall not be counted towards the quorum.

Three of the members of our Board are independent non-executive Directors who have extensive experience in different areas or are professionals, and they have been appointed pursuant to the requirements under the GEM Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions.

Furthermore, our Board's main functions include devising and approving the overall business plans and strategies of our Group, monitoring the implementation of our Group's policies and strategies and taking into account the reports and advice of the senior management of our Group. In addition, the Company has an independent senior management team to carry out the business decisions of the Group independently.

Having considered the above factors, our Directors are satisfied that the Board, as a whole and together with our senior management team, is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational independence

The operations of our Group are independent of and not connected with our Controlling Shareholders and their respective close associates. Our Group has established our own set of organizational structure made up of individual divisions, each with their own specific areas of responsibilities.

During the Track Record Period and up to the Latest Practicable Date, our Group had independent access to suppliers of our Group for our business operations. In addition, all of our customers are Independent Third Parties. We own all the necessary assets and equipment (except for the leased properties) for the operation of our Group.

Having considered the above factors, our Directors are of the view that there is no operational dependence on our Controlling Shareholders or their respective close associates.

Financial independence

Our Group has an independent financial system and makes financial decisions according to our own business need. We have sufficient capital to operate our business independently and have adequate internal resources and credit profile to support our daily operations. During the Track Record Period and up to the Latest Practicable Date, our Group had relied principally on cash generated from operations and our banking facilities to carry on business and it is expected to continue after the Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

During the Track Record Period, certain banking borrowing granted to the Group was secured by guarantees provided by our Controlling Shareholders. As at the Latest Practicable Date, our Group has procured consent-in-principle from the relevant bank for its agreement to release all such guarantees provided to our Group by our Controlling Shareholders, or will repay the relevant bank borrowing, upon Listing. As such, upon Listing, our Group will have independent access to third party financing without relying on any guarantee from our Controlling Shareholders or their respective associates. All loans and advances due from/to our Controlling Shareholders or their respective associates will be fully settled prior to the Listing.

On 14 September 2018, a special dividend of approximately RM14.0 million was declared and, paid on 26 September 2018, to the then equity holders of the entities now comprising our Group, namely Mr. Chong and Mr. Siah, as to approximately RM7.0 million and RM7.0 million respectively.

Our Directors are of the view that our Group is able to obtain external financing on market terms and conditions for its business operations as and when required and is not financially dependent on our Controlling Shareholders or any of their respective close associates in the operation of its business.

RULE 11.04 OF THE GEM LISTING RULES

Our Controlling Shareholders, our Directors and their respective close associates confirm that they do not have any interest in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

DEED OF NON-COMPETITION

In order to ensure that direct competition does not develop between us and our Controlling Shareholders, each of our Controlling Shareholders has executed the Deed of Non-competition in favour of our Group.

Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has irrevocably and unconditionally, jointly and severally warranted and undertaken to our Company (for itself and as trustee for its subsidiaries) that they would not, and they would use their best endeavors to procure that their close associates (except any members of our Group) shall not, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) or as principal or agent, and whether on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of our Group), carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition or likely to be in competition, directly or indirectly, with the business presently carried on by any member of our Group or any other business that may carried on or are contemplated to be carried on by the Group from time to time (the "**Restricted Business**").

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The above undertaking does not preclude our Controlling Shareholders from having an aggregate interest in:

- (a) not more than 5% of the issued shares in any company engaging in any Restricted Business (the “**Subject Company**”) which is or whose holding company is listed on any recognised exchange; or
- (b) any Subject Company where any Restricted Business conducted or engaged in by the Subject Company accounts for not more than 5% of the Subject Company’s consolidated turnover or assets, as shown in the Subject Company’s latest audited accounts; provided that there is a holder (with its close associates where appropriate) with a larger shareholding in the Subject Company than the aggregate shareholding held by any of Controlling Shareholders and/or their respective close associates and the total number of representatives of any of Controlling Shareholders on the board of directors of the Subject Company is not significantly disproportionate in relation to his or its shareholding in the Subject Company.

If any investment or other business opportunity which may compete with the business of our Group (“**Business Opportunity**”) arise or is identified by or made available to any of our Controlling Shareholders or any of their close associates (excluding the Group), the relevant Controlling Shareholder(s) shall, and shall procure their respective close associates to, refer such Business Opportunity to our Company and we shall have a right of first refusal to take up the Business Opportunity.

Pursuant to the Deed of Non-competition, in respect of each Controlling Shareholder, the above restrictions would only cease to have effect on the earliest of (i) the date on which such Controlling Shareholder ceases to be a Controlling Shareholder; or (ii) our Shares cease to be listed and traded on the Stock Exchange (except for temporary suspension of trading of our Shares on the Stock Exchange due to any reason).

Further, the independent non-executive Directors will review, on an annual basis, the compliance of our Controlling Shareholders with the Deed of Non-competition (in particular, the right of refusal relating to any Business Opportunity) and our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance with and enforcement of the Deed of Non-competition in our annual report or by way of announcement to the public.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following corporate governance measures to avoid potential conflict of interests and safeguard the interests of our Shareholders:

- (a) as part of our preparation for the Listing, we have adopted the Articles to comply with the GEM Listing Rules. In particular, the Articles provide that, unless otherwise provided, a Director shall not vote in any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) our independent non-executive Directors represent over one-third of the composition of the Board. We believe that the presence of our independent non-executive Directors who possess diversified experience and expertise provide a balance of view and independent judgment in the decision making process of the Board and they will be able to provide an impartial external opinion to protect the interests of our public Shareholders;
- (c) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders and we will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance with and the enforcement of the Deed of Non-competition in our annual report, interim reports or by way of announcements in compliance with the requirement of the GEM Listing Rules;
- (d) our Controlling Shareholders have undertaken to provide all information requested by our Group which is necessary for the annual review by our independent non-executive Directors on our Controlling Shareholders' compliance with the Deed of Non-competition;
- (e) we will ensure compliance with the GEM Listing Rules, in particular, strictly observe any proposed transactions between us and connected persons and comply with the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules where applicable; and
- (f) we have appointed VBG Capital Limited as our compliance adviser to advise us on the compliance matters in respect of the GEM Listing Rules and applicable laws and regulations.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board consists of seven Directors, among which there are two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors and senior management are involved in the day-to-day management of our business. The following sets forth certain information regarding our Directors.

Name	Age	Position in our Company	Date of joining our Group	Date of appointment	Roles and responsibilities
Mr. Chong Yee Ping (鍾宜斌)	37	Chairman, Chief Executive Officer and Executive Director	4 July 2006	27 February 2018	Overall corporate strategies, planning, management and business development of our Company
Mr. Liu Yan Chee James (劉恩賜)	48	Executive Director	8 March 2018	8 March 2018	Supervision and management of overall accounting and finance matter of our Company
Mr. Siah Jiin Shyang (謝錦祥)	39	Non-executive Director	23 March 2011	27 February 2018	Locating and soliciting potential customers, rendering advice on overall corporate strategies, planning, management and business development of our Company
Mr. Lam Pang (林鵬)	49	Non-executive Director	8 March 2018	8 March 2018	Rendering advice on management and assisting our Company in implementing its business strategies

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position in our Company	Date of joining our Group	Date of appointment	Roles and responsibilities
Mr. Chan San Ping (陳生平)	53	Independent non-executive Director	19 September 2018	19 September 2018	Overseeing management and providing independent judgment
Mr. Su Chi Wen (蘇熾文)	51	Independent non-executive Director	19 September 2018	19 September 2018	Overseeing management and providing independent judgment
Ms. Ho Suet Man Stella (何雪雯)	46	Independent non-executive Director	19 September 2018	19 September 2018	Overseeing management and providing independent judgment

Executive Directors

Mr. Chong Yee Ping (鍾宜斌), aged 37, our founder, chairman of the Board, chief executive officer and executive Director. He is mainly responsible for formulating the overall business development strategy and planning; overseeing our Group's performance and management; and leading and representing our Group in negotiation with potential business partners.

In May 2003, Mr. Chong obtained a Bachelor of Information Technology majoring in software engineering with honours from Multimedia University in Malaysia. Subsequently, he completed three IBM professional certification programs, which are IBM Certified Specialist DB2 and IBM Certified Database Administrator respectively in 2004 and IBM Certified System Administrator – Websphere Application Server Network Deployment in 2006.

After obtaining the aforesaid Bachelor of Information Technology, Mr. Chong gained working experience in IT industry, especially in the field of system integration and development as a software engineer. Mr. Chong worked in iPower Berhad, a company engaged in system integration based in Malaysia from 2003 to 2007. In the past 11 years, Mr. Chong has been working relentlessly to build up our Group. In particular, he has participated in the development of NS3 and CUSTPRO, the two self-developed IT products of our Group.

As at the Latest Practicable Date, Mr. Chong serves as a director of C.I.S Integrated Sdn. Bhd., which principally engages in provision of online home design solutions.

Mr. Liu Yan Chee James (劉恩賜), aged 48, was appointed as an executive Director on 8 March 2018. Mr. Liu has over 24 years of experience in finance and accounting. He is currently and has been the executive director of Asia Resources Holdings Limited, a listed company on the Main Board of the Stock Exchange (Stock Code: 0899) since April 2017 and is responsible for supervising its finance, compliance and merger & acquisitions matters. He was also an independent non-executive director and the Chairman of the audit committee of Luen Wong Group Holdings Limited, a listed company on GEM (Stock Code: 8217) from March 2016 to December 2017.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu received a Bachelor of Commerce from Dalhousie University, Canada in 1994. Mr. Liu's previous working experience primarily includes:

Name of companies	Position	Regulated activity that Mr. Liu was licensed to perform	Period of service	
Tung Shing Securities (Brokers) Limited	Sales Director	Dealing in Securities	September 2010 to	
	Licensed Representative	Dealing in Futures Contracts	October 2015	
KGI Asia Limited	Sales Director	Dealing in Securities	October 2004 to	
	Licensed Representative		September 2010	
KGI Futures (Hong Kong) Limited	Sales Director	Dealing in Futures Contracts	October 2004 to	
	Licensed Representative		September 2010	
Enlighten Securities Limited	Sales Director	Dealing in Securities	May 2004 to	
	Licensed Representative		October 2004	
Enlighten Futures Limited	Sales Director	Dealing in Futures Contracts	May 2004 to	
	Licensed Representative		October 2004	
Sun Hung Kai Investment Services Limited	Sales Director	Nil	April 2001 to March 2004	
	Licensed Representative	Dealing in Securities	April 2003 to March 2004	
		Advising on Securities	April 2003 to January 2004	
		Advising on Corporate Finance	April 2003 to January 2004	
		Providing Automated Trading Services	April 2003 to July 2003	
		Asset Management	April 2003 to January 2004	
	Sun Hung Kai Commodities Limited	Licensed Representative	Dealing in Futures Contracts	April 2003 to March 2004
			Advising on Futures Contracts	April 2003 to January 2004
		Asset Management	April 2003 to January 2004	

DIRECTORS AND SENIOR MANAGEMENT

Name of companies	Position	Regulated activity that Mr. Liu was licensed to perform	Period of service
Vickers Ballas Hong Kong Limited (now known as DBS Vickers (Hong Kong) Limited)	Sales Director	Nil	March 1997 to mid-2001
Sun Hung Kai Investment Services Limited	Account Manager	Nil	July 1995 to March 1997

Non-executive Directors

Mr. Siah Jiin Shyang (謝錦祥), aged 39, was appointed as a non-executive Director on 27 February 2018. In 2005, he founded CSS MSC Sdn. Bhd., which focuses on, among others, business intelligence and data warehousing, for enabling a business to gather and analyse its data regarding specific function areas such as finance, supply chain, human resources, sales and marketing and customer service to provide historical, current and predictive views of business operations and has been the Chief Operating Officer and director thereof until his resignation in February 2018. He was responsible for the operations and research and development of CSS MSC Sdn. Bhd.. Mr. Siah is experienced in the implementation of business intelligence, data warehousing and banking solutions.

As at the Latest Practicable Date, in addition to those directorship with the members of our Group, Mr. Siah is also the director of the following companies:

Name of the company	Principal business
C.I.S Integrated Sdn. Bhd.	Provision of online home design solutions
Rivermains Technology Sdn. Bhd.	Provision of online car insurance

Mr. Siah obtained a Bachelor of Engineering (Mechanical) with honours from University of Malaya in September 2002. Subsequently, he received an ITIL Foundation Certificate in IT Service Management in February 2005 and an ITIL Manager's Certificate in IT Service Management in September 2005.

Mr. Lam Pang (林鵬), aged 49, was appointed as a non-executive Director on 8 March 2018, and has extensive experience in trading between the PRC and Hong Kong, and property investment in the PRC. He was the chairman of GOME from December 2000 to April 2002 and the executive director from September 2000 to May 2007.

Afterwards Mr. Lam became the executive director of 山東金泰集團股份有限公司 (Shandong Jintai Group Co., Ltd), a listed company on the Shanghai Stock Exchange (Stock Code: 600385) which principally engages in gold and jewellery trading from July 2007 to June 2013, and the director of Blossomhill Investment Limited (formerly known as Special Fine Investment and Management Limited) from December 2013 to October 2015. Since 2015, Mr. Lam has been the general manager of 湖南富恒建設開發有限公司 (Hunan Fu Heng Construction Development Co., Ltd.), which is principally engaged in infrastructure and property development.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam graduated from Pui Ying Secondary School in late 1980s. He later founded Stars (Holdings) Limited (now known as Stars Pacific Limited), of which he has been the director and has been engaged in trading business since 1992.

Mr. Lam currently serves as the consultant in the following associations:

Name of the association	Position
深圳市傳統文化研究會 (Shenzhen Association of Chinese Traditional Culture Studies)	Senior Consultant
中國國際經濟技術合作促進會健康科技工作委員會 (Health Science and Technology Work Committee of China Association for Promoting International Economic & Technical Cooperation)	Economic Consultant
中國先秦史學會 (China pre-Qin History Society)	Economic Consultant

On 1 November 2013, the Shanghai Stock Exchange publicly reprimanded Shandong Jintai Group Co. Ltd. (“SJGC”) and its directors (including its former directors) for (i) the non-compliance by SJGC in disclosure of two accounting errors in a timely manner and (ii) directors’ failure to perform their duties diligently (the “Public Reprimand”).

SJGC has given explanation for the late correction of the accounting errors in its announcement dated 28 August 2013, which is summarized below:

- (i) the late correction made to the accounting treatment towards outstanding tax and social insurance fee (稅款及社會保險費滯納金) was due to SJGC’s misunderstanding that such outstanding payment could be negotiated with the relevant government authorities and thus corrections were not required to be made at that time. SJGC has further explained that they were experiencing difficulties in the operation of business and a serious shortage of cash flow during the relevant period. Therefore, it was eager to seek reduction of the outstanding payment from the government and make respective corrections afterwards; and
- (ii) the late correction made to the accounting treatment towards several buildings, which were built by the authorized contractor of SJGC, was due to SJGC’s late discovery of the fact that those buildings were already demolished as a result of the dispute with the authorized contractor which did not allow SJGC to have access to, nor to obtain the latest status of, those buildings at the material time.

In addition, SJGC has confirmed in writing that:

- (i) during the period of Mr. Lam’s directorship from July 2007 to June 2013, he was only responsible for (i) giving advice on the overall business strategy and development of SJGC and (ii) liaising on behalf of SJGC for external affairs. Mr. Lam was not responsible for the daily operation of SJGC; and

DIRECTORS AND SENIOR MANAGEMENT

- (ii) the accounting treatments towards (i) outstanding tax and social insurance fee (稅款和社會保險費滯納金) and (ii) demolition of several buildings were not within the scope of Mr. Lam's responsibility as a director of SJGC nor occurred during the period of directorship of Mr. Lam.

Notwithstanding the Public Reprimand, our Directors (including the independent non-executive Directors) and the Sole Sponsor considered that Mr. Lam is competent and able to fulfil his duties of care and diligence, and hence is suitable to act as a Director pursuant to Rules 5.01 and 5.02 of the GEM Listing Rules as he possesses the experience, knowledge and skill as well as the character to be a director of our Company. In arriving at their view, our Directors and the Sole Sponsor have taken into consideration the following:

- (i) there is no evidence that the non-compliance involved any act of dishonesty, fraudulent or suggested any issue of integrity on the part of Mr. Lam which would affect his suitability as a director of a listed company;
- (ii) the accounting errors, although not rectified in a timely manner, were caused by the misunderstanding and miscommunication of SJGC on the relevant issues and did not raise any serious concern over the issue of integrity or character of any individual director;
- (iii) Mr. Lam was not directly involved in the non-compliances in connection with the Public Reprimand as he was not responsible for daily operation of SJGC, nor the accounting errors occurred during his period of directorship;
- (iv) except for the Public Reprimand, Mr. Lam and/or the listed company in which he served as a director have not been subject to any material disciplinary proceedings, investigations, private or public sanctions and written or oral warning by any statutory, regulatory and/or enforcement bodies. Our Directors believe that the accounting errors were isolated incidents due to the unique and specific circumstances of SJGC and the possibility of re-occurrence of incidents of similar nature in the Company is remote;
- (v) Mr. Lam has been the chairman and executive director of GOME from December 2000 to April 2002 and September 2000 to May 2007 respectively, and during the period of his directorship in GOME, there had been no material non-compliance occurred. Our Directors believe that Mr. Lam has acquired sufficient experience and knowledge on the rules and regulations imposed on a director of a listed company; and
- (vi) Mr. Lam has endeavoured to enrich himself on management and corporate governance, and enhance his knowledge on the relevant legislation, rules and regulation. He has attended the directors' training conducted by the Company's Hong Kong legal advisor on 8 March 2018 regarding directors' duties under the GEM Listing Rules and the laws of Hong Kong. Further, Mr. Lam confirmed that (i) he will attend training(s) and/or seminar(s) in relation to corporate governance code under Appendix 15 of the GEM Listing Rules before the Listing and (ii) he will keep himself on the latest development of the applicable laws, rules and regulations and enhance his awareness, knowledge and understanding on his duties and obligations as a director.

DIRECTORS AND SENIOR MANAGEMENT

Last but not the least, our Directors (including the independent non-executive Directors) considered that Mr. Lam has over 26 years of experience in trading between the PRC and Hong Kong with extensive business connections. His business experiences and networks are valuable and is beneficial to the long-term development of our Group.

Independent non-executive Directors

Mr. Chan San Ping (陳生平), aged 53, was appointed as an independent non-executive Director on 19 September 2018. He was the partner of GrammyTech Limited from September 2003 to April 2013, and is the managing partner of EMP Partners since May 2013 up to the Latest Practicable Date. During the said periods, he has been responsible for the management of the business for banking and finance recruitment in Hong Kong and China. Prior to that, Mr. Chan was the managing partner of Grammy Financial Institutions Group Limited from July 1997 to September 2003, during which his main responsibility covered the management of the senior-level recruitment business for financial services industry in Hong Kong and North Asia. These past and present positions have given Mr. Chan around 25 years in recruitment of talents in the finance industry.

Mr. Chan received a Bachelor's degree of Arts with honours, majoring in business studies from City University of Hong Kong in 1988.

Mr. Su Chi Wen (蘇熾文), aged 51, was appointed as an independent non-executive Director on 19 September 2018. Mr. Su has over 20 years of experience working in the IT industry. Mr. Su is the deputy IT director of C&C Joint Printing Co., (H.K.) Ltd since January 2014 and up to the Latest Practicable Date. He was the project manager of C&C Joint Printing Co., (H.K.) Ltd from May 2005 and December 2013. Prior to that, he was the executive director of High-Growth (H.K.) Limited from July 1997 to June 2000. From July 1995 to March 1997, he was the system consultant of System Management Consultancy Ltd.

Mr. Su received a Bachelor of Commerce, majoring in marketing from Dalhousie University, Canada in 1995. He was awarded a certificate of digital asset management by the Advanced Printing Technology Centre (APTEC), a subsidiary of the Hong Kong Printers Association in 2005. In 2014, Mr. Su received an executive diploma in digital marketing from Hong Kong Management Association and a certificate from China Business Executives Academy Dalian.

Mr. Su was the founder of Sys Solutions Limited and Sys Solutions Holdings Limited (now known as Enviro Energy International Holdings Limited), a company formerly listed on GEM (Stock Code: 8182) since February 2003 and subsequently transferred its listing from GEM to the Main Board of the Stock Exchange (Stock Code: 1102) since December 2010. He was the executive director and chief executive officer of Sys Solutions Limited and Sys Solutions Holdings Limited from July 2000 to May 2004.

Ms. Ho Suet Man Stella (何雪雯), aged 46, was appointed as an independent non-executive Director on 19 September 2018. She is the chief financial officer and the Company Secretary of Hong Kong Resources Holdings Company Limited, a listed company on the Main Board of the Stock Exchange (Stock Code: 2882), since May 2017 and March 2018, respectively, and up to the Latest Practicable Date. From September 2007 to February 2017, Ms. Ho served as the chief financial officer and company secretary of Paradise Entertainment Limited, a listed company on the Main Board of the Stock Exchange (Stock Code: 1180). Prior to that, she was the financial controller and company secretary of Linefan Technology Holdings Limited (now known as China Eco-Farming Limited), a listed company on GEM (Stock Code: 8166) from May 2004 to

DIRECTORS AND SENIOR MANAGEMENT

September 2007, the financial manager of Recruit Holdings Limited (now known as KK Culture Holdings Limited), a listed company on the Main Board of the Stock Exchange (Stock Code: 550) from November 2002 to August 2003 and the accounting manager of Systek Information Technology Limited (now known as the Zhi Cheng Holdings Limited), a listed company on GEM (Stock Code: 8130) from October 2001 to November 2002. These past and present positions have given Ms. Ho over 20 years of financial and accounting experience and extensive experience of working in the listed companies in Hong Kong.

Ms. Ho received a Bachelor's degree in Accountancy with honours from Hong Kong Polytechnic University in 1994. She was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in May 2000.

Save as disclosed in this prospectus, each of our Directors has confirmed that (i) he/she has no interests in the Shares within the meaning of Part XV of the SFO, (ii) he/she is independent from, and is not related to, any other Directors, members of the senior management, substantial Shareholders or Controlling Shareholders, (iii) he/she has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years, and (iv) there is no other information which is required to be disclosed pursuant to any of the requirement under Rules 17.50(2)(h) to 17.50(2)(w) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his/her appointment.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER PERFORMED BY THE SAME INDIVIDUAL

Pursuant to Code Provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chong is currently the Chairman of the Board and our Chief Executive Officer, responsible for formulating the overall business development strategy and planning of our Group. In view that Mr. Chong has been responsible for the overall management of our Group since its inception, the Board believes that it is in the best interest of our Group to have Mr. Chong taking up both roles for effective management and business development. Our Board considers that the balance of power and authority, accountability and independent decision-making under our present arrangement will not be impaired because of the diverse background and experience of our non-executive Directors and independent non-executive Directors. Further, our audit committee has free and direct access to our Company's external auditors and independent professional advisers when it considers necessary. Therefore our Directors consider that the deviation from Code Provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

In order to maintain good corporate governance and to fully comply with Code Provision A.2.1 of the Corporate Governance Code, our Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Pang Hen Yong, aged 38, is the chief technology officer of our Group. He joined our Group in December 2012 and is responsible for all aspects of strategic IT planning, implementation, and support as an integral component of the business plan. He is also responsible for budgeting, design and support of all technological issues of our Group.

Mr. Pang obtained a Bachelor of Information Technology with honours from Universiti Tenaga Nasional in August 2003. He received an ITIL Foundation Certificate in IT Service Management in October 2012. Prior to joining our Group, Mr. Pang worked as the technical consultant for DKSH Holding AG, also known as DiethelmKellerSiberHegner, a company listed on the SIX Swiss Exchange (Stock Code: DKSH) from March 2007 to July 2011. From July 2011 to December 2012, he worked as the technical consultant for GlaxoSmithKline plc, a company listed both on the London Stock Exchange (Stock Code: GSK) and on the New York Stock Exchange (Stock Code: GSK).

Mr. Chung Foo Shyn, aged 36, is the project director of our Group. Mr. Chung joined our Group in September 2013 and is responsible for overseeing project implementation and project management.

Mr. Chung received a Bachelor of Computer Science, majoring in software engineering, with honours from University of Malaya in August 2004. Prior to joining our Group, he worked as the project manager for Techbase Solution Sdn. Bhd. from August 2012 to August 2013. From May 2008 to July 2011, he worked as the senior IT specialist for iFAST Service Centre Sdn. Bhd., and from November 2005 to May 2008, he worked as the senior java developer for Optegra Sdn. Bhd..

Mr. Wong Puh Yih, aged 34, is the head of research and development department of our Group. He was appointed as the technical team of our Group in April 2014. His main responsibility includes: i) development and design of product from concept to specifications and implementation and ii) coordination with internal or external engineering teams on the new process and equipment design, scale-up, capability improvement and validation.

Mr. Wong received an Associate Degree in Information Technology from New Era College in 2006. He is certified as a Sun Certified Programmer for the Java Platform in 2010. In 2014, he completed two IBM professional certification programs, namely IBM Certified Database Administrator and IBM Certified Database Associate.

Ms. Lam Yat Ting (林溢婷), aged 36, was appointed as the company secretary of our Group on 8 March 2018.

Ms. Lam received a Bachelor of Business Administration in Accountancy with honours from City University of Hong Kong in 2006. She is a member of the Hong Kong Institute of Certified Public Accountants since January 2013. She has over 10 years of experience in accounting and audit. Ms. Lam has been an executive director of Elegance Commercial and Financial Printing Group Limited, a listed company on GEM (Stock Code: 8391), since September 2018. She was the finance manager of New World Facilities Management Company Limited, a subsidiary of New World Development Company Limited, a listed company on the Main Board of the Stock Exchange (Stock Code: 17) from October 2016 to April 2018. She also worked at Lau & Au Yeung C.P.A. Limited from March 2008 to October 2016 where her last position held was audit manager.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Lam Yat Ting, who is our Company's financial controller, also acts as the company secretary of our Company. For details of her qualifications and experience, please refer to the paragraph headed "Senior Management" in this section.

COMPLIANCE OFFICER

Mr. Liu Yan Chee James (劉恩賜) is the compliance officer of our Company. Please refer to the paragraph headed "Executive Directors" above for his biography.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

For the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, the aggregate amount of fees, salaries, allowances, discretionary bonus, contributions to defined contribution plans and other benefits in kind (if applicable) paid by our Group to the Directors were approximately RM80,000, RM90,000 and RM24,000 respectively. The Directors' remuneration is determined with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance.

For the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, the fees, salaries, allowances, discretionary bonus, contributions to defined contribution plans and other benefits in kind (if applicable) payable by our Group to the top five highest paid individuals (excluding Directors) were approximately RM739,000, RM869,000 and RM345,000 respectively.

During the Track Record Period, no remuneration was paid by the Company to, or receivable by, the Directors, or the five highest-paid individuals as an inducement to join or upon joining the Company. No compensation was paid by us to, or receivable by, the Directors, past Directors or the five highest-paid individuals for the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of the Company.

None of the Directors had waived any remuneration during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by the Company or any of its subsidiaries to the Directors or the five highest-paid individuals during the Track Record Period.

It is estimated that under the arrangements currently in force, the aggregate amount of compensation (including salaries, benefits in kind but excluding discretionary bonuses) payable to the Directors for the year ending 30 November 2018, will be approximately RM157,160.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, save as set out below, our Company intends to comply with the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules after Listing.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

Our Company has appointed VBG Capital Limited as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise our Group in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where our Group proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our Group's business activities, development or results of operation deviate from any forecast, estimate or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of the Shares.

The term of the appointment will commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee on 19 September 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three independent non-executive Directors namely Ms. Ho Suet Man Stella, Mr. Chan San Ping and Mr. Su Chi Wen. A Director with the appropriate professional qualifications, Ms. Ho Suet Man Stella, serves as the chairman of the audit committee.

The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Company's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

Remuneration Committee

Our Company established a remuneration committee on 19 September 2018 with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The remuneration committee consists of three independent non-executive Directors, namely Mr. Chan San Ping, who serves as the chairman of the remuneration committee, Mr. Su Chi Wen and Ms. Ho Suet Man Stella. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and

DIRECTORS AND SENIOR MANAGEMENT

transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

Our Company also established a nomination committee on 19 September 2018 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The nomination committee consists of three independent non-executive Directors, namely Mr. Su Chi Wen, who serves as the chairman of the nomination committee, Mr. Chan San Ping and Ms. Ho Suet Man Stella. The primary function of the nomination committee is to make recommendations to the Board to fill vacancies on the same.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under any options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/nature of interest	Number of Shares held directly or indirectly immediately prior to the Share Offer and the Capitalisation Issue	Percentage of shareholding immediately prior to the Share Offer and the Capitalisation Issue	Number of Shares held directly or indirectly immediately after the Share Offer and the Capitalisation Issue	Percentage of shareholding immediately after the Share Offer and the Capitalisation Issue
Mr. Chong	Interest in controlled corporation and person acting in concert (<i>Note</i>)	7,200	72%	196,560,000	50.4%
Mr. Siah	Interest in controlled corporation and person acting in concert (<i>Note</i>)	7,200	72%	196,560,000	50.4%
Delicate Edge	Beneficial owner and person acting in concert (<i>Note</i>)	7,200	72%	196,560,000	50.4%
King Nordic	Beneficial owner and person acting in concert (<i>Note</i>)	7,200	72%	196,560,000	50.4%
Mr. Liu	Beneficial owner	1,400	14%	38,220,000	9.8%
Mr. Lam	Beneficial owner	1,400	14%	38,220,000	9.8%

SUBSTANTIAL SHAREHOLDERS

Note:

Delicate Edge is wholly and beneficially owned by Mr. Chong whereas King Nordic is wholly and beneficially owned by Mr. Siah. Each of Delicate Edge and King Nordic held 3,600 Shares representing 36% of the total issued share capital of our Company immediately before the completion of the Share Offer and the Capitalisation Issue. Each of Delicate Edge and King Nordic holds 98,280,000 Shares representing 25.2% of the total issued share capital of our Company immediately after the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under any options which may be granted under the Share Option Scheme).

Mr. Chong and Mr. Siah are parties acting in concert (having the meaning ascribed to it under the Takeovers Code) as confirmed by them in writing. As such, each of Mr. Chong, Mr. Siah, Delicate Edge and King Nordic is deemed to be interested in 196,560,000 Shares held by Delicate Edge and King Nordic in aggregate under the SFO immediately after the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under any options which may be granted under the Share Option Scheme).

Save as disclosed herein, the Directors are not aware of any person who will, immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under any options which may be granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

SHARE CAPITAL

The authorised and issued share capital of our Company are as follows:

Authorised share capital:

Number of Shares	Description	HK\$
<u>2,000,000,000</u>	Shares comprised in the authorised share capital	<u>20,000,000</u>

Shares issued and to be issued, fully paid or credited as fully paid, upon completion of the Capitalisation Issue and the Share Offer:

Number of Shares	Description	HK\$
10,000	Shares in issue as at the date of this prospectus	100
272,990,000	Shares to be issued pursuant to the Capitalisation Issue	2,729,900
	Shares to be issued pursuant to the Share Offer (excluding any Shares which may be issued pursuant to exercise of the options which may be granted under the Share Option Scheme)	1,170,000
<u>117,000,000</u>		<u>1,170,000</u>
<u>390,000,000</u>	Shares in total	<u>3,900,000</u>

Assumptions

The above table assumes that the Share Offer becomes unconditional but takes no account of any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates as described below.

Ranking

The Offer Shares will rank pari passu in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify in full for all dividends and other distributions hereafter declared, made or paid on the Shares after the date of this prospectus.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, the principal terms of which are summarised in the paragraph headed “Share Option Scheme” in Appendix IV to this prospectus.

Minimum public float

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the total issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

SHARE CAPITAL

General mandate to issue new Shares

The Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the aggregate of:

1. 20% of the total nominal amount of the Shares in issue immediately following completion of the Share Offer; and
2. the total nominal amount of the Shares repurchased by our Company (if any) pursuant to a separate mandate to repurchase Shares and described more fully in the paragraph headed “General mandate to repurchase Shares” below.

This general mandate is in addition to the powers of the Directors to allot, issue or deal with Shares under a rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share scheme or similar arrangement for the time being adopted by our Company or any Shares allotted in lieu of the whole or part of a dividend on shares of our Company in accordance with its Articles or pursuant to a specific authority granted by the Shareholders in general meeting or pursuant to the Share Offer.

This general mandate will expire:

- at the conclusion of our Company’s next annual general meeting; or
- the expiration of the period within which our Company is required by the Articles or any applicable laws of Cayman Islands to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For further details of this general mandate, please see the paragraph headed “A. Further information about our Company — 3. Written resolutions of our Shareholders passed on 19 September 2018” in Appendix IV to this prospectus.

General mandate to repurchase Shares

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal amount of not more than 10% of the total nominal amount of the Shares issued and to be issued immediately following the completion of the Share Offer.

This general mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the GEM Listing Rules and all applicable laws. A summary of the relevant requirements in the GEM Listing Rules is set out in the paragraph headed “A. Further information about our Company — 6. Repurchase of the Shares by our Company” in Appendix IV to this prospectus.

SHARE CAPITAL

This general mandate will expire:

- at the conclusion of our Company's next annual general meeting; or
- the expiration of the period within which our Company is required by the Articles or any applicable laws of Cayman Islands to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For further details of this general mandate, please see the paragraph headed "A. Further information about our Company — 3. Written resolutions of our Shareholders passed on 19 September 2018" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, please refer to the section headed "Alteration of capital" in Appendix III to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, please refer to the section headed "Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and operating results should be read in conjunction with our combined financial information, including the notes thereto, as set out in the Accountants' Report included as Appendix I to this prospectus. Our combined financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

This following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set out under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

Our Group acts as IT services provider with two of its subsidiaries registered under Multimedia Super Corridor ("MSC") in Malaysia. The business focus of our Group includes system integration and development, IT outsourcing, and maintenance and consultancy.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 27 February 2018. In preparation of the Listing, the companies now comprising the Group underwent a series of reorganisation, details of which are explained in the section headed "History, Development and Reorganisation" in this prospectus.

Upon completion of the reorganisation, the Company became the holding company of the companies now comprising the Group. The companies now comprising the Group were under common control of the Controlling Shareholders, Mr. Chong and Mr. Siah (collectively the "**Ultimate Controlling Party**") before and after the Reorganisation. Accordingly, the financial information of our Group has been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation where it is a shorter period. Further details of the basis of preparation of our financial statements are presented in Note 2 of the Accountants' Report in Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, most of which may be beyond our control, including those factors set out in the section headed "Risk Factors" in this prospectus and those set out below.

Project-based nature of work

Most of our business is project-based, which is not recurrent in nature. Our customers engage us in enhancement works or conducting upgrades for the systems developed by us in previous projects. Our customers may also engage us to develop new IT systems after the retirement of outdated systems. However, there is no assurance that the customers will continue to provide us with new businesses after completion of our projects.

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Concentrated customer base

We rely on a small number of customers. A significant portion of our revenue was derived from a small number of customers during the Track Record Period. Our five largest customers' revenue contribution for each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 accounted for approximately 85.1%, 91.4% and 91.4% of our total revenue of the same period, respectively. For the same period, our largest customer accounted for approximately 26.7%, 68.0% and 66.1% of our total revenue, respectively. Our service contracts are on a project-by-project basis. As such, there is no assurance that we will be able to retain our customers upon expiry of the contract period or that they will maintain their current level of business with us in the future.

If there is a significant decrease in the number of projects or size of projects in terms of project amounts awarded by our five largest customers to us for whatever reasons, and if we are unable to obtain suitable projects of a comparable size and quantity as replacement, our financial conditions and operating results would be materially and adversely affected. Besides, if any of our five largest customers experiences any liquidity problem, it may result in delay or default in settling progress payments to us, which in turn will have an adverse impact on our cash flows and financial conditions. We cannot guarantee that we will be able to diversify our customer base by obtaining significant number of new projects from our existing and potential customers.

Cost control

Some of our system integration projects are awarded through competitive closed tender, in which a request for proposal or a request for fee quotation are sent by customers to limited potential candidates. We have to estimate the time and costs needed for the implementation of these IT system integration and development projects in order to determine the quotations. There is no assurance that the actual time taken and costs incurred would not exceed our estimation. We expect to continue bidding on fixed-price contracts, the terms of which normally require us to complete a project for a fixed price, increasing the possibility of exposing us to cost overruns and resulting in lower profits or losses in a project.

MSC status

We have enjoyed certain incentives under MSC status in Malaysia through MDEC. Pursuant to our pioneer status granted under MSC status, we are entitled to enjoy tax incentive (i.e. being exempted from paying tax 100% if our statutory income derived from the MSC Malaysia Qualifying Activities (as described below) for a period of five years.

In June 2018, the Government of Malaysia announced its participation in the OECD BEPS taxation initiatives. As a result, relevant changes were made in relation to the tax incentive enjoyed under MSC status, details of which are set out in the section headed "Regulatory Overview" of this prospectus.

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

- (a) continue enjoy the income tax exemption under their existing Pioneer Status incentive until 30 June 2021; or

FINANCIAL INFORMATION

- (b) subject to the new legislation and guidelines coming into force and migrate to the new regime and be subjected to the new criteria/conditions which are currently being reviewed by the Government of Malaysia.

As at the Latest Practicable Date, Mixsol's MSC status had been renewed, and there will be no impact on tax incentives that it currently enjoys until the implementation of the relevant changes on or before 31 December 2018 and the directors of Mixsol then have the options of either continuing to enjoy current tax incentives until 30 June 2021 or being subject to the new legislation and guidelines coming into force on or before 31 December 2018. On the other hand, the renewal of Tandem's MSC status had not been granted on and before 1 July 2018, and the determination on tax incentives which Tandem can enjoy will be subject to the new legislation and guidelines expected to be implemented by 31 December 2018.

The maintenance of MSC status and the further extension of pioneer status to us are subject to the new legislation and guidelines expected to be implemented by 31 December 2018. In the event that we are not entitled to any preferential tax treatment, we may be liable to pay applicable tax for our profits and operations which we were previously exempted.

There is no assurance whether our MSC status and/or pioneer status will be maintained and/or successfully renewed after Listing. If we are unable to maintain MSC status, the incentives we currently enjoyed will not be available and our business, financial position and results of operations would be materially and adversely affected.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Our financial information has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. In addition, the financial information includes applicable disclosures required by the GEM Listing Rules and the Companies Ordinance. We also have other accounting policies and estimates that the Directors consider to be significant, the details of which are set forth in Note 3 of the Accountants' Report in Appendix I to this prospectus.

Basis of measurement

The measurement basis used in the preparation of the financial information is historical cost.

Basis of combinations

The financial information of our Group comprises the financial statements of the Company and all of its subsidiaries for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

FINANCIAL INFORMATION

Non-controlling interests are presented, separately from owners of the Company, in the combined statements of comprehensive income and within equity in the combined statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Merger accounting for business combination involving entities under common control

The financial information of our Group incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recorded have been recognised directly in equity as part of the capital reserve. The financial information of our Group includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

Inventories

The Group acquired hardware and software externally throughout the Track Record Period and all the transactions were recognised as "cost of services and materials sold". No inventories balance was recognised at the end of reporting period. Given that the Group had no inventories during the reporting period, the Reporting Accountants considered the disclosure of the accounting policy for inventories is applicable to the Group.

Future impact of adoption of IFRSs 9 and 15

The Group will adopt IFRS 9 for the annual periods beginning on or after 1 December 2018 (the new standard is effective for the annual periods beginning on or after 1 January 2018), with the use of practical expedients permitted under the standard, and accordingly will not restate comparative information in the year of initial application. Considered that the Group assesses the new customer's credit quality and defines credit limits for the customer before acceptance, the

FINANCIAL INFORMATION

management of the Group anticipates that the implementation of the expected credit loss model is not expected to result in any significant impact on the Group's financial performance and position upon initial adoption of IFRS 9.

The Group will adopt IFRS 15 using modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in the opening retained profits at 1 December 2018 (the new standard is effective for the annual periods beginning on or after 1 January 2018) and the comparative information will not be restated.

RESULTS OF OPERATIONS

The table below sets out financial information on the combined results of our Group for the years/periods indicated, which is derived from, and should be read in conjunction with, the combined financial information set out in the Accountants' Report in Appendix I to this prospectus.

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Combined statements of comprehensive income

	Year ended 30 November		Four months ended	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
			(Unaudited)	
Revenue	13,986	38,929	6,307	14,136
Cost of services and materials sold	(3,597)	(17,344)	(2,333)	(6,470)
Gross profit	10,389	21,585	3,974	7,666
Other income	2	—	—	—
Administrative expenses	(1,887)	(3,437)	(894)	(1,048)
Finance costs	(56)	(49)	(17)	(17)
Listing expenses	—	(1,495)	—	(2,378)
Profit before income tax	8,448	16,604	3,063	4,223
Income tax expenses	(55)	(71)	(31)	(1,031)
Profit for the year/period	8,393	16,533	3,032	3,192
Other comprehensive income	—	—	—	—
Total comprehensive income for the year/period	8,393	16,533	3,032	3,192

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Revenue

We generate our revenue from IT solution projects. Our total revenue amounted to approximately RM14.0 million, RM38.9 million and RM14.1 million for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, respectively, which was mainly derived from (i) system integration and development services, (ii) IT outsourcing services, and (iii) maintenance and consultancy services.

The following table sets out the breakdown of our revenue derived from the following service segments for the years/periods indicated:

	Year ended 30 November				Four months ended 31 March			
	2016 RM'000	%	2017 RM'000	%	2017 RM'000 (Unaudited)	%	2018 RM'000	%
System integration and development services								
<i>Services provided</i>	5,789		23,171		5,029		12,631	
<i>Sales of externally acquired/purchased hardware and software</i>	3,180		11,463		209		—	
	8,969	64.1	34,634	89.0	5,238	83.0	12,631	89.4
IT outsourcing services	1,299	9.3	1,451	3.7	483	7.7	642	4.5
Maintenance and consultancy services	3,718	26.6	2,844	7.3	586	9.3	863	6.1
	<u>13,986</u>	<u>100.0</u>	<u>38,929</u>	<u>100.0</u>	<u>6,307</u>	<u>100.0</u>	<u>14,136</u>	<u>100.0</u>

During the Track Record Period, most of our revenue was derived from Malaysia. The table below sets out the breakdown of our revenue by geographical locations of the projects for the years/periods indicated:

	Year ended 30 November				Four months ended 31 March			
	2016 RM'000	%	2017 RM'000	%	2017 RM'000 (Unaudited)	%	2018 RM'000	%
Malaysia	13,706	98.0	38,853	99.8	6,307	100.0	14,105	99.8
Singapore	280	2.0	76	0.2	—	—	31	0.2
	<u>13,986</u>	<u>100.0</u>	<u>38,929</u>	<u>100.0</u>	<u>6,307</u>	<u>100.0</u>	<u>14,136</u>	<u>100.0</u>

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System integration and development services

System integration and development services mainly involve development and customisation of corporate IT system applications.

During the Track Record Period, the revenue generated from system integration and development services is our largest source of income, representing approximately 64.1% of the total revenue for the year ended 30 November 2016, approximately 89.0% of the total revenue for the year ended 30 November 2017 and approximately 89.4% of the total revenue for the four months ended 31 March 2018. Our revenue from system integration and development services increased by approximately RM25.7 million or approximately 286.2% from approximately RM9.0 million for the year ended 30 November 2016 to approximately RM34.6 million for the year ended 30 November 2017, and increased by approximately RM7.4 million or approximately 141.1% from approximately RM5.2 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM12.6 million for the four months ended 31 March 2018. Revenue is recognised using the percentage of completion method.

During the Track Record Period, we recognised revenue from 21, 21 and 13 projects of which 10, 13 and 5 have been completed for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. The following table sets out the breakdown of our revenue by completed and on-going projects for the years/periods indicated:

	Year ended 30 November						Four months ended 31 March					
	2016			2017			2017			2018		
	Number of projects	Project amount RM'000	Outstanding project amount RM'000	Number of projects	Project amount RM'000	Outstanding project amount RM'000	Number of projects	Project amount RM'000	Outstanding project amount RM'000	Number of projects	Project amount RM'000	Outstanding project amount RM'000
Opening on-going projects	7	4,011	1,635	11	12,520	4,910	11	12,520	4,910	8	78,448	48,921
New projects awarded	14	12,175	4,243	10	78,645	48,750	5	75,910	72,059	5	1,701	316
Projects completed	(10)	(3,666)	—	(13)	(12,717)	—	(3)	(2,158)	—	(5)	(1,110)	—
On-going projects	—	—	(968)	—	—	(4,739)	—	—	(1,379)	—	—	(11,247)
Projects terminated	—	—	—	—	—	—	—	—	—	—	—	—
Closing on-going projects	11	12,520	4,910	8	78,448	48,921	13	86,272	75,590	8	79,039	37,990

IT outsourcing services

IT outsourcing services mainly involve provision of the designated development and customisation services of corporate IT system application as delegated by main contractor(s).

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During the Track Record Period, the revenue generated from IT outsourcing services increased by approximately RM152,000 or approximately 11.7% from approximately RM1.3 million for the year ended 30 November 2016 to approximately RM1.5 million for the year ended 30 November 2017, and increased by approximately RM159,000 or approximately 32.9% from approximately RM483,000 (*unaudited*) for the four months ended 31 March 2017 to approximately RM642,000 for the four months ended 31 March 2018. Revenue is recognised on a time rate basis.

During the Track Record Period, we recognised revenue from 2, 2 and 3 projects of which 2, 2 and 1 have been completed for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. The following table sets out the breakdown of our revenue by completed and on-going projects for the years/periods indicated:

	Year ended 30 November						Four months ended 31 March					
	2016			2017			2017			2018		
	Number of projects	Outstanding		Number of projects	Outstanding		Number of projects	Outstanding		Number of projects	Outstanding	
		Project amount RM'000	project amount RM'000		Project amount RM'000	project amount RM'000		Project amount RM'000	project amount RM'000		Project amount RM'000	project amount RM'000
Opening on-going projects	—	—	—	—	—	—	—	—	—	—	—	—
New projects awarded	2	1,299	—	2	1,451	—	1	1,321	838	3	831	189
Projects completed	(2)	(1,299)	—	(2)	(1,451)	—	—	—	—	(1)	(377)	—
Projects terminated	—	—	—	—	—	—	—	—	—	—	—	—
Closing on-going projects	—	—	—	—	—	—	1	1,321	838	2	454	189

Maintenance and consultancy services

Maintenance and consultancy services mainly involve maintenance and support services.

During the Track Record Period, we recognised revenue from 13, 11 and 13 projects. During the Track Record Period, the revenue generated from maintenance and consultancy services decreased by approximately RM874,000 or approximately 23.5% from approximately RM3.7 million for the year ended 30 November 2016 to RM2.8 million for the year ended 30 November 2017, and increased by approximately RM277,000 or approximately 47.3% from approximately RM586,000 (*unaudited*) for the four months ended 31 March 2017 to approximately RM863,000 for the four months ended 31 March 2018. Revenue for maintenance service is recognised on a straight-line basis. Revenue for consultancy service is recognised based on the percentage of completion method.

Cost of services and materials sold

Our cost of services and materials sold comprise cost of materials sold, outsourced services and staff costs. Such costs amounted to approximately RM3.6 million, RM17.3 million and RM6.5 million for the two years ended 30 November 2016 and 2017 and four months ended 31 March 2018 respectively.

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The following table sets out the breakdown of our costs of services and materials sold for the years/periods indicated:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
System integration and development services								
Cost of materials sold	941	26.2	8,254	47.6	178	7.6	—	—
Outsourced services	183	5.1	4,779	27.5	1,306	56.0	4,501	69.6
Staff costs	1,079	30.0	3,002	17.3	593	25.4	1,462	22.6
	<u>2,203</u>	<u>61.3</u>	<u>16,035</u>	<u>92.4</u>	<u>2,077</u>	<u>89.0</u>	<u>5,963</u>	<u>92.2</u>
IT outsourcing services								
Cost of materials sold	—	—	—	—	—	—	—	—
Outsourced services	—	—	—	—	—	—	—	—
Staff costs	434	12.1	387	2.3	133	5.7	175	2.7
	<u>434</u>	<u>12.1</u>	<u>387</u>	<u>2.3</u>	<u>133</u>	<u>5.7</u>	<u>175</u>	<u>2.7</u>
Maintenance and consultancy services								
Cost of materials sold	—	—	—	—	—	—	—	—
Outsourced services	740	20.5	451	2.6	5	0.2	235	3.6
Staff costs	220	6.1	471	2.7	118	5.1	97	1.5
	<u>960</u>	<u>26.6</u>	<u>922</u>	<u>5.3</u>	<u>123</u>	<u>5.3</u>	<u>332</u>	<u>5.1</u>
Total	<u><u>3,597</u></u>	<u><u>100.0</u></u>	<u><u>17,344</u></u>	<u><u>100.0</u></u>	<u><u>2,333</u></u>	<u><u>100.0</u></u>	<u><u>6,470</u></u>	<u><u>100.0</u></u>

As shown in the above table, during the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, system integration and development services is the business segment for which our Group incurred most cost of services and materials sold.

FINANCIAL INFORMATION

Sensitivity analyses

The following sensitivity analyses of estimated increase/decrease of our gross profit and net profit illustrates the impact of hypothetical fluctuations in the cost of materials sold, outsourced services and staff costs assuming all other variables remain constant for the years/period indicated:

	Corresponding change in cost of services and materials sold <i>RM'000</i>	Gross profit <i>RM'000</i>	Change in gross profit <i>RM'000</i>	Net profit <i>RM'000</i>	Change in net profit <i>RM'000</i>
For the year ended 30 November 2016					
Cost of materials sold increased/(decreased) by:					
+10%	94	10,295	(94)	8,299	(94)
+5%	47	10,342	(47)	8,346	(47)
0%	—	10,389	—	8,393	—
-5%	(47)	10,436	47	8,440	47
-10%	(94)	10,483	94	8,487	94
Outsourced services increased/(decreased) by:					
+10%	92	10,297	(92)	8,301	(92)
+5%	46	10,343	(46)	8,347	(46)
0%	—	10,389	—	8,393	—
-5%	(46)	10,435	46	8,439	46
-10%	(92)	10,481	92	8,485	92
Staff costs increased/(decreased) by:					
+10%	173	10,216	(173)	8,220	(173)
+5%	87	10,302	(87)	8,306	(87)
0%	—	10,389	—	8,393	—
-5%	(87)	10,476	87	8,480	87
-10%	(173)	10,562	173	8,566	173
For the year ended 30 November 2017					
Cost of materials sold increased/(decreased) by:					
+10%	825	20,760	(825)	15,708	(825)
+5%	413	21,172	(413)	16,120	(413)
0%	—	21,585	—	16,533	—
-5%	(413)	21,998	413	16,946	413
-10%	825	22,410	825	17,358	825
Outsourced services increased/(decreased) by:					
+10%	523	21,062	(523)	16,010	(523)
+5%	262	21,324	(262)	16,271	(262)
0%	—	21,585	—	16,533	—
-5%	(262)	21,847	262	16,795	262
-10%	(523)	22,108	523	17,056	523

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	Corresponding change in cost of services and materials sold <i>RM'000</i>	Gross profit <i>RM'000</i>	Change in gross profit <i>RM'000</i>	Net profit <i>RM'000</i>	Change in net profit <i>RM'000</i>
Staff costs increased/(decreased) by:					
+10%	386	21,199	(386)	16,147	(386)
+5%	193	21,392	(193)	16,340	(193)
0%	—	21,585	—	16,533	—
-5%	(193)	21,778	193	16,726	193
-10%	(386)	21,971	386	16,919	386

For the four months ended 31 March 2018

Outsourced services increased/(decreased) by:

+10%	474	7,192	(474)	2,718	(474)
+5%	237	7,429	(237)	2,955	(237)
0%	—	7,666	—	3,192	—
-5%	(237)	7,903	237	3,429	237
-10%	(474)	8,140	474	3,666	474

Staff costs increased/(decreased) by:

+10%	173	7,493	(173)	3,019	(173)
+5%	87	7,579	(87)	3,105	(87)
0%	—	7,666	—	3,192	—
-5%	(87)	7,753	87	3,279	87
-10%	(173)	7,839	173	3,365	173

(The Group did not incur cost of materials sold for the four months ended 31 March 2018.)

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Gross profit and gross profit margin

The table below sets out the breakdown of our gross profits and gross profit margins derived from the following service segments for the years/periods indicated:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	Gross profit RM'000	Gross profit margin %	Gross profit RM'000	Gross profit margin %	Gross profit RM'000	Gross profit margin %	Gross profit RM'000	Gross profit margin %
System integration and development services								
Service provided	4,527	78.2	15,390	66.4	3,130	62.2	6,668	52.8
Sales of externally acquired/purchased hardware and software	<u>2,239</u>	70.4	<u>3,209</u>	28.0	<u>31</u>	14.8	<u>—</u>	<u>—</u>
	6,766	75.4	18,599	53.7	3,161	60.3	6,668	52.8
IT outsourcing services	865	66.6	1,064	73.3	350	72.5	467	72.7
Maintenance and consultancy services	<u>2,758</u>	74.2	<u>1,922</u>	67.6	<u>463</u>	79.0	<u>531</u>	61.5
Total	<u><u>10,389</u></u>	<u><u>74.3</u></u>	<u><u>21,585</u></u>	<u><u>55.4</u></u>	<u><u>3,974</u></u>	<u><u>63.0</u></u>	<u><u>7,666</u></u>	<u><u>54.2</u></u>

Our gross profits were approximately RM10.4 million, RM21.6 million and RM7.7 million for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. Our gross profit margins were approximately 74.3%, 55.4% and 54.2% for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively.

FINANCIAL INFORMATION

Administrative expenses

The following table sets out the breakdown of our administrative expenses for the years/ periods indicated:

	Year ended 30 November				Four months ended 31 March			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertising and marketing fee	114	6.0	181	5.3	31	3.5	—	—
Amortisation	239	12.7	291	8.5	95	10.6	87	8.3
Auditors' remuneration	30	1.6	32	0.9	—	—	—	—
Commission	157	8.3	593	17.3	150	16.8	6	0.6
Depreciation	222	11.8	278	8.1	164	18.3	79	7.5
Employee benefits expenses	404	21.4	684	19.8	140	15.7	644	61.5
Entertainment	53	2.8	198	5.8	42	4.7	12	1.1
Legal and professional fee	136	7.2	327	9.5	75	8.4	59	5.6
Loss on disposal of property, plant and equipment	—	—	250	7.3	2	0.2	77	7.3
Office expenses	356	18.9	225	6.5	82	9.2	21	2.0
Travelling expenses	79	4.2	199	5.8	52	5.8	29	2.8
Others	97	5.1	179	5.2	61	6.8	34	3.3
	<u>1,887</u>	<u>100.0</u>	<u>3,437</u>	<u>100.0</u>	<u>894</u>	<u>100.0</u>	<u>1,048</u>	<u>100.0</u>

As shown in the table above, administrative expenses include advertising and marketing fees, commission, employee benefits expenses, legal and professional fee, etc. During the years ended 30 November 2016 and 2017, our administrative expenses amounted to approximately RM1.9 million and RM3.4 million respectively, representing an increase of approximately RM1.6 million or 82.1%. During the four months ended 31 March 2017 and 2018, our administrative expenses amounted to approximately RM894,000 (*unaudited*) and RM1.0 million respectively, representing a slight increase of approximately RM154,000 or 17.2%.

Finance costs

Our finance costs represented interest expenses on interest-bearing borrowings and finance charges on obligations under finance leases amounted to approximately RM56,000 and RM49,000 for the years ended 30 November 2016 and 2017 respectively and amounted to RM17,000 (*unaudited*) and RM17,000 for the four months ended 31 March 2017 and 2018 respectively.

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The table below sets out the breakdown of our finance costs for the years/periods indicated:

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 <i>(Unaudited)</i>	2018 RM'000
Interest expenses on interest-bearing borrowings	47	44	15	15
Finance charges on obligations under finance leases	9	5	2	2
Total	56	49	17	17

Profit before income tax

During the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our profit before income tax was approximately RM8.4 million, RM16.6 million and RM4.2 million respectively.

Income tax expenses

The income tax expenses represented the total current and deferred tax expenses mainly for Malaysia amounted to approximately RM55,000, RM71,000 and RM1.0 million for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. Our effective tax rates, representing income tax divided by profit before tax, were approximately 0.7%, 0.4% and 24.4% for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively.

The table below sets out the reconciliation of our income tax expense for the years/periods indicated:

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 <i>(Unaudited)</i>	2018 RM'000
Tax calculated at domestic tax rates applicable to profit in the respective tax jurisdictions	1,976	3,908	730	1,165
Non-deductible expenses	64	508	88	445
Tax incentives on pioneer status	(2,034)	(4,390)	(787)	(579)
Others	49	45	—	—
Income tax expenses	55	71	31	1,031

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Malaysia corporate income tax is calculated at 24% of the estimated assessable profits for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018. Malaysia incorporated entities can enjoy tax rate of 19%, 18% and 18% on the first RM500,000 and remaining balance of the estimated assessable profits at tax rate of 24% for the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018.

Mixsol and Tandem have obtained the pioneer status effective from 23 September 2011 and 7 December 2012, respectively. A pioneer status company is eligible for exemption from income tax on eligible activities and products for five years and the renewal of pioneer status is subject to submitting a formal request to the Malaysia Investment Development Authority on or prior to the relevant expiration date and upon the Ministry of International Trade and Industry confirming that the company's compliance with all the applicable conditions as imposed. If the renewal of pioneer status is approved, the tax relief period shall be extended for a further five years after each five-year tax relief period ends. In June 2018, the Government of Malaysia announced its participation in the OECD BEPS taxation initiatives. As a result, relevant changes were made in relation to the tax incentive enjoyed under MSC status, details of which are set out in the section headed "Regulatory Overview" of this prospectus.

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

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

As at the Latest Practicable Date, Mixsol's MSC status had been renewed, and there will be no impact on tax incentives that it currently enjoys until the implementation of the relevant changes on or before 31 December 2018 and the directors of Mixsol then have the options of either continuing to enjoy current tax incentives until 30 June 2021 or being subject to the new legislation and guidelines coming into force on or before 31 December 2018. On the other hand, the renewal of Tandem's MSC status had not been granted on and before 1 July 2018, and the determination on tax incentives which Tandem can enjoy will be subject to the new legislation and guidelines expected to be implemented by 31 December 2018.

The maintenance of MSC status and the further extension of pioneer status to us are subject to the new legislation and guidelines expected to be implemented by 31 December 2018. In the event that we are not entitled to any preferential tax treatment, we may be liable to pay applicable tax for our profits and operations which we were previously exempted.

Profit for the year and net profit margin

For the two years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, our net profit was approximately RM8.4 million, RM16.5 million and RM3.2 million respectively. During the same periods, our net profit margin was approximately 60.0%, 42.5% and 22.6% respectively.

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PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Financial performance for the year ended 30 November 2017 compared with the same period in 2016

Revenue

Our total revenue increased by approximately RM24.9 million or 178.3% from approximately RM14.0 million for the year ended 30 November 2016 to approximately RM38.9 million for the year ended 30 November 2017. The increase in our revenue was mainly attributable to increase in revenue generated from system integration and development services.

Our revenue generated from system integration and development services increased by approximately RM25.7 million or 286.2% from approximately RM9.0 million for the year ended 30 November 2016 to approximately RM34.6 million for the year ended 30 November 2017. Such increase was mainly attributable to the increase in revenue of approximately RM26.5 million received under Project W.

Our revenue generated from IT outsourcing services increased by approximately RM152,000 or 11.7% from approximately RM1.3 million for the year ended 30 November 2016 to approximately RM1.5 million for the year ended 30 November 2017. The revenue generated from IT outsourcing services for the years ended 30 November 2016 and 2017 remained stable.

Our revenue generated from maintenance and consultancy services decreased by approximately RM874,000 or 23.5% from approximately RM3.7 million for the year ended 30 November 2016 to approximately RM2.8 million for the year ended 30 November 2017. Such decrease was due to decrease in revenue generated from consultancy services of approximately RM1.2 million.

Cost of services and materials sold

Our total cost of services and materials sold increased by approximately RM13.7 million or 382.2% from approximately RM3.6 million for the year ended 30 November 2016 to approximately RM17.3 million for the year ended 30 November 2017. Such increase was mainly attributable to the increase in costs of services and materials sold incurred in system integration and development services.

Our cost of services and materials sold for system integration and development services amounted to approximately RM2.2 million and RM16.0 million for each of the years ended 30 November 2016 and 2017 respectively. The cost of services and materials sold of our system integration and development services constitute the major part of our cost of services and materials sold, representing approximately 61.3% of our total cost of services and materials sold for the year ended 30 November 2016 and 92.4% of our total cost of services and materials sold for the year ended 30 November 2017. Our cost of services for system integration and development services increased by approximately 627.9% from RM2.2 million for the year ended 30 November 2016 to RM16.0 million for the year ended 30 November 2017. Such increase was mainly attributable to the increase in costs of materials sold, costs of outsourced services, and staff costs incurred in Project W.

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Our cost of services for IT outsourcing services decreased approximately RM47,000 or 10.8% from approximately RM434,000 for the year ended 30 November 2016 to approximately RM387,000 for the year ended 30 November 2017. While the monetary value of our cost of services for IT outsourcing services remained stable in general, due to the significant increase in cost of services and materials sold for system integration and development services, the proportion of the cost of services for IT outsourcing services and materials to our total cost of services also decreased significantly from 12.1% to 2.3%.

Our cost of services for maintenance and consultancy services amounted to approximately RM960,000 and RM922,000 for each of the years ended 30 November 2016 and 2017 respectively. While the monetary value of our cost of services for maintenance and consultancy services remained stable in general, due to the significant increase in cost of services and materials sold for system integration and development services, the proportion of the cost of services for our maintenance and consultancy services to our total cost of services decreased significantly from 26.6% to 5.3%.

Gross profit and gross profit margin

Our gross profit increased by approximately RM11.2 million or 107.8% from approximately RM10.4 million for the year ended 30 November 2016 to approximately RM21.6 million for the year ended 30 November 2017. The amount of increase in revenue outran the amount of increase in cost of services and materials sold, hence resulting in an increase in gross profit.

The gross profit of our system integration and development services constitutes the major part of our gross profit, representing approximately 65.2% of our total gross profit for the year ended 30 November 2016 and 86.2% of our total gross profit for the year ended 30 November 2017. Our gross profit generated from system integration and development services increased by approximately RM11.8 million or 174.9% from approximately RM6.8 million for the year ended 30 November 2016 to approximately RM18.6 million for the year ended 30 November 2017. In particular, our gross profit generated from services provided increased by approximately RM10.9 million or 240.0% from approximately RM4.5 million for the year ended 30 November 2016 to approximately RM15.4 million for the year ended 30 November 2017. Such increase was due to increase in gross profit of approximately RM12.3 million resulted from Project W as mentioned above.

Our gross profit generated from IT outsourcing services increased by approximately RM199,000 or 23.0% from approximately RM865,000 for the year ended 30 November 2016 to approximately RM1.1 million for the year ended 30 November 2017. Our revenue generated from IT outsourcing increased while cost of services for the same business segment decreased from the year ended 30 November 2016 to the year ended 30 November 2017, leading to an increase in gross profit for this business segment. Due to the significant increase in gross profit resulting from Project W, the proportion of the gross profit for our IT outsourcing services to our total gross profit decreased significantly from 8.3% to 4.9%.

Our gross profit generated from maintenance and consultancy services decreased by approximately RM836,000 or 30.3% from approximately RM2.8 million for the year ended 30 November 2016 to approximately RM1.9 million for the year ended 30 November 2017. Gross profit generated from consultancy services decreased by approximately RM869,000. Our revenue from maintenance and consultancy decreased by approximately 23.5%, while our cost of services for the same business segment decreased by approximately 4.0%, from the year ended 30

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November 2016 to the year ended 30 November 2017. Since the percentage decrease in revenue is greater than that in cost of services, the gross profit for this segment decreased. Due to the significant increase in gross profit resulting from Project W, the proportion of the gross profit for our maintenance and consultancy services to our total gross profit decreased significantly from 26.5% to 8.9%.

Our gross profit margin decreased by approximately 18.9% points from approximately 74.3% for the year ended 30 November 2016 to approximately 55.4% for the year ended 30 November 2017. Such decrease was mainly due to the decreased gross profit margin for system integration and development services from approximately 75.4% for the year ended 30 November 2016 to approximately 53.7% for the year ended 30 November 2017. The relatively low profit margin of procuring software and hardware in the Project W of approximately 28.2% had a downward effect on the gross profit margin of system integration and development services. Despite the relatively low gross profit margin of this project, it had brought significant revenue to our Group.

Our gross profit margin of Project W for the year ended 30 November 2017 was approximately 46.4%. The gross profit margin of Project W was lower than the overall gross profit margin because of the relatively low profit margin of procuring software and hardware in the Project W.

Other income

We had interest income of approximately RM2,000 in the year ended 30 November 2016. We had no interest income in the year ended 30 November 2017.

Administrative expenses

Our administrative expenses increased by approximately RM1.6 million or 82.1% from RM1.9 million for the year ended 30 November 2016 to approximately RM3.4 million for the year ended 30 November 2017. The increase is primarily due to increase in commission, employee benefits expenses, and loss on disposal of property, plant and equipment.

The amount of commission, which is the referral fee for introducing business to our Group, increased by approximately 277.7% from approximately RM157,000 for the year ended 30 November 2016 to approximately RM593,000 for the year ended 30 November 2017 was generally in line with the growth in revenue generated from system integration and development service. The amount of employee benefits expenses increased by approximately 69.3% from approximately RM404,000 the year ended 30 November 2016 to approximately RM684,000 for the year ended 30 November 2017, which was mainly due to the increase in the number of employees in the year ended 30 November 2017 to support the expansion of the Group's business. Loss on disposal of property, plant and equipment for the year ended 30 November 2017 was resulted from sales of two properties of the Group to Mr. Siah. For details, please refer to Note 28(a)(ii) of the Accountants' Report in Appendix I to this prospectus.

Finance costs

Our finance costs decreased slightly by approximately RM7,000 or 12.5% from approximately RM56,000 for the year ended 30 November 2016 to approximately RM49,000 for the year ended 30 November 2017. Our finance costs remained stable for each of the years ended 30 November 2016 and 2017.

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Profit before income tax

Our profit before income tax increased by approximately RM8.2 million or 96.5%. Such increase was mainly attributable to gross profit of an approximate sum of RM12.3 million generated from the Project W. Our Group's financial results may deteriorate after the completion of Project W if we are not able to secure new sizable projects that can bring us similar amount of revenue and gross profit.

Income tax expenses

Our income tax expenses increased by approximately RM16,000 or 29.1% from approximately RM55,000 for the year ended 30 November 2016 to approximately RM71,000 for the year ended 30 November 2017. Our income tax expenses did not increase proportionately with the increase in profit before income tax because Mixsol and Tandem had 100% tax exemption under the MSC scheme on eligible activities and products for the two years ended 30 November 2016 and 2017.

Profit for the year

Our profit for the year increased by approximately RM8.1 million or 97.0% from approximately RM8.4 million for the year ended 30 November 2016 to approximately RM16.5 million for the year ended 30 November 2017. Such increase was due to the factors mentioned above.

Financial performance for the four months ended 31 March 2018 compared with the same period in 2017

Revenue

Our total revenue increased significantly by approximately RM7.8 million or 124.1% from approximately RM6.3 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM14.1 million for the four months ended 31 March 2018. Such increase was mainly attributable to increase in revenue generated from system integration and development services.

Our revenue generated from system integration and development services increased significantly by approximately RM7.4 million or 141.1% from approximately RM5.2 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM12.6 million for the four months ended 31 March 2018. Such increase was primarily due to increase in revenue generated from Project W from approximately RM3.4 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM9.3 million for the four months ended 31 March 2018.

Our revenue generated from IT outsourcing services increased by approximately RM159,000 or 32.9% from approximately RM483,000 (*unaudited*) for the four months ended 31 March 2017 to approximately RM642,000 for the four months ended 31 March 2018. Our revenue generated from IT outsourcing services remained stable for each of the four months ended 31 March 2017 and 2018.

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Our revenue generated from maintenance and consultancy services increased by approximately RM277,000 or 47.3% from approximately RM586,000 (*unaudited*) for the four months ended 31 March 2017 to approximately RM863,000 for the four months ended 31 March 2018. Such increase was primarily due to increase in the number of projects which the Group recognised revenue from 9 projects for the four months ended 31 March 2017 to 13 projects for the four months ended 31 March 2018.

Cost of services and materials sold

Our cost of services and materials sold increased by RM4.1 million or 177.3% from approximately RM2.3 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM6.5 million for the four months ended 31 March 2018. Such increase was mainly attributable to increase in cost of services and materials sold incurred in system integration and development services.

Our cost of services and materials sold for system integration and development services amounted to approximately RM2.1 million (*unaudited*) and approximately RM6.0 million for the four months ended 31 March 2017 and 2018 respectively, recording an increase by approximately RM3.9 million or 187.1%. Such increase was mainly attributable to the increase in cost of outsourced services and staff costs incurred in Project W.

Our cost of services for IT outsourcing services amounted to approximately RM133,000 (*unaudited*) and approximately RM175,000 for the four months ended 31 March 2017 and 2018 respectively, recording an increase by approximately RM42,000 or 31.6%. Such increase was primarily due to increase in staff cost.

Our cost of services for maintenance and consultancy services amounted to approximately RM123,000 (*unaudited*) and RM332,000 for the four months ended 31 March 2017 and 2018 respectively, recording an increase by approximately RM209,000 or 169.9%. Such increase was primarily due to increase in cost of outsourced services.

Gross profit and gross profit margin

Our gross profit increased significantly by approximately RM3.7 million or 92.9% from approximately RM4.0 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM7.7 million for the four months ended 31 March 2018. Such increase was primarily due to increase in gross profit generated from Project W.

Our gross profit generated from system integration and development services increased significantly by approximately RM3.5 million or 110.9% from approximately RM3.2 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM6.7 million for the four months ended 31 March 2018. Such increase was primarily due to increase in gross profit generated from Project W from approximately RM2.0 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM4.7 million for the four months ended 31 March 2018.

Our gross profit generated from IT outsourcing services increased by approximately RM117,000 or 33.4% from approximately RM350,000 (*unaudited*) for the four months ended 31 March 2017 to approximately RM467,000 for the four months ended 31 March 2018. Our gross profit generated from IT outsourcing services remained stable for both of the four months ended 31 March 2017 and 2018.

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Our gross profit generated from maintenance and consultancy services increased by approximately RM68,000 or 14.7% from approximately RM463,000 (*unaudited*) for the four months ended 31 March 2017 to approximately RM531,000 for the four months ended 31 March 2018. Our gross profit generated from maintenance and consultancy services remained stable for both of the four months ended 31 March 2017 and 2018.

Our gross profit margin decreased by approximately 8.8% points from approximately 63.0% (*unaudited*) for the four months ended 31 March 2017 to approximately 54.2% for the four months ended 31 March 2018. Such decrease was primarily due to decrease in the gross profit margin of Project W from 59.7% (*unaudited*) for the four months ended 31 March 2017 to 49.8% for the four months ended 31 March 2018.

Our gross profit margin of Project W for the four months ended 31 March 2018 was approximately 49.8%. The gross profit margin of Project W was lower than the overall gross profit margin because of the larger size of the project as compared with other projects of our Group. The gross profit margin of Project W for a certain period is affected by the services provided and the purchase of hardware and software on behalf of our customers during such period and the profit margin for purchase of hardware and software is in general lower than that of services provided. The gross profit margin of Project W decreased by approximately 9.9% points from approximately 59.7% (*unaudited*) for the four months ended 31 March 2017 to approximately 49.8% for the four months ended 31 March 2018. Such decrease was primarily due to the downward effect on the gross profit margin in connection with procurement of software and hardware in Project W during the four months ended 31 March 2018.

Other income

We had no other income for both of the four months ended 31 March 2017 and 2018.

Administrative expenses

Our administrative expenses increased by approximately RM154,000 or 17.2% from approximately RM894,000 (*unaudited*) for the four months ended 31 March 2017 to approximately RM1.0 million for the four months ended 31 March 2018. Such increase was primarily due to increase in employee benefit expenses and loss on disposal of property which was partially offset by decrease in commission, depreciation and office expenses.

Finance costs

Our finance costs remained stable at approximately RM17,000 (*unaudited*) and RM17,000 for the four months ended 31 March 2017 and 2018 respectively.

Profit before income tax

Our profit before income tax increased by approximately RM1.2 million or 37.9% from approximately RM3.1 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM4.2 million for the four months ended 31 March 2018. Such increase was primarily due to gross profit in an approximate sum of RM4.7 million generated from Project W.

Income tax expenses

Our income tax expenses increased by approximately RM1.0 million or 32.3 times from approximately RM31,000 (*unaudited*) for the four months ended 31 March 2017 to approximately RM1.0 million for the four months ended 31 March 2018. No tax provision was made for Tandem for the four months ended 31 March 2017 because its MSC status was subsisting at that time.

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Tax provision of approximately RM809,000 was made for Tandem for the four months ended 31 March 2018 because its MSC status had expired on 7 December 2017 and had not yet been renewed by 31 March 2018. This was the main reason for the increase in income tax expenses. See more detail about MSC status in the paragraph headed “Financial Information — Income tax expenses” above.

Profit for the period

Our profit for the period increased by approximately RM160,000 or 5.3% from approximately RM3.0 million (*unaudited*) for the four months ended 31 March 2017 to approximately RM3.2 million for the four months ended 31 March 2018. Such increase was primarily due to the factors mentioned above.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our principal sources of liquidity and capital resources have been, and are expected to continue to be cash flow from operating activities. Our principal uses of cash have been, and we expect will continue to be, for the funding of required working capital to support the increase in our scale of operations and our capital expenditure needs. We plan to fund our future business plans, capital expenditures and related expenses as described in this prospectus with cash from operating activities and the net proceeds from the Listing.

The following table is a summary of our combined statements of cash flows for the years/period indicated:

	Year ended 30 November		Four months
	2016	2017	ended 31 March
	<i>RM'000</i>	<i>RM'000</i>	<i>2018</i> <i>RM'000</i>
Cash flow from operations before movements in working capital	8,963	17,472	4,483
Net cash from operating activities	5,739	29,548	5,306
Net cash used in investing activities	(747)	(330)	(8,049)
Net cash (used in) from financing activities	(6,362)	(26,740)	2,764
Net change in cash and cash equivalents	(1,370)	2,478	21
Cash and cash equivalents at beginning of the reporting period	1,669	299	2,777
Cash and cash equivalents at end of the reporting period, represented by bank balances and cash	299	2,777	2,798

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Net cash from operating activities

Our cash generated from operating activities are principally derived from the receipt of payments for the provision of our services. Our cash used in operating activities is principally attributable to our core business segments, namely, system integration and development services, IT outsourcing services and maintenance and consultancy services.

For the year ended 30 November 2016, we had a net cash generated from operating activities of approximately RM5.7 million, primarily contributed by the operating cash flow before movements in working capital of approximately RM9.0 million and partially offset by the net negative changes in working capital of approximately RM3.2 million and income tax paid of approximately RM11,000. The net negative change in working capital was primarily attributable to the effect arising from the decreases in gross amounts due from contract customers, restricted bank balances and trade and other payables and increases in trade and other receivables and gross amounts due to contract customers.

For the year ended 30 November 2017, we had a net cash generated from operating activities of approximately RM29.5 million, primarily contributed by the operating cash flow before movements in working capital of approximately RM17.5 million and partially offset by the net positive changes in working capital of approximately RM12.1 million and income tax paid of approximately RM70,000. The net positive change in working capital was primarily attributable to the effect arising from the increases in gross amounts due from contract customers, trade and other payables and gross amounts due to contract customers and decreases in trade and other receivables and restricted bank balances, caused by the increase in trade receivables in the year ended 30 November 2017 in line with increase in revenue in the year ended 30 November 2017, and significantly increase in gross amounts due to contract customers detailed in the paragraph headed “Gross amounts due from/to contract customers” in this section.

For the four months ended 31 March 2018, we had a net cash generated from operating activities of approximately RM5.3 million, primarily contributed by the operating cash flow before movements in working capital of approximately RM4.5 million and net positive changes in working capital of approximately RM829,000. The net positive change in working capital was primarily attributable to the effect arising from decreases in trade and other receivables and gross amount due from customers, and increases in trade and other payables and gross amount due to customers. The amount and percentage in respect of the gross amount due from customers for contract work which were subsequently certified by customers up to 31 July 2018 is approximately RM1.7 million, representing approximately 85.2% of the balance as at 31 March 2018.

Net cash used in investing activities

Our cash used in investing activities during the Track Record Period mainly consist of purchases of property, plant and equipment and additions to intangible assets.

For the year ended 30 November 2016, we had a net cash used in investing activities of approximately RM747,000, primarily attributable to purchases of property, plant and equipment of approximately RM202,000, and additions to intangible assets of approximately RM547,000.

For the year ended 30 November 2017, we had a net cash used in investing activities of approximately RM330,000, primarily attributable to purchases of property, plant and equipment of approximately RM95,000, and additions to intangible assets of approximately RM238,000.

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For the four months ended 31 March 2018, we had a net cash used in investing activities of approximately RM8.0 million, primarily attributable to purchase of property, plant and equipment of approximately RM49,000 and increase in time deposits with original maturity over three months of approximately RM8.0 million.

Net cash (used in) from financing activities

Our net cash used in/from financing activities during the Track Record Period mainly consist of additional capital contribution made by the then shareholders of a subsidiary, advance to directors and repayment from directors.

For the year ended 30 November 2016, we had a net cash used in financing activities of approximately RM6.4 million, primarily attributable to net advance to directors of approximately RM6.7 million and partially offset by additional capital contribution made by the then shareholders of a subsidiary of approximately RM400,000.

For the year ended 30 November 2017, we had a net cash used in financing activities of approximately RM26.7 million, primarily attributable to net advance to directors of approximately RM26.7 million.

For the four months ended 31 March 2018, we had a net cash from financing activities of approximately RM2.8 million, primarily attributable to additional capital contribution made by the then shareholders of a subsidiary/the Pre-IPO Investors of approximately RM3.7 million and partially offset by net advance to directors of approximately RM910,000.

CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

The following table sets out the respective carrying amounts of our Group's property, plant and equipment as at the respective dates indicated:

	Buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicle	Computer equipment	Total
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
As at 30 November 2016	2,201	503	172	141	90	3,107
As at 30 November 2017	1,307	79	145	94	103	1,728
As at 31 March 2018	1,298	75	47	78	123	1,621

As shown in the table above, our Group's property, plant and equipment primarily consists of buildings and leasehold improvements. We acquired buildings and made leasehold improvements to our buildings with our internally generated resources.

The decrease in the carrying amounts of the property, plant and equipment of approximately RM1.4 million are mainly due to depreciation and disposals of buildings and leasehold improvements during the year ended 30 November 2017.

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Buildings represented our offices and two properties, which have been transferred to Mr. Siah as disclosed in Note 28(a)(ii) in the Accountants' Report in Appendix I of this prospectus. Leasehold improvements are primarily renovation of office, and the quarters of Mr. Siah which have been written off during the year ended 30 November 2017 due to the transfer as mentioned in Note 28(a)(ii) in the Accountants' Report in Appendix I to this prospectus.

The carrying amount of the property, plant and equipment was approximately RM1.6 million as at 31 March 2018, which decreased by approximately RM107,000 as compared to the carrying amount as at 30 November 2017. The carrying amount of property, plant and equipment remained stable from 30 November 2017 to 31 March 2018.

Intangible assets

The Group's intangible assets includes NS3, CUSTPRO, Blackbutton and Square Intelligence. Further details about these four intangible assets have been disclosed in the section headed "Business – Our Services – System Integration and Development Services" of this prospectus.

Development costs represented costs incurred at the development phase of certain new technologies, which are capitalised and amortised (if applicable) in accordance with the accounting policies set out in Note 3 of the Accountants' Report in Appendix I of this prospectus.

As at 30 November 2016 and 2017 and 31 March 2018, all the intangible assets are available for use.

The carrying amount of the Group's internally developed technologies was approximately RM444,000, RM391,000 and RM304,000 as at 30 November 2016 and 2017 and 31 March 2018 respectively. The decrease in carrying amount was due to amortisation.

For each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018, NS3 and Square Intelligence were applied in 19 projects, generating revenue of approximately RM4.4 million, RM14.8 million and RM6.0 million respectively. During the same period, CUSTPRO and Blackbutton were used in 11 projects, generating revenue of approximately RM589,000, RM8.3 million and RM6.5 million respectively.

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Trade and other receivables

The following table sets out our trade and other receivables as at the dates indicated:

	As at 30 November		As at 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade receivables			
A related party	2,032	466	—
Third parties	2,623	9,806	5,876
	<u>4,655</u>	<u>10,272</u>	<u>5,876</u>
Other receivables			
Deposits and other receivables	208	364	1,709
Due from a director of a subsidiary of the Group	—	—	2,232
Due from a related party	4	552	1,628
	<u>212</u>	<u>916</u>	<u>5,569</u>
	<u><u>4,867</u></u>	<u><u>11,188</u></u>	<u><u>11,445</u></u>

As shown in the table above, trade and other receivables consist of trade receivables, deposits and other receivables, amount due from a director of a subsidiary of our Group and amount due from a related party.

(a) Trade receivable from a related party

The trade receivable due from a related party, in which Mr. Siah had 50% shareholding interest, amounted to approximately RM2.0 million, RM466,000 and nil as at 30 November 2016 and 2017 and 31 March 2018 respectively. Mr. Siah relinquished his control over such related party completely on 5 March 2018. Since then, such party was no longer a related party. Such balance is unsecured, interest-free and repayable on demand. No provision has been made for the non-repayment of the amounts due. For details, please refer to Note 15 of the Accountants' Report in Appendix I to this prospectus.

(b) Trade receivables from third parties

The Group normally grants credit period up to 30 days, from the date of issuance of invoices, to its customers as approved by the management on a case by case basis.

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Ageing analysis

The ageing analysis of trade receivables based on invoice date at the end of each reporting period is as follows:

	As at 30 November		As at 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	2,843	3,373	1,080
31 to 60 days	765	100	2,081
61 to 90 days	93	961	117
91 to 180 days	943	3,054	568
181 to 365 days	3	2,316	39
Over 365 days	8	468	1,991
	<u>4,655</u>	<u>10,272</u>	<u>5,876</u>

At the end of each reporting period, the ageing analysis of the trade receivables by due date is as follows:

	As at 30 November		As at 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Not yet due	<u>4,216</u>	<u>3,839</u>	<u>1,080</u>
Past due:			
Within 30 days	378	100	2,081
31 to 60 days	14	961	117
61 to 90 days	37	2,513	—
91 to 180 days	—	541	568
181 to 365 days	3	2,316	40
Over 365 days	7	2	1,990
	<u>439</u>	<u>6,433</u>	<u>4,796</u>
	<u>4,655</u>	<u>10,272</u>	<u>5,876</u>

Approximately 90.5%, 37.4% and 18.4% of our trade receivables were not yet due as at 30 November 2016, 30 November 2017 and 31 March 2018 respectively. As at 30 November 2016 and 2017 and 31 March 2018, our Group had recorded some overdue trade receivables from certain customers. To the best knowledge, information and belief of the Directors, the overdue trade receivables of approximately RM2.5 million past due for 61 to 90 days as at 30 November 2017 were mainly related to Project W. A third-party financier involved in the Project W delayed payment to us for purchase of hardware under Project W. The third-party financier is a diversified telecommunication services provider based in Kuala Lumpur, Malaysia, and a subsidiary of a

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publicly traded government-linked company on Bursa Malaysia Berhad (formerly known as Kuala Lumpur Stock Exchange) (the “**Third Party Financier**”). As at 30 November 2017, there was trade receivables of approximately RM2.3 million past due for 181 to 365 days. Such amount was receivable from a well-established, long-term customer. As at 31 March 2018, there was trade receivable of approximately RM1.5 million past due for over 365 days payable by the same long-term customer mentioned earlier in this paragraph.

As at the Latest Practicable Date, approximately RM4.2 million or 89.9% of the trade receivable as at 30 November 2016, approximately RM9.3 million or 90.8% of the trade receivables as at 30 November 2017 and approximately RM4.8 million or 82.2% of the trade receivables as at 31 March 2018 have been settled. All overdue trade receivables from the Third Party Financier have also been settled.

The average trade receivables turnover days were approximately 135 days, 70 days and 69 days for each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. For the same periods, our Group’s average trade receivables turnover days exceeded our Group’s general credit period of 30 days mainly due to the outstanding balance of trade receivables due from a related party and the delayed settlement by certain customers of our Group as mentioned above.

(a) Due from a director of a subsidiary of the Group

The amount due from a director of a subsidiary of the Group is unsecured, interest-free and repayable on demand. No provision has been made for the non-repayment of the amount due.

	Year ended 30 November 2016		
	Largest outstanding amount during the year RM’000	Balance at 30 November 2016 RM’000	Balance at 1 December 2015 RM’000
A director of a subsidiary of the Group	<u>—</u>	<u>—</u>	<u>—</u>

	Year ended 30 November 2017		
	Largest outstanding amount during the year RM’000	Balance at 30 November 2017 RM’000	Balance at 1 December 2016 RM’000
A director of a subsidiary of the Group	<u>—</u>	<u>—</u>	<u>—</u>

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	Four months ended 31 March 2018		
	Largest outstanding amount during the period RM'000	Balance at 31 March 2018 RM'000	Balance at 1 December 2017 RM'000
A director of a subsidiary of the Group	<u>2,232</u>	<u>2,232</u>	<u>—</u>

(b) Due from a related party

The amount due from Global Software House Sdn. Bhd. (“Global Software”), in which Mr. Siah had 50% shareholding interest, amounted to approximately RM4,000, RM552,000 and RM1.6 million as at 30 November 2016 and 2017 and 31 March 2018 respectively. Such balance is unsecured, interest-free and has no fixed repayment term. The carrying amount of the amount due approximates its fair values. For details, please refer to Note 15 of the Accountants’ Report in Appendix I to this prospectus.

Due from Directors

The amounts due from Directors are unsecured, interest-free and repayable on demand. No provision has been made for the non-repayment of the amount due. During the year ended 30 November 2016, the maximum amount due from Mr. Siah was approximately RM611,000, which is the same amount as the outstanding balance due from him as at 30 November 2016.

During the year ended 30 November 2017, the maximum amount due from Mr. Chong and Mr. Siah was approximately RM39,000 and RM7.7 million respectively, which are the same amount as the outstanding balance due from the respective Directors as at 30 November 2017.

During the four months ended 31 March 2018, the maximum amount due from Mr. Chong and Mr. Siah was approximately RM2.2 million and RM7.7 million respectively. As at 31 March 2018, the outstanding balance due from Mr. Chong and Mr. Siah was approximately RM2.2 million and RM6.5 million respectively.

The overall balance due from Directors increased subsequently from 31 March 2018 to 31 July 2018, which is the net effect from net advance to Directors of approximately RM1.4 million and net repayment from a Director of approximately RM1.0 million.

No amount due from Directors as at 31 July 2018 were subsequently settled as at the Latest Practicable Date. The balance will be settled before the Listing.

ASSETS AND LIABILITIES

Net Current Assets

We recorded net current assets of approximately RM4.4 million, RM1.9 million, RM9.0 million and RM12.5 million (*unaudited*) as at 30 November 2016, 2017, 31 March 2018 and 31 July 2018 respectively. The following table sets out details of our current assets and current liabilities as at the dates indicated:

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	As at 30 November		As at 31 March 2018	As at 31 July 2018
	2016	2017	RM'000	RM'000
	RM'000	RM'000		<i>(unaudited)</i>
Current assets				
Trade and other receivables	4,867	11,188	11,445	7,211
Gross amounts due from contract customers	3,184	1,280	2,037	3,645
Due from directors	611	7,782	8,692	9,097
Restricted bank balances	335	762	762	762
Time deposits with original maturity over three months	—	—	8,000	7,008
Bank balances and cash	299	2,777	2,798	2,164
Total current assets	<u>9,296</u>	<u>23,789</u>	<u>33,734</u>	<u>29,887</u>
Current liabilities				
Trade and other payables	3,449	5,306	6,938	6,068
Gross amounts due to contract customers	449	15,582	15,793	9,075
Due to a director	4	—	—	—
Income tax payables	22	23	1,047	1,310
Interest-bearing borrowings	968	928	917	905
Obligations under finance leases	21	22	22	22
Total current liabilities	<u>4,913</u>	<u>21,861</u>	<u>24,717</u>	<u>17,380</u>
Net current assets	<u><u>4,383</u></u>	<u><u>1,928</u></u>	<u><u>9,017</u></u>	<u><u>12,507</u></u>

Our current assets primarily consist of trade and other receivables, gross amounts due from contract customers, amounts due from directors, restricted bank balances, time deposits and bank balances and cash. Our current liabilities primarily consist of trade and other payables, gross amounts due to contract customers, amount due to a director, income tax payables, interest-bearing borrowings and obligations under finance leases.

Our net current assets decreased from approximately RM4.4 million as at 30 November 2016 to approximately RM1.9 million as at 30 November 2017. The decrease was primarily attributable to increase in trade and other payables and gross amounts due to contract customers which was partially offset by increase in trade and other receivables, amounts due from directors and bank balances and cash.

As at 31 March 2018, our net current assets were approximately RM9.0 million, representing an increase of approximately 367.7% from approximately RM1.9 million as at 30 November 2017. Such increase was primarily attributable to the amount received in advance under Project W.

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As at 31 July 2018, our net current assets were approximately RM12.5 million (*unaudited*), representing an increase of approximately 38.7% from approximately RM9.0 million as at 31 March 2018. Such increase was due to two reasons. First, there was a decrease in gross amount due to contract customers of approximately RM6.7 million because of recognition of revenue under Project W. Second, there was a decrease in trade and other receivables by approximately RM4.2 million.

INDEBTEDNESS

As at 30 November 2016, 30 November 2017, 31 March 2018 and 31 July 2018, our indebtedness primarily consisted of trade and other payables and gross amounts due to contract customers, in the sum of approximately RM5.1 million as at 30 November 2016, approximately RM22.0 million as at 30 November 2017, approximately RM24.8 million as at 31 March 2018 and approximately RM17.5 million (*unaudited*) as at 31 July 2018 respectively.

The following table sets out our Group's indebtedness as at the respective dates indicated:

	As at 30 November		As at 31	As at
	2016	2017	March	31 July
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				<i>(unaudited)</i>
Current liabilities				
Trade and other payables	3,449	5,306	6,938	6,068
Gross amounts due to contract customers	449	15,582	15,793	9,075
Due to a director	4	—	—	—
Income tax payables	22	23	1,047	1,310
Interest-bearing borrowings	968	928	917	905
Obligations under finance leases	21	22	22	22
	<u>4,913</u>	<u>21,861</u>	<u>24,717</u>	<u>17,380</u>
Non-current liabilities				
Deferred tax liabilities	7	7	8	8
Obligations under finance leases	156	129	121	113
	<u>163</u>	<u>136</u>	<u>129</u>	<u>121</u>
	<u><u>5,076</u></u>	<u><u>21,997</u></u>	<u><u>24,846</u></u>	<u><u>17,501</u></u>

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Trade and other payables

The following table sets out the breakdown of trade and other payables as at the respective dates indicated:

	As at 30 November		As at 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade payables			
Related parties	1,191	93	3
Third parties	1,385	1,633	3,334
	<u>2,576</u>	<u>1,726</u>	<u>3,337</u>
Other payables			
Accruals and other payables	873	2,085	1,644
Accrued listing expenses	—	1,495	1,957
	<u>873</u>	<u>3,580</u>	<u>3,601</u>
	<u><u>3,449</u></u>	<u><u>5,306</u></u>	<u><u>6,938</u></u>

Our Company had trade and other payables of approximately RM3.4 million, RM5.3 million and RM6.9 million as at 30 November 2016 and 2017 and 31 March 2018 respectively. The trade and other payables primarily comprised amount due to our suppliers for purchase of materials which we in turn sold to our customers, outsourced services, and accruals and other payables, including accrued listing expenses.

(a) Trade payables from related parties

The trade payables due to related companies ultimately controlled by Mr. Siah are unsecured, interest-free and repayable on demand.

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(b) Trade payables from third parties

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 November		As at 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	17	339	2,220
31 to 60 days	253	—	1,090
61 to 90 days	30	38	3
91 to 180 days	30	1,345	13
181 to 365 days	1,121	—	—
Over 365 days	1,125	4	11
	<u>1,125</u>	<u>4</u>	<u>11</u>
	<u>2,576</u>	<u>1,726</u>	<u>3,337</u>

The credit term on trade payables is up to 90 days.

The average trade payable turnover days was 431 days, 45 days and 47 days for each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 respectively. The high average trade payable turnover days for the year ended 30 November 2016 was higher than 90 days, mainly due to (i) significant outstanding balance as at 30 November 2015 with purchase close to the end of 2015 and (ii) long outstanding trade payables of approximately RM1.1 million payable within 181 to 365 days of invoice date to a related party with no fixed repayment term; and another sum of approximately RM1.1 million payable over 365 days to a long-term supplier.

As at the Latest Practicable Date, approximately 99.9%, 99.8% and 99.3% of the trade payables as at 30 November 2016 and 2017 and 31 March 2018 have been settled respectively.

Other Payable

Increase in other payable is mainly due to increase in other payable balance on government grants and accrued listing expense.

Government grants increased from approximately RM561,000 as at 30 November 2016 to approximately RM1.2 million as at 30 November 2017 and approximately RM1.3 million as at 31 March 2018. The government grants received during each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 comprised of (1) claimable costs under the PCF entered into between MDEC and Mixsol on 16 February 2016 regarding the development of Blackbutton and (2) claimable costs under the PCF entered into between MDEC and Tandem on 20 November 2015 regarding the development of Square Intelligence.

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Under contracts (1) and (2) mentioned in the above paragraph respectively, Mixsol/Tandem may claim 50% of the following expenses incurred in developing Blackbutton/Square Intelligence from MDEC: operation expenditure (encompassing salary, social security contribution, intellectual property cost), capital expenditure (encompassing hardware, software, network facilities), other costs (encompassing outsourcing, research and development collaboration with universities on research institutions), commercial costs (encompassing branding costs, promotion, market research, participation in exhibitions and conventions to understand competitive landscape and MDEC and Malaysia External Trade Development Corporation organised trade missions, testing or certification cost, legal advisory cost relating to distribution/reseller, licensing franchising agreement, travelling and accommodation cost). Under these two contracts, MDEC would pay Tandem/Mixsol upon fulfillment of stipulated milestones, such as sales revenue target. The government grants mentioned above are not yet recognised as other income because Tandem and Mixsol have not yet completed all of the milestones as at the year ended 30 November 2017.

The accrued listing expense was approximately RM1.5 million as at 30 November 2017 and approximately RM2.0 million as at 31 March 2018, representing an increase of approximately RM462,000.

Gross amounts due from/to contract customers

We recognised our revenue from system integration and development services and consultancy services by reference to the stage of completion of the services contract activity at the end of each reporting period. When contract costs incurred to date plus recognised profit less recognised losses exceed progress billings, the surplus is shown as gross amounts due from contract customers. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as gross amounts due to contract customers.

The following table sets out the breakdown of gross amounts due to contract customers as at the respective dates indicated:

	As at 30 November		As at 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Amounts due from contract customers	3,184	1,280	2,037
Amounts due to contract customers	(449)	(15,582)	(15,793)
	<u>2,735</u>	<u>(14,302)</u>	<u>(13,756)</u>
Contracts costs incurred plus recognised profits less recognised losses to date	9,062	21,046	33,451
Less: progress billings received and receivable	(6,327)	(35,348)	(47,207)
	<u>2,735</u>	<u>(14,302)</u>	<u>(13,756)</u>

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Our Company had net gross amounts due from contract customers of approximately RM2.7 million as at 30 November 2016 and net gross amounts due to contract customers of approximately RM14.3 million and RM13.8 million as at 30 November 2017 and 31 March 2018 respectively. The increase in amounts due to contract customers was due to amount received from Customer D under Project W. Given the significant monetary amount of and our commitment of resources to Project W, we requested for and obtained a proportionately significant sum of pre-payment from Customer D.

Due to a director

The amount due is unsecured, interest-free and repayable on demand.

Interest-bearing borrowings

The following table sets out our interest-bearing borrowings as at the respective dates:

	As at 30 November		As at 31 March	As at 31 July
	2016	2017	2018	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
				<i>(unaudited)</i>
Interest-bearing borrowings (secured)	<u>968</u>	<u>928</u>	<u>917</u>	<u>905</u>
Carrying amounts of interest-bearing borrowings that are repayable (<i>Note</i>):				
Within one year	33	34	35	35
One to two years	34	36	36	37
Two to five years	113	118	121	122
Over five years	<u>788</u>	<u>740</u>	<u>725</u>	<u>711</u>
	<u>968</u>	<u>928</u>	<u>917</u>	<u>905</u>

Note: The interest-bearing borrowings, with a clause in their terms that gives the lender an overriding right to demand repayment at their sole discretion, are classified as current liabilities even though the directors do not expect that the lender would exercise its rights to demand repayment. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The interest-bearing borrowings represent amount due to a bank in Malaysia with maturity period of 17 years at 31 July 2018.

As at 30 November 2016 and 2017, 31 March 2018 and 31 July 2018, the interest-bearing borrowings bore a floating interest rate at the bank's base lending rate minus 2.1% per annum. The effective interest rates on interest-bearing borrowings as at 30 November 2016 and 2017, 31 March 2018 and 31 July 2018 are 4.7%, 4.6%, 4.7% and 4.7% (*unaudited*) per annum, respectively.

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The interest-bearing borrowings are drawn under a banking facility. The interest-bearing borrowings are secured and guaranteed by:

- (i) properties owned by the Group with aggregate net carrying amount of approximately RM1.3 million, RM1.3 million and RM1.3 million as at 30 November 2016 and 2017 and 31 March 2018, respectively, as set out in Note 13 of the Accountants' Report in Appendix I to this prospectus, and approximately RM1.3 million (*unaudited*) as at 31 July 2018;
- (ii) guarantees provided by Mr. Chong and Mr. Siah.

The above guarantees will be replaced by the corporate guarantees provided by our Company in favour of the bank, or the relevant borrowing will be repaid, upon the Listing.

Obligations under finance leases

As at 30 November 2016 and 2017, 31 March 2018 and 31 July 2018, our Group had obligations under finance leases repayable as follows:

	Minimum lease payments				Present value of minimum lease payments			
	as at 30 November		as at		as at 30 November		as at	
	2016	2017	2018	31 July 2018	2016	2017	2018	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
				(<i>unaudited</i>)				(<i>unaudited</i>)
Amount payable:								
Within one year	29	29	29	29	21	22	22	22
One to two years	29	29	29	29	22	24	24	24
Two to five years	88	88	88	87	75	77	79	80
Over five years	63	29	19	9	59	28	18	9
	209	175	165	154	177	151	143	135
Future finance charges	(32)	(24)	(22)	(19)				
Present value of lease obligations	177	151	143	135				
Less: Amounts due for settlement within 12 months					(21)	(22)	(22)	(22)
Amounts due for settlement after 12 months					156	129	121	113

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The Group leased a motor vehicle under finance lease with a lease term of 108 months. It is secured by the lessor's charge over the leased asset.

As at 30 November 2016 and 2017, 31 March 2018 and 31 July 2018, the effective interest rates for the obligations under finance leases are 4.8%, 3.2%, 3.5% and 4.7% (*unaudited*) per annum, respectively.

Save as disclosed above, as at 31 July 2018, being the latest practicable date for the purpose of the indebtedness statement in this prospectus, we did not have any outstanding mortgages, charges, debentures or other loan capital (issued or agreed to be issued), loans, bank overdrafts, liabilities under acceptance or other similar indebtedness, hire purchase and finance lease commitments or any guarantees or other material contingent liabilities.

Our Directors confirmed that (i) there has not been any material change in our indebtedness and contingent liabilities since 31 March 2018 and up to the Latest Practicable Date; (ii) the bank borrowings and bank facilities are subject to the standard banking conditions and covenants; (iii) our Group has complied with all of the covenants under our Group's bank borrowings during the Track Record Period; (iv) our Group has not received any notice from the bank indicating that it might withdraw or downsize the bank borrowings and banking facilities (v) our Group does not have any unutilised banking facilities as at the Latest Practicable Date; and (vi) our Group does not have any material external debt financing plans as at the Latest Practicable Date.

CONTINGENT LIABILITIES

There was no outstanding litigation nor any other contingent liabilities as at 31 July 2018, being the latest practicable date for the purpose of the indebtedness statement in this prospectus.

CAPITAL COMMITMENTS

We had no material capital commitments as at 30 November 2016 and 2017 and 31 March 2018 respectively.

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RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into several transactions with related companies controlled by the Controlling Shareholders. The following table sets out the amounts of our related party transactions during the years/period indicated.

	Year ended 30 November		Four months ended
	2016	2017	31 March 2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>Provision of services to:</u>			
Affiniti Data Sdn. Bhd. (formerly known as Microvista Sdn. Bhd.) ("Affiniti")	2,891	741	434
C.I.S Integrated Sdn Bhd	—	—	175
Total	2,891	741	609
<u>Purchase of materials and supply of professional services from:</u>			
Affiniti	1,368	3	4,003
Global Software	1	49	—
Total	1,369	52	4,003

The provision of services to Affiniti involved (i) system integration and development services through customisation of our own developed product, NS3 and (ii) mobile application development, and the purchase from Affiniti involved (i) hardware, (ii) data analytics programs, (iii) data management solution and (iv) cloud services. We procured from Global Software the IT professional services. Mr. Siah ceased his directorship and ceased to hold shareholding interest in Affiniti and Global Software on 5 March 2018 and 20 April 2018, respectively. For C.I.S Integrated Sdn Bhd, our provision of services were related to IT outsourcing services.

Our Directors are of the view that each of the related party transactions disclosed above and set out in Note 29 in Appendix I of the Accountants' Report to this prospectus were conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties. Our Directors are of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

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WORKING CAPITAL

Our Directors are of the opinion that after taking into account the cash flows generated from the operating activities, the existing financial resources available to our Group including internally generated funds and the estimated net proceeds from the Share Offer (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range), our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise of amounts due from/to directors, interest-bearing borrowings, obligations under finance leases, restricted bank balances and bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables/payables which arise directly from its business activities.

KEY FINANCIAL RATIOS

	Notes	Year ended 30 November		Four months
		2016	2017	ended 31 March 2018
Return on equity (%)	1	108.0	422.7	29.5
Return on total assets (%)	2	65.3	63.8	9.0
Interest coverage ratio (<i>times</i>)	3	151.9	339.9	249.4
		As at 30 November		As at 31 March
		2016	2017	2018
Gearing ratio (%)	4	14.8	27.6	9.8
Net debt to equity ratio (%)	5	10.9	Net cash	Net cash
Current ratio (<i>times</i>)	6	1.9	1.1	1.4
Quick ratio (<i>times</i>)	7	1.9	1.1	1.4

Notes:

- (1) Return on equity is calculated based on profit for the year/period for each reporting year/period divided by our total equity as of the end of each reporting year/period and multiplied by 100%.
- (2) Return on total assets is calculated based on profit for the year/period for each reporting year/period divided by our total assets as of the end of each reporting year/period and multiplied by 100%.
- (3) Interest coverage ratio is calculated based on profit for the year/period before finance costs and income tax divided by our finance costs for each reporting year/period.
- (4) Gearing ratio is calculated based on our total interest-bearing borrowings, and obligations under finance leases divided by our total equity as of the end of each reporting year/period and multiplied by 100%.
- (5) Net debt to equity ratio is calculated based on our net debt (namely total debts net of cash and cash equivalents) divided by our total equity as of the end of each reporting year/period and multiplied by 100%.
- (6) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the end of each reporting year/period.
- (7) Quick ratio is calculated based on our total current assets minus inventories divided by our total current liabilities as of the end of each reporting year/period.

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Return on equity

Our return on equity increased from approximately 108.0% for the year ended 30 November 2016 to approximately 422.7% for the year ended 30 November 2017, which was primarily due to the increase in payment of dividend by approximately RM14.6 million or 249.8% from approximately RM5.8 million for the year ended 30 November 2016 to approximately RM20.4 million for the year ended 30 November 2017. Return on equity was 29.5% for the four months ended 31 March 2018, which was a decrease as compared to the ratio for the year ended 30 November 2017. Such a decrease was primarily due to increase in capital contribution made by the Pre-IPO Investors of approximately RM3.7 million, leading to an increase in equity, and thus a decrease in return on equity for this period.

Return on total assets

Our return on total assets decreased from approximately 65.3% for the year ended 30 November 2016 to approximately 63.8% for the year ended 30 November 2017. Our return on total assets remained stable for the two years ended 30 November 2016 and 2017. Our return on total assets decreased from approximately 63.8% for the year ended 30 November 2017 to approximately 9.0% for the four months ended 31 March 2018 due to significant amount received under Project W during the four months ended 31 March 2018, leading to an increase in total assets, and thus a decrease in return on total assets for this period.

Interest coverage ratio

Our interest coverage ratio increased from approximately 151.9 times for the year ended 30 November 2016 to approximately 339.9 times for the year ended 30 November 2017, which was primarily due to the increase in profit from approximately RM8.4 million for the year ended 30 November 2016 to approximately RM16.5 million for the year ended 30 November 2017. Our interest coverage ratio decreased from approximately 339.9 times for the year ended 30 November 2017 to approximately 249.4 times for the four months ended 31 March 2018, which was primarily due to decrease in profit from approximately RM16.5 million for the year ended 30 November 2017 to approximately RM3.2 million for the four months ended 31 March 2018.

Gearing ratio

The gearing ratio increased from approximately 14.8% as at 30 November 2016 to approximately 27.6% as at 30 November 2017, which was primarily due to the increase in gross amounts due to contract customers of approximately RM15.1 million and increase in trade and other payables of approximately RM1.9 million, partly offset by the increase in trade and other receivables of approximately RM6.3 million and increase in amounts due from directors of approximately RM7.2 million during the year ended 30 November 2017. The gearing ratio was approximately 9.8% as at 31 March 2018. There was an increase in bank balances and cash of approximately RM8.0 million, which was partially offset by increase in trade and other payables of approximately RM1.6 million and increase in income tax payable of approximately RM1.0 million, leading to an increase in equity, and thus a decrease in the gearing ratio.

Net debt to equity ratio

The net debt to equity ratio changed from approximately 10.9% as at 30 November 2016 to net cash position as at 30 November 2017, which was primarily due to the fact that our Group's cash and cash equivalents were larger than the total debts as at 30 November 2017. The net debt to equity ratio remained at a net cash position as at 31 March 2018.

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Current ratio and quick ratio

Our current ratio and quick ratio decreased from approximately 1.9 times as at 30 November 2016 to approximately 1.1 times as at 30 November 2017, which was primarily due to increase in gross amounts due to contract customers by approximately RM15.1 million from RM449,000 as at 30 November 2016 to approximately RM15.6 million as at 30 November 2017, which was primarily attributable to advance payment received under Project W. Our current ratio and quick ratio increased from approximately 1.1 times as at 30 November 2017 to approximately 1.4 times as at 31 March 2018, which was primarily due to the significant amount received under Project W during the four months ended 31 March 2018, leading to an increase in current assets.

QUANTITATIVE AND QUALITATIVE RISKS

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The management generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing borrowings with floating interest rates. The interest rates and terms of repayment of the interest-bearing borrowings of the Group are disclosed in Note 22 of the Accountants' Report in Appendix I to this prospectus.

At the end of each reporting period, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit before income tax would decrease/increase by approximately RM10,000, RM9,000, RM3,000 (*unaudited*) and RM3,000 for the years ended 30 November 2016 and 2017 and four months ended 31 March 2017 and 2018, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the Relevant Periods.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of each reporting period does not reflect the exposure during the Relevant Periods.

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Credit risk

Credit risk refers to the risk that debtors (including trade and other receivables) will default on their obligations to repay the amounts due to our Group, resulting in a loss to the Group. Our Group's credit risk is mainly attributable to trade and other receivables, amount due from directors, restricted bank balances and bank balances and cash. Our Group limits its exposure to credit risk by selecting counterparties with reference to their past credit history and/or market reputation. Our Group's maximum exposure to credit risk is summarised as follows:

	As at 30 November		As at 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade and other receivables	4,867	11,188	10,349
Due from directors	611	7,782	8,692
Restricted bank balances	335	762	762
Time deposits with original maturity over three months	—	—	8,000
Bank balances and cash	299	2,777	2,798
	<u>6,112</u>	<u>22,509</u>	<u>30,601</u>
	<u>6,112</u>	<u>22,509</u>	<u>30,601</u>

Our Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and our Group's exposure to bad debts is not significant.

The management considers the credit risk in respect of bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

In order to minimise credit risk, the management of our Group closely monitors the credit limits granted to individual customers and implements appropriate monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, our Group reviews the recoverable amount of each individual debtors at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of our Group considers that our Group's risk is significantly reduced.

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As at 30 November 2016 and 2017 and 31 March 2018, our Group had a concentration of credit risk as approximately 43.6%, 43.2% and 39.7%, respectively, of the total trade receivables was due from our Group's largest trade debtor and approximately 97.1%, 94.4% and 87.8%, respectively, of the total trade receivables were due from our Group's five largest trade debtors. At the same period, the Group had a concentration of credit risk as approximately 1.9%, 60.3% and 69.3%, respectively, of the total other receivables was due from a director of a subsidiary of the Group and due from a related party.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on which the Group is required to settle, can be found in Note 30 of the Accountants' Report in Appendix I to this prospectus.

Fair value

The carrying amount of the financial assets and liabilities carried at amortised cost in the financial information of our Group approximate their fair values due to the relative short-term maturity of these financial instruments.

PERFORMANCE BOND

Some of our customers request us to procure performance bonds issued by a financial institution as security for due performance and satisfactory completion of a system integration and development project. Our Group is generally required to place a required amount of deposit to such financial institution for securing the performance bond issued by the financial institution to our Group's customers on behalf of our Group as a guarantee. As at 31 March 2018, we had a bank balance of approximately RM762,000, deposited as the performance bonds which were procured for 7 projects with a total project amount of approximately RM11.9 million. If our Group fails to provide satisfactory performance to our customers to whom performance bond has been given, our customer is entitled to seek compensation from the financial institution for the amount of financial losses incurred not exceeding the amount of the performance bond. If no compensation is being claimed against the performance bond, the deposits will be released by the bank and the performance bond are normally released no earlier than certain periods (e.g. 12 months) after the date of completion of the project or any extension thereof, whichever is later.

LISTING EXPENSES

All incremental costs that are directly attributable to the issue of new shares are recognised and directly deducted from equity while any expenses attributable to listing of existing Shares are charged to the statement of profit or loss in the period in which the expenses are incurred. The total expenses for the Listing are estimated to be approximately RM11.2 million (equivalent to approximately HK\$21.5 million) (based on the Offer Price of HK\$0.78, being the mid-point of the indicative Offer Price range of HK\$0.68 to HK\$0.88 per Share), of which approximately RM3.7 million (equivalent to approximately HK\$7.1 million) is directly attributable to the issue of new Shares in the Share Offer and to be accounted for as a deduction from equity and approximately RM7.5 million (equivalent to approximately HK\$14.5 million) is to be charged to profit or loss for the year ending 30 November 2018. The accrued listing expense as at 30 November 2017 and 31 March 2018 was approximately RM1.5 million and RM2.0 million respectively.

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DIVIDEND

During the Track Record Period, we declared dividends of approximately RM5.8 million for the year ended 30 November 2016, approximately RM20.4 million for the year ended 30 November 2017, and nil for the four months ended 31 March 2018.

On 14 September 2018, a special dividend of approximately RM14.0 million was declared and, paid on 26 September 2018, to the then equity holders of the entities now comprising our Group, namely Mr. Chong and Mr. Siah, as to approximately RM7.0 million and RM7.0 million respectively.

Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Any future declarations of dividends after the four months ended 31 March 2018 may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Our Group does not have a pre-determined dividend payout ratio. Our Group currently does not have any specific dividend policy.

DISTRIBUTABLE RESERVE

As at 31 March 2018, the aggregate amount of distributable reserves of our Group was approximately RM5.9 million, which was equivalent to the accumulated profits as at 31 March 2018.

LATEST DEVELOPMENT

As at 31 March 2018, our Group has a total number of eight on-going projects for our system integration and development services segment, of which the revenue expected to be recognised for the eight months ending 30 November 2018 and the year ending 30 November 2019 is approximately RM19.5 million and RM10.7 million respectively. For details of the backlog of the Group's projects, please refer to section headed "Business – Summary of our major projects" in this prospectus.

On 14 September 2018, a special dividend of approximately RM14.0 million was declared and, paid on 26 September 2018, to the then equity holders of the entities now comprising our Group, namely Mr. Chong and Mr. Siah, as to approximately RM7.0 million and RM7.0 million respectively.

Our Directors would like to emphasise that the estimated listing expenses of approximately RM11.2 million (equivalent to approximately HK\$21.5 million) as referred to in the sub-section headed "Listing Expenses" below are the current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 30 November 2018 would be materially and adversely affected by the estimated listing expenses.

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UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted combined net tangible assets prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out to illustrate the effect of the Share Offer on our net tangible assets as at 31 March 2018 as if it had taken place on 31 March 2018. The unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our combined net tangible assets as at 31 March 2018 or any future date following the Share Offer. It is prepared based on our net assets as at 31 March 2018 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted combined net tangible assets does not form part of the Accountants' Report in Appendix I to this prospectus.

	Audited combined net tangible assets attributable to equity owners of the Company at 31 March 2018		Estimated net proceeds from the Share Offer		Unaudited pro forma adjusted combined net tangible assets attributable to equity owners of the Company		Unaudited pro forma adjusted combined net tangible assets attributable to equity owners of the Company per Share	
	(Note 1) RM'000	(Note 5) HK\$'000	(Note 2, 5) RM'000	(Note 2) HK\$'000	(Note 5) RM'000	(Note 5) HK\$'000	(Note 3) RM	(Note 5) HK\$
Based on the Offer								
Price of HK\$0.61 per Offer Share, after a Downward Offer Price Adjustment of 10%	10,509	20,210	29,892	57,484	40,401	77,694	0.10	0.20
Based on the Offer								
Price of HK\$0.68 per Offer Share	10,509	20,210	33,959	65,305	44,468	85,515	0.11	0.22
Based on the Offer								
Price of HK\$0.88 per Offer Share	10,509	20,210	45,578	87,650	56,087	107,860	0.14	0.28

For Note 1 to Note 5 and other further information on the unaudited pro forma adjusted combined net tangible assets, please refer to the paragraph headed "Notes to the unaudited pro forma statement of adjusted combined net tangible assets" of Appendix II of this prospectus.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors confirm that, except otherwise disclosed in this prospectus, as at the Latest Practicable Date, they are not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

FINANCIAL INFORMATION

NO BUSINESS INTERRUPTION

Our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

MATERIAL ADVERSE CHANGE

Our Directors have confirmed, after performing all due diligence work which our Directors consider appropriate, that, save and except the non-recurring listing expenses and the distribution of dividend during the Track Record Period of approximately RM30.1 million and declaration of special dividend on 14 September 2018 of approximately RM14.0 million and payment of the same on 26 September 2018, details of which are set out in the paragraphs headed “Listing Expenses” and “Dividend” above respectively, there has been no material adverse change in our financial position or prospects since 31 March 2018 and up to the date of this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

Our business strategies are set out in the paragraph headed “Business — Our Business Strategies” of this prospectus.

REASONS FOR THE LISTING

We believe that the Listing will enable us to pursue those business strategies. In particular, approximately 60% of the net proceeds will be used for establishment of IT infrastructure for the provision of cloud storage and cloud computing services. Without such financial resources, our Group will not be able to establish the same at this pace and will not be able to implement its business strategies and capture these market opportunities. Besides, we believe that the Listing will bring the following benefits to our Group:

- enhancing our Group’s brand awareness in Hong Kong and the PRC such that our Group is able to pursue its expansion plan to establish a business collaboration with a PRC technology company regarding mobile payment solution;
- leveraging on the business networks of our Pre-IPO Investors to introduce IT products in the PRC into Malaysia;
- providing our Company with alternative channel for fund raising in the secondary market, such as issue of shares, convertible securities, options rather than bank financing;
- fostering confidence of our customers on our Group, which may refer other potential customers or business opportunities to us;
- being a listed company, our Group will be in the position to attract more talented IT professionals to join and serve our Group;
- as mentioned in the section headed “Business — Our Customers — Project/Customer concentration”, we intend to establish business collaboration with potential partners in PRC and the Greater China Region. In this connection, our Group has started to have business communications in Hong Kong with certain potential customers for proposed system integration and development services. Our Directors based in Hong Kong, Mr. Liu Yan Chee James and Mr. Lam Pang, can also enhance networking between our Group and potential customers; and
- enlarging the shareholders base of our Group.

Our Company is applying for listing in Hong Kong because it has a high level of internationalisation, maturity in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. Therefore, our Company believes that there will be a higher liquidity and valuation, and greater exposure to a broader analyst and investment community, which would facilitate our future fund raising should such need arise. Our Directors believe that the Listing would help to raise our Group’s brand awareness and publicity on an international level, making our Company’s services being known to new potential local and international customers.

As referred to in the section headed “Business — Our Business Strategy — Leveraging on the business networks of the Pre-IPO Investors to introduce IT products in the PRC into Malaysia”, we plan to leverage on the business networks of the Pre-IPO Investors in the PRC to introduce suitable business partners to our Group. Through such introduction, our Group may utilise its local knowledge and expertise in IT to carry out certain value-adding processing and adaptation work in order to ensure the product fit the preference of Malaysian users.

FUTURE PLANS AND USE OF PROCEEDS

Taking into account the Listing, our Directors believe our Group will gain additional leverage in obtaining financing with relatively more favourable terms and higher bargaining power in negotiating terms with our business partners. In addition, our Directors also believe that customers may prefer to do business with a listed company given its reputation, listing status, public financial disclosures and general regulatory supervision by relevant regulatory bodies. We also consider that the Listing, which itself is a form of complimentary advertising, will enhance our Group's corporate profile, market reputation and brand awareness which will strengthen our clients' confidence in our Group and in turn boost our business.

Our Directors and the Sole Sponsor believe that there will be adequate demand for the Shares as, based on the Offer Price, the forecasted price-to-earnings ratio is lower than that of the peers in the IT sector.

USE OF PROCEEDS

The net proceeds from the Share Offer (after deduction of underwriting fees and estimated expenses payable by us in relation to the Share Offer), assuming a Offer Price of HK\$0.78 per Share (being the mid-point of the Offer Price range stated in this prospectus), are estimated to be approximately RM33.9 million (equivalent to approximately HK\$65 million). We intend to use all net proceeds of the Share Offer for the following purposes:

- approximately RM3.4 million (equivalent to approximately HK\$6.5 million), representing approximately 10% of the net proceeds, for strengthening our technical team by recruiting more IT specialists;
- approximately RM20.3 million (equivalent to approximately HK\$39.0 million), representing approximately 60% of the net proceeds, for purchase of hardware and equipments for establishment of IT infrastructure for the provision of cloud storage and cloud computing services;
- approximately RM6.8 million (equivalent to approximately HK\$13.0 million), representing approximately 20% of the net proceeds, for research and development of advanced and adapted versions of our Group's existing IT products; and
- approximately RM3.4 million (equivalent to approximately HK\$6.5 million), representing approximately 10% of the net proceeds, as general working capital.

By utilizing the proceeds from the Share Offer to strengthen our technical team, establish IT infrastructure, diversify our IT products and enhance our research capability, we can enhance our competitiveness and increase our scale of operation and market share, which will in turn enable us to implement our business strategies as set out in the section headed "Business — Our Business Strategies", such as becoming a major IT solution provider to the Digital Free Trade Zone, capturing new growth opportunities, locating business partners from places outside Malaysia, such as the PRC and Hong Kong.

FUTURE PLANS AND USE OF PROCEEDS

Further details on the use of proceeds for strengthening of our technical team

Our Group plans to recruit approximately 13 IT specialists with the following qualifications: (i) degree or Bachelor degree in IT; (ii) knowledge in programming languages such as Java, C++, HTML and mobile development platform; (iii) understanding of software development lifecycle methodology and/or (iv) experience in software development or system integration.

Further details on the use of proceeds for establishment of IT infrastructure

Our Group plans to establish a data centre with a total storage capacity of approximately 75 million MB.

Our Group plans to offer three types of cloud computing packages: (i) individual cloud computing packages offering the choices of entry, mid and high levels; (ii) co-location cloud computing packages and (iii) other shared services cloud computing packages. The table below sets out the details on the target number of users, forecast revenue and storage capacity in respect of our three cloud computing packages:

Type of cloud computing packages	Target number of users		Forecast revenue		Storage capacity MB'000
	2019	2020	2019	2020	
			RM'000	RM'000	
Individual	—	500	—	4,080	29,640
Co-location	—	200	—	3,600	22,400
Other shared services	—	600	—	3,600	22,500

Since the infrastructure of our Group for the cloud storage and cloud computing is still pending to be set up, the Group has not secured any projects relating to the same at this stage. As at the Latest Practicable Date, we have not commenced any cloud storage or cloud computing project.

We plan to set up the data centre in Cyberjaya. It is a town in Malaysia with a science park that forms a key part of the Multimedia Super Corridor in Malaysia. Our construction plan is as follows:

Stage	Activity	Duration	Estimated Cost (RM)
Planning Phase	Creation of basic plan and master schedule	1 month	—
Design Phase	Power utilisation, network design, schedule and cost review	2 months	—
Procurement Phase	Supplier selection, assessment and negotiation	1 month	—
Construction Phase	Installation and configuration of all component	3 months	11,084,000
Testing Phase	Internal and external party testing, security and certification audit	5 months	3,832,000
Commissioning	Sales package planning and marketing activities	Continuous Activity	766,333 per month

FUTURE PLANS AND USE OF PROCEEDS

During our provision of system integration and development services, we have received enquiries from our customers from time to time as to whether we offer cloud storage and cloud computing services. Based on the best estimate of our Directors, during the past few years, our Group has received over 50 enquiries on the availability of such services.

The basis for the forecast revenue is based on a number of assumptions including:

- there will be a preparation and setting-up period of 12 months after Listing and no revenue will be generated during such period;
- the forecast revenue is based on the project return on investment for the first year after commencement of operation being 25% and the return will increase by 10% every year thereafter. Thus, the payback period is less than 4 years after commencement of operation;
- the unit cost for the cloud computing packages is based on current market data on similar cloud computing packages;
- the average selling prices for different types of cloud computing packages are referred to in the table below:

Hosting package	Monthly average selling price (RM)	Annual average selling price (RM)	Number of client in 2020
Individual cloud computing package			
Entry Level	50	600	300
Mid Level	1,000	12,000	150
High Level	3,500	42,000	50
Co-location package	1,500	18,000	200
Other shared services	500	6,000	600

Individual cloud computing package comprise entry level, mid level and high level. Entry and mid level packages are designed for the small and medium enterprises to fulfil their online demand via most affordable cost. The high level package is for those companies which need to have higher computation capacity to process their business operation.

Co-location package is a data center space renting package to host the client's infrastructure with electricity supply, internet connectivity and security compliance.

The individual cloud computing package and the co-location package are self-services packages where the client shall manage the user access, emails as well as data backup.

Shared services are additional services to be provided to the client who had subscribed for our hosting package, but also require us to manage on behalf of them.

FUTURE PLANS AND USE OF PROCEEDS

- around 60% of the number of individual users will opt for entry level package, while around 10% will opt for high level package;
- the target number of users during 2020 is based on reference to the historical number of customers which may require cloud computing service. In the past, the Company referred those customers which required cloud computing service to other cloud services providers. Since Bank Negara Malaysia has mandated that all data related to financial transaction are prohibited to be stored in a data centre with physical location outside Malaysia, our Company targets at all financial institutions and IT services firms in Malaysia which are also serving financial institution as the customers during 2020;
- the target number of users are calculated with reference to the target revenue figure based on the above assumption divided by the current market rate for the cloud storage;
- according to the CIC Report, the cloud market in Malaysia is expected to be RM1.9 billion in 2019 and RM2.2 billion in 2020 with a CAGR of 13.7% from 2017 onwards. The market is on an upward trend; and
- our Group is confident that it will be able to secure the target customers based on our long-standing history in the IT sector and our service package with our other IT solutions, including NS3 and Square Intelligence, CUSTPRO and Blackbutton.

The breakdown of net proceeds from the Share Offer to establish the IT infrastructure for cloud storage and computing services is as follows:

	Approximate amount of net proceeds from the Share Offer <i>RM'000</i>
Purchase of IT infrastructure	
Renovation	708
Power facilities	8,018
Environmental controls	1,792
Security and monitoring	189
Network equipments	377
Operating costs	
Office rental	707
Water and electricity charges	2,830
Internet charges	2,122
Upkeep and maintenance	707
Staff costs	2,830
Total	20,280

The above operating costs will only be incurred after the IT infrastructure are fully established.

FUTURE PLANS AND USE OF PROCEEDS

Further details on use of proceeds for research and development of advanced and adapted versions of our Group's existing IT products

Proceeds from the Share Offer for research and development will be mainly used to research and develop the following advanced and adapted versions of our Group's existing IT products:

1. approximately 10% will be used for a new data conversion platform based on our technical know-how of NS3 and Square Intelligence and cloud technology to allow data conversion, especially mega data conversion systematically without relying on IT infrastructure(s);
2. approximately 5% will be used for a standard cloud version of CUSTPRO that mainly provides CRM System services; and
3. approximately 85% will be used for an advanced version of our product Blackbutton, being a standard mobile payment service that can connect all the close proximity payment operations.

During the Track Record Period, our Group capitalised the expenses of research and development of intangible assets and the total amount were approximately RM785,000 (equivalent to approximately HK\$1.5 million), of which approximately RM466,000 (equivalent to approximately HK\$896,000) were research and development expenses of NS3 and Square Intelligence and approximately RM319,000 (equivalent to approximately HK\$613,000) were research and development expenses of CUSTPRO and Blackbutton. Compared to the net proceeds amount of approximately RM6.8 million (equivalent to approximately HK\$13.1 million) to be used for research and development of advanced and adapted versions of our Group's existing IT products, the research and development expenses incurred during the Track Record Period were smaller. Such difference is justified by the following grounds:

1. The research and development on NS3, Square Intelligence, CUSTPRO and Blackbutton ("**Existing IT Products**") commenced few years before the Track Record Period, thus the costs incurred during the Track Record Period was only part of the total research and development expenses of the Existing IT Products.
2. Our new research and development activities will engage a larger scale as compared with what we did for our Existing IT Products, so the corresponding expenses also will be increased. For example, to further develop and rollout the advanced version of the Blackbutton, we plan to perform integration with existing payment operators in the market and we also plan to establish a new platform within Malaysia and potentially some of the ASEAN Countries.

The new platform is a mobile payment solution whereby our business partners can use our platform to facilitate their mobile payment operations in Malaysia. In consideration of establishing the platform as a whole, the Directors have taken into account the principal factors and reasons set out below:

- the promising future prospect and outlook of mobile payment, details of which are set out in the section headed "Industry Overview — Analysis of the IT System in Integration Services Industry in Malaysia — Overview of mobile payment in Malaysia" in this prospectus;

FUTURE PLANS AND USE OF PROCEEDS

- one of our business strategies that is to establish a business collaboration with a PRC technology company which provides sophisticated mobile payment product(s), details of which are set out in the section headed “Business — Our Business Strategies — We pursue to be a major IT solution provider to DFTZ in this prospectus; and
- interest in mobile payment constantly expressed in feedback from our customers and general enquiries from the public.

We aim to upgrade our existing mobile payment solution to synchronize the currently available banking infrastructure of in Malaysia to non-banking mobile payment operators.

Upon successful launching of our advanced version of Blackbutton, this mobile payment solution will enable mobile payment operators to perform settlement function for their customers in Malaysia in compliance with the relevant requirements and standards as currently imposed by Malaysian regulatory authorities.

We believe that, this innovation would position ourselves as their Fintech partner to expand their mobile payment business in Malaysia.

3. Significant costs will be incurred to upgrade our “Blackbutton” product to achieve the aforesaid objectives, in particular, (i) the compliance of requirements and standards as imposed by the relevant regulatory authorities; and (ii) enhancement of system in respect of software engineering and programming. Substantive research is required to be conducted to further develop Blackbutton, which involve enabling Blackbutton to adapt to different payment gateway emerging from time to time, connecting such payment gateway to the financial institutions in Malaysia, and also linking up different payment gateways with each other. Each jurisdiction has different rules and regulations regarding payment system and different payment switches. We plan to further develop Blackbutton such that it can process cross-border payments. Our tentative works include the following: (i) we will familiarize ourselves with the regulatory and technical requirements of the central bank of the relevant jurisdictions, such as the certificates required, the capital requirements, the reporting requirements, etc., (ii) we will integrate Blackbutton with the payment switch of such jurisdictions in accordance with the local regulatory and technical requirements and in this connection, we may need to engage local consultant to assist us, and (iii) we will apply for the relevant licence or permission with the central bank of such jurisdictions and deposit the relevant capital in accordance with the relevant local requirements.

FUTURE PLANS AND USE OF PROCEEDS

Our Group plans to recruit two IT project directors with the following qualifications: (i) knowledge in overall solution architecture design; (ii) exposure in IT security and compliance; (iii) experience in application user interface and user experience design.

In addition, our Group plans to recruit one marketing director with the following qualifications: (i) knowledge in digital marketing; (ii) strong communication, sales and presentation skills and (iii) ability to develop budget, financial planning and marketing strategy. Our management believe that their experience and qualifications are required in the research and development of the advanced and adapted versions of our Group's existing IT products mentioned above, since those products involve the functions of integration, regulatory compliance and users outreach.

If the final Offer Price is set at: (i) the lowest; or (ii) the highest of the indicative Offer Price range, the net proceeds from the Share Offer are estimated to be (i) approximately HK\$65.3 million; or (ii) approximately HK\$87.7 million respectively. If the Offer Price is finally determined to be more than HK\$0.78 (being the mid-point of the indicative range of the Offer Price), our Group will apply the additional net proceeds to the above purposes in the same proportions as set out above. If the Offer Price is finally determined to be less than HK\$0.78 our Group will reduce the proposed use of net proceeds on a pro rata basis and will finance such shortfall by internal cash resources, working capital and/or other financing, as and when appropriate. If our Group makes a Downward Offer Price Adjustment to set the final Offer Price at HK\$0.61 per Offer Share, the estimated net proceeds we will receive from the Share Offer will be further reduced by an additional amount of approximately HK\$8.1 million. To the extent our net proceeds are further reduced, our Group will reduce the proposed use of net proceeds on a pro rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

IMPLEMENTATION PLANS

Our Group will utilise the net proceeds from the Share Offer to implement part of the business strategies of our Group and the implementation plans are set out below for each of the six-month periods until 30 November 2020. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to in the sub-section headed "Bases and assumptions" below. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors; in particular the risk factors set out in the section headed "Risk factors" in this prospectus. Our Group's actual course of business may vary from the business objective set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objective of our Group will be accomplished at all. Based on our Group's business objective, our Directors intend to carry out the following implementation plans:

From the Latest Practicable Date to 30 November 2018

Business strategies	Source of funding	Implementation plan
Strengthening of technical team	To be funded by net proceeds from the Share Offer of approximately RM1.0 million (equivalent to approximately HK\$1.9 million), representing approximately 2.9% of the total amount of net proceeds	Our Group will recruit approximately 13 IT specialists

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 31 May 2019

Business strategies	Source of funding	Implementation plan
Research and development of advanced and adapted versions of our Group's existing IT products	To be funded by net proceeds from the Share Offer of approximately RM1.9 million (equivalent to approximately HK\$3.7 million), representing approximately 5.5% of the total amount of net proceeds	Our Group will recruit 2 IT project directors and 1 marketing director
Strengthening of technical team	To be funded by net proceeds from the Share Offer of approximately RM1.1 million (equivalent to approximately HK\$2.2 million), representing approximately 3.4% of the total amount of net proceeds	Our Group will continue to hire approximately 13 IT specialists

For the six months ending 30 November 2019

Business strategies	Source of funding	Implementation plan
Purchase of hardware and IT equipment	To be funded by net proceeds from the Share Offer of approximately RM15.7 million (equivalent to approximately HK\$30.2 million), representing approximately 46.4% of the total amount of net proceeds	Our Group will purchase the relevant hardware and equipment for the purpose of establishment of the data centre
Research and development of advanced and adapted versions of our Group's existing IT products	To be funded by net proceeds from the Share Offer of approximately RM2.2 million (equivalent to approximately HK\$4.3 million), representing approximately 6.7% of the total amount of net proceeds	Our Group will continue to hire the 2 IT project directors and 1 marketing director
Strengthening of technical team	To be funded by net proceeds from the Share Offer of approximately RM1.1 million (equivalent to approximately HK\$2.2 million), representing approximately 3.4% of the total amount of net proceeds	Our Group will continue to hire approximately 13 IT specialists

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 31 May 2020

Business strategies	Source of funding	Implementation plan
Purchase of hardware and IT equipment	To be funded by net proceeds from the Share Offer of approximately RM4.6 million (equivalent to approximately HK\$8.8 million), representing approximately 13.6% of the total amount of net proceeds	Our Group will purchase the relevant hardware and equipment for the purpose of establishment of data centre
Research and development of advanced and adapted versions of our Group's existing IT products	To be funded by net proceeds from the Share Offer of approximately RM2.2 million (equivalent to approximately HK\$4.3 million), representing approximately 6.7% of the total amount of net proceeds	Our Group will continue to hire the 2 IT project directors and 1 marketing director
Strengthening of technical team	To be funded by net proceeds from the Share Offer of approximately RM0.1 million (equivalent to approximately HK\$0.2 million), representing approximately 0.3% of the total amount of net proceeds	Our Group will continue to hire approximately 13 IT specialists

For the six months ending 30 November 2020

Business strategies	Source of funding	Implementation plan
Research and development of advanced and adapted versions of our Group's existing IT products	To be funded by net proceeds from the Share Offer of approximately RM0.4 million (equivalent to approximately HK\$0.7 million), representing approximately 1.1% of the total amount of net proceeds	Our Group will continue to hire the 2 IT project directors and 1 marketing director

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our Group's future plans relate;
- there will be no change in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in Hong Kong, Malaysia, Indonesia and other countries which our Group operates;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- the Share Offer will be completed in accordance with and as described in the section headed "Structure and conditions of the Share Offer" in this prospectus;
- our Group is able to maintain its customers;
- our Group will be able to retain key staff in the management and the main operational departments;
- our Group will be able to continue its operation in substantially the same manner as our Group has been operating during the Track Record Period and our Group will also be able to carry out its business plans without disruptions adversely affecting its operations or business objectives in any way;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out in the section headed "Risk factors" in this prospectus.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer, which is sponsored by the Sole Sponsor and managed by the Joint Lead Managers and to be fully underwritten by the Underwriters (subject to the terms and conditions of the Underwriting Agreement).

Further information about the Underwriters and the underwriting arrangements is contained in the section headed "Underwriting" in this prospectus.

UNDERWRITING

UNDERWRITERS

Joint Bookrunners and Joint Lead Managers

VBG Capital Limited
Pacific Foundation Securities Limited
ChaoShang Securities Limited

Joint Lead Managers

Aristo Securities Limited
I Win Securities Limited
Alpha Financial Group Limited
Bluemount Securities Limited

Public Offer Underwriters

VBG Capital Limited
Pacific Foundation Securities Limited
ChaoShang Securities Limited
Aristo Securities Limited
I Win Securities Limited
Alpha Financial Group Limited
Bluemount Securities Limited

Placing Underwriters

VBG Capital Limited
Pacific Foundation Securities Limited
ChaoShang Securities Limited
Aristo Securities Limited
I Win Securities Limited
Alpha Financial Group Limited
Bluemount Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Share Offer

Pursuant to the Public Offer Underwriting Agreement, our Company is offering Public Offer Shares for subscription, subject to the terms and conditions of this prospectus and the Application Forms relating hereto, in each case, at the Offer Price.

Subject to, among other matters, the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and the Offer Price having been determined by our Company and the Joint Bookrunners at or prior to 12:00 noon on Thursday, 18 October 2018, the Public Offer Underwriters have agreed to subscribe for or procure subscribers to subscribe for, on the terms and conditions of this prospectus and the Application Forms relating hereto, the Public Offer Shares now being offered for subscription under the Public Offer and which are not taken up under the Public Offer.

UNDERWRITING

Grounds for termination

The Joint Lead Managers (for themselves and on behalf of the other Public Offer Underwriters) shall be entitled by notice in writing to the Company to terminate the Public Offer Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur or come into force:
 - (i) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, Malaysia, the BVI, the Cayman Islands or any other jurisdiction(s) in which our Group operates; or
 - (ii) any material change (whether or not permanent) in national, regional, international, financial, military, industrial or economic conditions, stock market, fiscal or political conditions, regulatory or market conditions in Hong Kong, the PRC, Malaysia, the BVI, the Cayman Islands or any other jurisdiction(s) in which our Group operates; or
 - (iii) without prejudice to sub-paragraph (i) of paragraph (a) above, the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances; or
 - (iv) any event, or series of events, beyond the control of the Public Offer Underwriters (including, without limitation, acts of government, strikes, lockout, fire, explosion, flooding, civil commotion, acts of war or acts of God); or
 - (v) any material adverse change or development occurs involving a prospective change in taxation or in exchange control in Hong Kong, Malaysia, the BVI, the Cayman Islands is subject or the implementation of any exchange controls; or
 - (vi) any litigation or claim of material importance to the business, financial or operations of our Group being instituted against any member of our Group; or
 - (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, in Hong Kong, the PRC, Malaysia, the BVI, the Cayman Islands; or
 - (viii) any government authority, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government regulatory authority, or any court, tribunal or arbitrator, whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign, or a political body or organisation in any relevant jurisdiction commencing any investigation or other action, or take other disciplinary action, against any member of our Group or Director which have a material adverse effect on the business or financial conditions or prospects of our Group; or

UNDERWRITING

- (ix) order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group;

which in the sole and reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters)

- (1) is or will be or is likely to be materially adverse to the general affairs, management, business, financial, trading conditions of our Group taken as a whole;
 - (2) has or will have or is likely to have a material adverse impact on the success, marketability or pricing of the Public Offer as a whole or the level of applications under the Public Offer;
 - (3) for any reason makes it impracticable, inadvisable or inexpedient for the Public Offer Underwriters to proceed with the Public Offer as a whole;
 - (4) has or will have the effect of making any part of the Public Offer Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of application and/or payments pursuant to the Public Offer or pursuant to the underwriting thereof;
- (b) there comes to the notice of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) any breach on the part of our Company or any of Delicate Edge, Mr. Chong, King Nordic and Mr. Siah of any provisions of the Public Offer Underwriting Agreement in any respect which is considered by the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in its sole and reasonable opinion to be material; or
 - (c) any statement contained in this prospectus, notices, advertisements, announcements, application proof prospectus, PHIP, the submissions, documents or information provided to the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), the Stock Exchange, the legal adviser to the Joint Lead Managers and the Underwriters and any other parties involved in the Share Offer reasonably considered to be material by the Joint Lead Managers and which in the sole and reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect; or
 - (d) matters have arisen or have been discovered before the date of this prospectus which would, if this prospectus, notices, advertisements, announcements, application proof prospectus, PHIP, was to be issued at that time, constitute, in the sole and reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), a material omission in the context of the Public Offer; or

UNDERWRITING

- (e) there is any adverse change in the business or in the financial or trading position or prospects of our Group taken as a whole which in the sole and reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) is material; or
- (f) the approval of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer and the Shares to be issued pursuant to the Capitalisation Issue is refused or not granted, other than subject to customary conditions, on or before 8:00 a.m. on the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (g) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer; or
- (h) there comes to the notice of the Joint Lead Managers or any of the Underwriters any information, matter or event which in the sole and reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) is inconsistent in any material respect with any information contained in the declaration and undertaking with regard to Directors given by any Directors pursuant to the Share Offer,

then the Joint Lead Managers may (for themselves and on behalf of the Underwriters) give written notice to our Company (with a copy of such notice to each of the Underwriters) to terminate the Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange under the GEM Listing Rules

(a) Undertaking by us

Under Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer (including the exercise of any options which may be granted under the Share Option Scheme) or for the circumstances provided under Rule 17.29 of the GEM Listing Rules.

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(b) Undertaking by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange that he/it will not and will procure that the relevant registered holder(s) will not:

- (a) at any time in the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date (“**First 12 month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which they are shown by this prospectus to be the beneficial owners; and
- (b) at any time in the period of twelve months immediately after the expiry of the First 12-Month Period (“**Second 12 month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

In accordance with Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has also undertaken to our Company and the Stock Exchange that within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, each of them will:

- (a) when he/it pledges or charges any of our Shares or securities of our Company beneficially owned by him/it, whether directly or indirectly, in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Rule 13.18(1) of the GEM Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and
- (b) if he/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

We undertake to inform the Stock Exchange as soon as we have received information relating to the above pledge or charge and disclose such matters by way of an announcement which will be published in accordance with the requirements under the GEM Listing Rules.

Other undertakings

(A) Undertaking by us

Our Company has undertaken to the Sole Sponsor and the Underwriters that, except pursuant to the Share Offer and any options which may be granted under the Share Option Scheme, it will not, and will procure that its subsidiaries not, without the prior written consent of the Joint Lead Managers and unless in compliance with the requirements of the GEM Listing Rules, without the prior approval of the Stock Exchange, the Joint Lead Managers and prior notification to the Sole Sponsor and the Joint Lead Managers, save pursuant to Share

UNDERWRITING

Offer and the grant of any option under the Share Option Scheme, or the issue of Shares upon exercise of any option granted under the Share Option Scheme, (a) within the First Six-Month Period, our Company and its major subsidiaries will not, issue or agree to issue (conditionally or unconditionally) any shares or securities of, or grant or agree to grant (conditionally or unconditionally) any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for any securities of, our Company or any of our major subsidiaries; and (b) at any time within the further six months commencing on the expiry of the First Six-Month Period, issue or grant (conditionally or unconditionally) any options or right to subscribe for or otherwise convert into or exchange for shares or securities in our Company or any of our major subsidiaries so as to result in any of the Controlling Shareholders (together with any of their associates) either individually or taken together with the others of them cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of our Company or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in The Codes on Takeovers and Mergers and Share Buy-backs (the “Code”) as being the level for triggering a mandatory general offer in any of the companies controlled by him, her or it or any of their associates which owns any Shares or our Company ceasing to hold a controlling interest of over 30%, directly or indirectly, in any of such major subsidiaries.

Our Company has also undertaken to the Sole Sponsor and the Underwriters that save with the prior approval of the Stock Exchange, the Sole Sponsor and the Joint Lead Managers, no subsidiaries will during the First Six-Month Period purchase any Shares.

(B) Undertaking by our Controlling Shareholders

Each of the Controlling Shareholders, pursuant to the Underwriting Agreement, has agreed and undertaken to the Sole Sponsor, the Joint Lead Managers, our Company and the Underwriters that, except pursuant to the Placing, it or he will not, without the prior written consent of the Joint Lead Managers and unless in compliance with the requirements of the GEM Listing Rules:

- (a) at any time during the First 12 month Period:
 - (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, cause our Company to repurchase, any of the share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein whether now owned or hereinafter acquired, owned directly by the Controlling Shareholders (including holding as a custodian) or with respect to which the Controlling Shareholders have beneficial ownership (collectively the “Lock-up Shares”) (the foregoing restriction is expressly agreed to preclude the Controlling Shareholders from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively, except otherwise allowed under Rule 13.18 of the GEM Listing Rules);

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Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares); or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any such capital or securities or any interest therein; or
 - (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
 - (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i) or (ii) or (iii) above, whether any such transaction described in paragraph (i) or (ii) or (iii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (b) at any time in the Second 12 month Period, it or he will not enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances or any other transactions, the Controlling Shareholders will cease to be a controlling shareholder (as the term is defined in the GEM Listing Rules) of our Company;
- (c) until the expiry of the Second 12 month Period, in the event that he/it enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of our Company; and
- (d) at any time during the First 12 month Period or the Second 12 month Period (where applicable), (i) the Controlling Shareholders will, if he/it pledges or charges any Shares or other securities of our Company in respect of which he/it is the beneficial owner, immediately inform our Company, the Joint Lead Managers and, if required, the Stock Exchange of any such pledges or charges and the number of Shares or other securities of our Company so pledged or charged, and (ii) the Controlling Shareholders will, if he/it receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, immediately inform our Company, the Joint Lead Managers and, if required, the Stock Exchange of any such indication.

Each of the Controlling Shareholders has jointly and severally undertaken to our Company and the Underwriters that, except pursuant to Share Offer and any options which may be granted under the Share Option Scheme, it will not, and will procure that its subsidiaries will not, without the prior written consent of the Joint Lead Managers and unless in compliance with the requirements of the GEM Listing Rules, he/it shall not and shall procure that the relevant registered holder(s) that:

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- (a) Within the First 12 month Period, he/it will not, and will procure that none of his/its associates or the companies controlled by him/it will, sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any right (including without limitation the creation of any option, pledge, charge or other encumbrance or rights) on any of the securities of our Company or any interests therein owned by him/it or any of their associates or in which he/it or any of their associates is, directly or indirectly interested immediately after the completion of the Share Offer (or any other shares or securities of or interest in our Company arising or deriving therefrom as a result of scrip dividend or otherwise), or sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any right (including the creation of any option, pledge, charge or other encumbrance or rights) on any shares or interest in any company controlled by him/it or any of their associates which is the beneficial owner (directly or indirectly) of any of such securities or any interests therein as aforesaid (or any other shares or securities of or interest in our Company arising or deriving therefrom as a result of scrip dividend or otherwise); and

- (b) save with the prior written consent of the Sole Sponsor and Joint Lead Managers and prior notification to the Sole Sponsor and the Joint Lead Managers, within the Second 12 month Period, he/it will not, and will procure that none of his/its associates or the companies controlled by him/it or any of their associates will sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any rights (including the creation of any option, pledge, charge or other encumbrance or rights) on any securities of our Company or any interests therein referred to in subparagraph (a) above or sell, transfer, dispose of or enter into any agreement to dispose of or create any rights (including the creation of any option, pledge, charge or other encumbrance or rights) on any shares in any company controlled by him/it or any of their associates which is the beneficial owner (directly or indirectly) of such securities of our Company or any interests therein as aforesaid if, immediately following such disposal or creation of rights, any of the Controlling Shareholders (together with his/its associates), either individually or taken together with the others, would, directly or indirectly, cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of our Company or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Code as being the level for triggering a mandatory general offer, in any of the companies controlled by him/it and/or any of their associates which owns such securities of our Company or interests as aforesaid.

Each of the Controlling Shareholders also undertaken to the Sole Sponsor, our Company and the Underwriters that:

- (a) save with the prior written consent of the Sole Sponsor and the Joint Lead Managers (such consent shall not be unreasonably withheld), during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is twelve months from the Listing Date, he, she or it shall not and shall procure that none of his, her or its associates shall pledge or charge or create any other rights or encumbrances in any Shares or any interest therein owned by him, her or it or any of their associates or in which he, she or it or any of their associates is, directly or indirectly interested immediately following completion of the Share Offer (or any

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other Shares or interest in the Shares arising or deriving therefrom) or any share or interest in any company controlled by him, her or it or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or interest therein as aforesaid (or any other Shares or interest in the Shares arising or deriving therefrom); and

- (b) in the event that consent is granted by the Sole Sponsor and the Joint Lead Managers, when he, she or it or any of their associates shall pledge, charge or create any encumbrance or other right or any of the Shares or interests referred to in sub-paragraph (a) above, he, she or it shall give prior written notice of not less than three business days to the Stock Exchange, our Company, the Sole Sponsor and the Joint Lead Managers giving details of the number of Shares in our Company which is the beneficial owner of such Shares, or the interests as aforesaid, the identities of the pledge or person (the “**Mortgagee**”) in favour of whom the pledge, charge, encumbrance or interest is created and further if he, she or it or any of their associates is aware of or receives indications or notice, either verbal or written, from the Mortgagee that the Mortgagee will dispose of or transfer any of the Shares or interests referred to in sub-paragraph (a) above, he, she or it will immediately notify the Stock Exchange, our Company, the Sole Sponsor and the Joint Lead Managers in writing of such indications and provide details of such disposal or transfer to the Stock Exchange, our Company, the Sole Sponsor and the Joint Lead Managers as they may require.

(C) Undertaking by the Pre-IPO Investors

Each of the Pre-IPO Investors has undertaken to our Company and the Underwriters that he will not, without the prior written consent of the Joint Lead Managers, he shall not and shall procure that the relevant registered holder(s) that within the period commencing on the date of this prospectus and ending on the date which is twenty-four months from the Listing Date, he will not, and will procure that none of his associates or the companies controlled by him will, sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any right (including without limitation the creation of any option, pledge, charge or other encumbrance or rights) on any of the securities of our Company or any interests therein owned by him or any of their associates or in which he or any of their associates is, directly or indirectly interested immediately after the completion of the Share Offer (or any other shares or securities of or interest in our Company arising or deriving therefrom as a result of scrip dividend or otherwise), or sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any right (including the creation of any option, pledge, charge or other encumbrance or rights) on any shares or interest in any company controlled by him or any of their associates which is the beneficial owner (directly or indirectly) of any of such securities or any interests therein as aforesaid (or any other shares or securities of or interest in our Company arising or deriving therefrom as a result of scrip dividend or otherwise).

Commission and expenses

The commission payable to the Underwriters in relation to the Share Offer will be borne by our Company. The Underwriters will receive an underwriting commission at the rate of 5.0% of the aggregate Offer Price payable for the Offer Shares, out of which they pay any sub-underwriting commissions and praecipium.

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The underwriting commissions, listing fees, Stock Exchange trading fee and transaction levy, legal and printing and other professional fees and other expenses relating to the Share Offer are estimated to amount to approximately HK\$4.6 million in total paid and payable by our Company, based on the mid-point of the indicative range of the Offer Price of HK\$0.78 per Share.

Underwriters' interests in our Company

Save for their obligations under the Underwriting Agreement, none of the Underwriters has any shareholding interests in our Company nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares in our Company nor any interest in the Placing.

Indemnity

Our Company and our Controlling Shareholders have agreed to indemnify the Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Underwriting Agreements and any breach by us of the Underwriting Agreements.

Sole Sponsor's Independence

Save as disclosed in this prospectus, and for advisory and documentation fee paid and to be paid to VBG Capital Limited as the Sole Sponsor in connection with the Listing and as our Compliance Adviser with effect from the Listing Date, VBG Capital Limited nor any of its close associates has or may, as a result of the Listing and the Share Offer, have any interest in any class of securities of our Company or any other members of our Group (including options or rights to subscribe for such securities).

No director or employee of VBG Capital Limited who is involved in providing advice to our Company has or, as a result of the Listing and/or the Share Offer, may have any interest in any class of securities of our Company or any other members of our Group (including options or rights to subscribe for such securities). No director or employee of VBG Capital Limited has any directorship in our Company or any other members of our Group.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PRICE PAYABLE ON APPLICATION

The Offer Price is expected to be fixed by an agreement between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or before Friday, 5 October 2018 and in any event no later than 12:00 noon on Thursday, 18 October 2018.

The Offer Price will not be more than HK\$0.88 per Offer Share and is expected to be not less than HK\$0.68 per Offer Share, subject to a Downward Offer Price Adjustment as further explained below. Based on the maximum Offer Price of HK\$0.88 per Offer Share, plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee, the total cost payable for one board lot of 5,000 Offer Shares will amount to a total of HK\$4,444.34. The Application Forms have tables showing the exact amount payable for multiples of the Offer Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this prospectus (subject to a Downward Offer Price Adjustment).**

If, based on the level of interests expressed by prospective professional, institutional and/or other investors during the book-building process, the Joint Bookrunners (for itself and on behalf of the Underwriters, and with the consent of our Company) thinks it appropriate (for instance, if the level of interests is below the indicative Offer Price range), the indicative Offer Price range may be reduced below that as stated in this prospectus at any time prior to the morning of the last day for lodging applications. In such case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause notice of the reduction of the indicative Offer Price range to be published on our Company's website at www.mindtellttech.com and the Stock Exchange's website at www.hkexnews.hk. Such notice will also include any financial information which may change as a result of any such reduction. If applications for the Public Offer Shares have been submitted prior to the morning of the last day for lodging applications under the Public Offer, such application may be withdrawn.

If, for whatsoever reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) at or prior to 12:00 noon on Thursday, 18 October 2018, the Share Offer will not become unconditional and will lapse immediately. In such event, our Company will issue an announcement to be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.mindtellttech.com).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Announcement of Offer Price Reduction

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is a material change in circumstances not disclosed in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of the Company, determine the final Offer Price to be no more than 10% below the bottom end of the indicative Offer Price range, at any time on or prior to the Price Determination Date.

In such situation, the Company will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the indicative Offer Price range, publish on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.mindtelltech.com) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations expected to be announced on Friday, 19 October, 2018. The Offer Price announced following making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside of the indicative Offer Price range as disclosed in this prospectus unless the Withdrawal Mechanism is utilised.

If it is intended to set the final Offer Price at more than 10% below the bottom end of the indicative Offer Price range, the Withdrawal Mechanism will be applied if the Share Offer is to proceed.

CONDITIONS OF THE SHARE OFFER

Acceptance of your application for the Offer Shares is conditional upon:

1. Listing

The GEM Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme;

2. Underwriting Agreements

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and other underwriter(s) to the Share Offer (if any) entering into the Underwriting Agreements whereby the latter will underwrite the Offer Shares at the Offer Price;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated before 8:00 a.m. on the Listing Date. Details of the Underwriting Agreements and their conditions and grounds for termination are set out in the section headed “Underwriting” of this prospectus. If any of these conditions is not fulfilled at or before 8:00 a.m. on the Listing Date (or such later date as the Joint Bookrunners may agree in writing for itself and on behalf of the Underwriters with our Company), your application money will be returned to you, without interest. The terms on which your money will be returned to you are set out in the paragraph headed “Refund of your application money” on the Application Forms. In the meantime, your money will be held in one or more separate bank accounts with the receiving banker or other licensed bank or banks in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

OFFER MECHANISM

This prospectus is published in connection with the Share Offer, which comprises the Placing and the Public Offer. Initially, 105,300,000 Shares (subject to reallocation) are to be offered pursuant to the Placing to professional, institutional and private investors and 11,700,000 Shares (subject to reallocation) are to be offered to the public in Hong Kong under the Public Offer. References herein to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer. The Offer Shares will represent 30% of our Company’s enlarged issued share capital immediately after completion of the Share Offer.

The Placing is fully underwritten by the Placing Underwriters on a several basis and the Public Offer is fully underwritten by the Public Offer Underwriters. The Share Offer is sponsored by the Sole Sponsor and managed by the Joint Lead Managers.

Investors may apply for Public Offer Shares under the Public Offer or indicate an interest for Placing Shares under the Placing, but may not do both.

PLACING

Our Company is initially offering, subject to possible reallocation on the basis discussed below, 105,300,000 Shares, representing 90% of the total number of Shares being offered under the Share Offer, for subscription by way of the Placing. Under the Placing, the Placing Underwriters, on behalf of our Company, will conditionally place the Placing Shares with professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors allocated with the Placing Shares cannot apply for the Public Offer Shares under the Public Offer. The Placing is conditional on the fulfillment of all the conditions stated in the paragraph headed “Conditions of the Share Offer” above.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PUBLIC OFFER

Our Company is initially offering 11,700,000 Shares at the Offer Price under the Public Offer, representing 10% of the total number of Shares being offered under the Share Offer for subscription in Hong Kong, subject to reallocation as mentioned in this section. The Public Offer is managed by the Joint Lead Managers and is fully underwritten by the Public Offer Underwriters. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Applicants for the Public Offer Shares under the Public Offer may not apply for Placing Shares under the Placing. Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The Public Offer will be subject to the conditions stated in the paragraph headed “Conditions of the Share Offer” above. For allocation purposes only, the number of the Public Offer Shares will be divided equally into two pools: pool A and pool B. The Public Offer Shares in pool A will consist of 5,850,000 Shares and will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares in the value of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy) or less. The Public Offer Shares available in pool B will consist of 5,850,000 Shares and will be allocated on an equitable basis to applicants who have applied for Public Offer Shares in the value of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy) and up to the total initial value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 100 per cent. of the Public Offer Shares initially available under pool A or pool B will be rejected. Multiple applications or suspected multiple applications within either pool and between pools will also be rejected.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of Shares between the Public Offer and the Placing is subject to the reallocation adjustment pursuant to Practice Note 6 of the GEM Listing Rules which in turn depends on the level of subscription of the Public Offer. The reallocation will be made on the following basis:

- i. if the number of Public Offer Shares validly applied for under the Public Offer equals or exceeds 175,500,000 Shares (being 15 times of the number of Public Offer Shares initially available for public subscription under the Public Offer) but is less than 585,000,000 Shares (being 50 times of the number of Public Offer Shares initially available for public subscription under the Public Offer), then the number of Shares available for public subscription under the Public Offer will be increased to 35,100,000 Shares, representing 30% of the 117,000,000 Shares available under the Share Offer;
- ii. if the number of Public Offer Shares validly applied for under the Public Offer equals or exceeds 585,000,000 Shares (being 50 times of the number of Public Offer Shares initially available for public subscription under the Public Offer) but is less than 1,170,000,000 Shares (being 100 times of the number of Public Offer Shares initially available for public subscription under the Public Offer), then the number of Public Offer Shares available for public subscription under the Public Offer will be increased to 46,800,000 Shares, representing 40% of the 117,000,000 Shares available under the Share Offer; and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- iii. if the number of Public Offer Shares validly applied for under the Public Offer equals or exceeds 1,170,000,000 Shares (being 100 times of the number of Public Offer Shares initially available for public subscription under the Public Offer), then the number of Public Offer Shares available for public subscription under the Public Offer will be increased to 58,500,000 Shares, representing 50% of the 117,000,000 Shares available under the Share Offer. In all cases, the additional Shares reallocated to the Public Offer will be allocated equally between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 6 of the GEM Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 23,400,000 Offer Shares). In each case, based on the additional Offer Shares reallocated to the Public Offer, the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Bookrunners (for themselves and on behalf of the Underwriters) deem appropriate, subject to Guidance Letter HKEX-GL91-18. In addition, the Joint Bookrunners (for themselves and on behalf of the Underwriters) may in their sole and absolute discretion reallocate Offer Shares from the Placing to the Public Offer in order to ensure the existence of an open market.

OVER-SUBSCRIPTION

Allocation of Public Offer Shares to applicants under the Public Offer will be based solely on the level of valid applications received. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by each applicant. However, this may involve balloting, which would mean that some applicants may be allotted more Shares than others who have applied for the same number of Public Offer Shares and that applicants who are not successful in the ballot may not receive any Public Offer Shares.

LISTING DATE

Dealings in the Shares on GEM are expected to commence on Monday, 22 October 2018. The Shares will be traded in board lots of 5,000 Shares. The stock code of the Shares is 8611.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS, with effect from the Listing Date or any other date that HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements will affect their rights and interests.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the GEM Listing Rules) of any of the above;
- a connected person (as defined in the GEM Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Share Offer.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m., Saturday, 29 September 2018 until 12:00 noon, Friday, 5 October 2018 from:

- (i) any of the following offices of the Joint Lead Managers:

VBG Capital Limited
18/F, Prosperity Tower
39 Queen's Road Central
Hong Kong

Pacific Foundation Securities Limited
11/F, New World Tower II
16 - 18 Queen's Road Central
Hong Kong

ChaoShang Securities Limited
Rooms 4001-4002, 40/F
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Aristo Securities Limited
Room 101, 1st Floor
On Hong Commercial Building
145 Hennessy Road, Wanchai
Hong Kong

I Win Securities Limited
Room 1916, Hong Kong Plaza
188 Connaught Road West, Sai Wan
Hong Kong

Alpha Financial Group Limited
Room A, 17/F, Fortune House
61 Connaught Road Central
Central, Hong Kong

Bluemount Securities Limited
Room 2403-05, Jubilee Centre
18 Fenwick Street, Wan Chai
Hong Kong

- (ii) any of the following branches of the receiving banks:

Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Causeway Bay Branch	505 Hennessy Road, Causeway Bay, Hong Kong
Kowloon	194 Cheung Sha Wan Road Branch	194-196 Cheung Sha Wan Road, Sham Shui Po, Kowloon
New Territories	Shatin Branch	Shop 20, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Sha Tin, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m., Saturday, 29 September 2018 until 12:00 noon, Friday, 5 October 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — MINDTELL TECHNOLOGY LIMITED PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

9:00 a.m. — 1:00 p.m., Saturday, 29 September 2018

9:00 a.m. — 5:00 p.m., Tuesday, 2 October 2018

9:00 a.m. — 5:00 p.m., Wednesday, 3 October 2018

9:00 a.m. — 5:00 p.m., Thursday, 4 October 2018

9:00 a.m. — 12:00 noon, Friday, 5 October 2018

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 5 October 2018, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) the Joint Bookrunners undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Lead Managers (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (WUMP) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (vi) agree that none of the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to the Company, our branch share registrar, receiving banks, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (xvii) understand that the Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK EIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application to the **HK eIPO White Form** service at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. Saturday, 29 September 2018 until 11:30 a.m., Friday, 5 October 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon, Friday, 5 October 2018 or such later time under the “Effect of Bad Weather on the Opening of the Applications Lists” in this section.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

**Hong Kong Securities Clearing Company Limited
Customer Service Center**

1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners and our branch share registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that the Company, the Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our branch share registrar, receiving banks, the Joint Bookrunners, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 5,000 Public Offer Shares. Instructions for more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for Inputting Electronic Application Instructions *(Note)*

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

9:00 a.m. — 1:00 p.m., Saturday, 29 September 2018

8:00 a.m. — 8:30 p.m., Tuesday, 2 October 2018

8:00 a.m. — 8:30 p.m., Wednesday, 3 October 2018

8:00 a.m. — 8:30 p.m., Thursday, 4 October 2018

8:00 a.m. — 12:00 noon, Friday, 5 October 2018

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Saturday, 29 September 2018 until 12:00 noon on Friday, 5 October 2018 (24 hours daily, except on Friday, 5 October 2018, the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon, Friday, 5 October 2018, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

Note: These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the branch share registrar, the receiving bankers, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon, Friday, 5 October 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 5,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and conditions of the Share Offer”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 5 October 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 5 October 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Friday, 19 October 2018 on the Company's website at www.mindtellttech.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at www.mindtellttech.com and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Friday, 19 October 2018;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, 19 October 2018 to 12:00 midnight on Thursday, 25 October 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 19 October 2018 to Wednesday, 24 October 2018 (on a business day);
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 19 October 2018 to Tuesday, 23 October 2018 at all the receiving bank designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Share Offer".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Bookrunners believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$0.88 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with “Structure and Conditions of the Share Offer – Conditions of the Share Offer” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Friday, 19 October 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, 19 October 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. Monday, 22 October 2018 provided that the Share Offer has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 19 October 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong branch share registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, 19 October 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, 19 October 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, 19 October 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 19 October 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 19 October 2018, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Friday, 19 October 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 19 October 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of Results" above on Friday, 19 October 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 19 October 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 19 October 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 19 October 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's independent joint reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore.



INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF MINDTELL TECHNOLOGY LIMITED

The Directors
Mindtell Technology Limited
VBG Capital Limited

Introduction

We report on the historical financial information of Mindtell Technology Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages I-5 to I-53, which comprises the combined statements of financial position of the Group at 30 November 2016 and 2017 and 31 March 2018, the statement of financial position of the Company at 31 March 2018, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 30 November 2016 and 2017 and the four months ended 31 March 2018 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (the "Historical Financial Information"). The Historical Financial Information set out on pages I-5 to I-53 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 September 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Group's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group at 30 November 2016 and 2017 and 31 March 2018, the financial position of the Company at 31 March 2018, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 31 March 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON GEM OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-5 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid or proposed by the entities now comprising the Group in respect of the Relevant Periods.

Preparation or audit of financial statements

At the date of this report, no statutory audited financial statements have been prepared for the Company since its date of incorporation.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Relevant Periods have been audited and, if applicable, the name of the auditors.

Mazars CPA Limited

Certified Public Accountants, Hong Kong
42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

29 September 2018

Mazars LLP

*Public Accountants and Chartered Accountants
of Singapore*
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

29 September 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of the Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "Underlying Financial Statements"). The Underlying Financial Statements were audited by Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, and Mazars LLP, *Public Accountants and Chartered Accountants of Singapore*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Malaysian Ringgit ("RM"), which is also the functional currency of the operating entities of the Group in Malaysia and all values are rounded to the nearest thousand ("RM'000") except otherwise indicated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 30 November		Four months ended 31 March	
		2016 <i>RM'000</i>	2017 <i>RM'000</i>	2017 <i>RM'000</i>	2018 <i>RM'000</i>
				<i>(Unaudited)</i>	
Revenue	5	13,986	38,929	6,307	14,136
Cost of services and materials sold		<u>(3,597)</u>	<u>(17,344)</u>	<u>(2,333)</u>	<u>(6,470)</u>
Gross profit		10,389	21,585	3,974	7,666
Other income	6	2	—	—	—
Administrative expenses		(1,887)	(3,437)	(894)	(1,048)
Finance costs	7	(56)	(49)	(17)	(17)
Listing expenses		<u>—</u>	<u>(1,495)</u>	<u>—</u>	<u>(2,378)</u>
Profit before income tax	7	8,448	16,604	3,063	4,223
Income tax expenses	10	<u>(55)</u>	<u>(71)</u>	<u>(31)</u>	<u>(1,031)</u>
Profit for the year/period		8,393	16,533	3,032	3,192
Other comprehensive income		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year/period		<u><u>8,393</u></u>	<u><u>16,533</u></u>	<u><u>3,032</u></u>	<u><u>3,192</u></u>

COMBINED STATEMENTS OF FINANCIAL POSITION

		At 30 November		At 31 March
		2016	2017	2018
	Note	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	13	3,107	1,728	1,621
Intangible assets	14	444	391	304
		<u>3,551</u>	<u>2,119</u>	<u>1,925</u>
Current assets				
Trade and other receivables	15	4,867	11,188	11,445
Gross amounts due from contract customers	16	3,184	1,280	2,037
Due from directors	17	611	7,782	8,692
Restricted bank balances	18	335	762	762
Time deposits with original maturity over three months	19	—	—	8,000
Bank balances and cash	19	299	2,777	2,798
		<u>9,296</u>	<u>23,789</u>	<u>33,734</u>
Current liabilities				
Trade and other payables	20	3,449	5,306	6,938
Gross amounts due to contract customers	16	449	15,582	15,793
Due to a director	21	4	—	—
Income tax payables		22	23	1,047
Interest-bearing borrowings	22	968	928	917
Obligations under finance leases	23	21	22	22
		<u>4,913</u>	<u>21,861</u>	<u>24,717</u>
Net current assets		<u>4,383</u>	<u>1,928</u>	<u>9,017</u>
Total assets less current liabilities		<u>7,934</u>	<u>4,047</u>	<u>10,942</u>
Non-current liabilities				
Deferred tax liabilities	24	7	7	8
Obligations under finance leases	23	156	129	121
		<u>163</u>	<u>136</u>	<u>129</u>
NET ASSETS		<u><u>7,771</u></u>	<u><u>3,911</u></u>	<u><u>10,813</u></u>
Capital and reserves				
Share capital	25	—	—	—*
Reserves		<u>7,771</u>	<u>3,911</u>	<u>10,813</u>
TOTAL EQUITY		<u><u>7,771</u></u>	<u><u>3,911</u></u>	<u><u>10,813</u></u>

* Represent amount less than RM1,000

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	At 31 March 2018 RM'000
Non-current assets		
Due from directors	26(a)	—*
NET ASSETS		—*
Capital and reserves		
Share capital	25	—*
TOTAL EQUITY		—*

* Represent amount less than RM1,000

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000 (Note 27)	Capital reserve RM'000 (Note 27)	Accumulated profits RM'000	Total RM'000
At 1 December 2015	—	—	801	4,019	4,820
Profit for the year and total comprehensive income for the year	—	—	—	8,393	8,393
Transactions with owners:					
Contributions and distributions					
Dividends (Note 12)	—	—	—	(5,842)	(5,842)
Additional capital contribution made by the then shareholders of a subsidiary (Note i)	—	—	400	—	400
Total transactions with owners	—	—	400	(5,842)	(5,442)
At 30 November 2016	—	—	1,201	6,570	7,771
At 1 December 2016	—	—	1,201	6,570	7,771
Profit for the year and total comprehensive income for the year	—	—	—	16,533	16,533
Transactions with owners:					
Contributions and distributions					
Dividends (Note 12)	—	—	—	(20,434)	(20,434)
Additional capital contribution made by the then shareholders of a subsidiary (Note ii)	—	—	41	—	41
Total transactions with owners	—	—	41	(20,434)	(20,393)
At 30 November 2017	—	—	1,242	2,669	3,911

	Share capital RM'000	Share premium RM'000 (Note 27)	Capital reserve RM'000 (Note 27)	Accumulated profits RM'000	Total RM'000
At 1 December 2017	—	—	1,242	2,669	3,911
Profit for the period and total comprehensive income for the period	—	—	—	3,192	3,192
Transactions with owners:					
<i>Contributions and distributions</i>					
Issue of share capital (Note 25(i))	—*	—	—	—	—*
Capital contribution made by the Pre-IPO Investors (Note 25(ii))	—	—	3,710	—	3,710
Total transactions with owners	—*	—	3,710	—	3,710
At 31 March 2018	—*	—	4,952	5,861	10,813
<i>(Unaudited)</i>					
At 1 December 2016	—	—	1,201	6,570	7,771
Profit for the period and total comprehensive income for the period	—	—	—	3,032	3,032
Transactions with owners:					
<i>Contributions and distributions</i>					
Dividends (Note 12)	—	—	—	(9,394)	(9,394)
Total transactions with owners	—	—	—	(9,394)	(9,394)
At 31 March 2017	—	—	1,201	208	1,409

* Represent amount less than RM1,000

Note:

- (i) During the year ended 30 November 2016, 400,000 ordinary shares of Concorde (as defined in Note 1) were allotted and issued to Mr. Siah Jiin Shyang at a consideration of RM400,000, and fully paid in the year.
- (ii) During the year ended 30 November 2017, 10,000 ordinary shares of Excel Elite (as defined in Note 1) were allotted and issued to Mr. Chong Yee Ping at a consideration of US\$10,000 (equivalent to approximately RM41,000). During the same year, Mr. Chong Yee Ping transferred 5,000 shares to Mr. Siah Jiin Shyang.
- (iii) A subscription agreement was entered into between (i) Mr. Liu Yan Chee James; (ii) Mr. Lam Pang (together with Mr. Liu Yan Chee James, the "Pre-IPO Investors"); (iii) Excel Elite; (iv) Mr. Chong Yee Ping and (v) Mr. Siah Jiin Shyang on 16 October 2017, pursuant to which each of the Pre-IPO Investors subscribed for 1,945 shares of Excel Elite at a total subscription price of HK\$7,000,000 (equivalent to approximately RM3,170,000). After the issue and allotment of a total of 3,890 shares on 14 December 2017, each of the Pre-IPO Investors held approximately 14.0% of the issued share capital of Excel Elite.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000	2018 RM'000
			(Unaudited)	
OPERATING ACTIVITIES				
Profit before income tax	8,448	16,604	3,063	4,223
Adjustments for:				
Amortisation	239	291	95	87
Depreciation	222	278	164	79
Loss on disposal of property, plant and equipment	—	250	2	77
Interest income	(2)	—	—	—
Interest expenses	56	49	17	17
	<u>8,963</u>	<u>17,472</u>	<u>3,341</u>	<u>4,483</u>
Cash flows from operations before movements in working capital				
Trade and other receivables	962	(6,321)	(8,927)	(257)
Gross amounts due from contract customers	(1,715)	1,904	1,094	(757)
Restricted bank balances	(214)	(427)	(3)	—
Trade and other payables	(2,657)	1,857	(1,254)	1,632
Gross amounts due to contract customers	411	15,133	18,436	211
	<u>5,750</u>	<u>29,618</u>	<u>12,687</u>	<u>5,312</u>
Cash generated from operations				
Income tax paid	(11)	(70)	(34)	(6)
	<u>5,739</u>	<u>29,548</u>	<u>12,653</u>	<u>5,306</u>
Net cash from operating activities				
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(202)	(95)	(42)	(49)
Proceeds from disposal of property, plant and equipment	—	3	—	—
Additions to intangible assets	(547)	(238)	(222)	—
Increase in time deposits with original maturity over three months	—	—	—	(8,000)
Interest received	2	—	—	—
	<u>(747)</u>	<u>(330)</u>	<u>(264)</u>	<u>(8,049)</u>
Net cash used in investing activities				

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000	2018 RM'000
			<i>(Unaudited)</i>	
FINANCING ACTIVITIES				
Issue of share capital	—	—	—	—*
Additional capital contribution made by the then shareholders of a subsidiary/the Pre-IPO Investors	400	41	—	3,710
Advance to directors	(7,941)	(34,132)	(16,537)	(2,845)
Repayment from directors	1,288	7,466	4,253	1,935
Repayment of interest-bearing borrowings	(33)	(40)	(11)	(11)
Repayment of obligations under finance leases	(20)	(26)	(8)	(8)
Interest paid	(56)	(49)	(17)	(17)
Net cash (used in) from financing activities	<u>(6,362)</u>	<u>(26,740)</u>	<u>(12,320)</u>	<u>2,764</u>
Net (decrease) increase in cash and cash equivalents	(1,370)	2,478	69	21
Cash and cash equivalents at beginning of the reporting period	<u>1,669</u>	<u>299</u>	<u>299</u>	<u>2,777</u>
Cash and cash equivalents at end of the reporting period, represented by bank balances and cash	<u><u>299</u></u>	<u><u>2,777</u></u>	<u><u>368</u></u>	<u><u>2,798</u></u>

* Represent amount less than RM1,000

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION AND REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 February 2018. The address of the Company's registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated at 27th Floor, Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong. The Group's headquarter is situated at B-7-7, Sky Park @ One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor, Malaysia.

The Company is an investment holding company and its subsidiaries principally engage in the provision of system integration and development services, IT outsourcing services and maintenance and consultancy services.

At the date of this report, in the opinion of the directors of the Company, the ultimate controlling parties are Mr. Chong Yee Ping and Mr. Siah Jiin Shyang (the "Ultimate Controlling Party"), who have been acting in concert over the course of the Group's business history.

Pursuant to a group reorganisation (the "Reorganisation"), which was completed on 13 September 2018, as detailed in the paragraph headed "Reorganisation" of the section headed "History, Development and Reorganisation" in the Prospectus issued in connection with the initial listing of shares of the Company (the "Initial Listing") on GEM of the Stock Exchange, the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company's subsidiaries, which are private limited liability companies, of which the Company has direct or indirect interests are as follows:

Name of subsidiary	Place and date of incorporation	Paid-up share capital	Attributable equity interest held by the Company	Principal activities and place of operation
<i>Directly held by the Company</i>				
Excel Elite Global Limited ("Excel Elite")	The British Virgin Islands (the "BVI"), 28 June 2017	United States Dollars ("USD") 13,890	100%	Investment holding, Hong Kong
<i>Indirectly held by the Company</i>				
Mixsol Sdn. Bhd. ("Mixsol")	Malaysia, 4 July 2006	RM 200,502	100%	Provision of system integration and computer related services, Malaysia
Tandem Advisory Sdn. Bhd. ("Tandem")	Malaysia, 16 December 2010	RM 500,000	100%	Provision of management advice and consultancy services for computer software and information technology, Malaysia
Concorde Technology Sdn. Bhd. ("Concorde")	Malaysia, 23 March 2011	RM 500,000	100%	Provision of IT products and services, Malaysia

1. GENERAL INFORMATION AND REORGANISATION (CONTINUED)

The financial statements, as prepared in accordance with respective local reporting standards, of the Company's subsidiaries that fall into the Relevant Periods have been audited as follows:

Company	Financial period	Auditors
Mixsol	Year ended 30 November 2015	CC Poh & Co (AF: 1415)
	Year ended 30 November 2016	CC Poh & Co (AF: 1415)
	Year ended 30 November 2017	CC Poh & Co (AF: 1415)
Tandem	Year ended 31 December 2015	K.W.ONG & Partners (AF: 1210)
	Year ended 31 December 2016	K.W.ONG & Partners (AF: 1210)
	Year ended 31 December 2017	CC Poh & Co (AF: 1415)
Concorde	Year ended 31 March 2016	K.L. Ng & Co (AF: 1478)
	Year ended 31 March 2017	K.L. Ng & Co (AF: 1478)

The statutory audited financial statements of Concorde for the year ended 31 March 2018 have not been issued as they are not yet due for issuance as of the date of this report.

No statutory audited financial statements have been prepared by Excel Elite as there is no statutory requirement at its place of incorporation.

2. BASIS OF PREPARATION AND PRESENTATION

Immediately before and after the Reorganisation, the Company and its subsidiaries now comprising the Group were under common control of the Ultimate Controlling Party. The Group's business is mainly conducted through Mixsol, Tandem and Concorde while the Company and other entities within the Group have not been involved in any other significant operation prior to the Reorganisation except for the Reorganisation and certain fund raising activities. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by the Group's business so that the Group is regarded as a continuing entity and, therefore, the Reorganisation is considered to be a restructuring of entities and businesses under common control.

Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed "Merger accounting for business combination involving entities under common control" in Note 3 to the Historical Financial Information, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the combination had occurred from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information has been prepared in accordance with IFRSs issued by the IASB, which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the IASB. The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The IASB has issued a number of new/revised IFRSs during the Relevant Periods. For the purpose of the Historical Financial Information, the Group has consistently adopted all these new/revised IFRSs that are relevant to its operations and are effective during the Relevant Periods.

A summary of the principal accounting policies adopted by the Group in preparing the Historical Financial Information is set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of measurement**

The measurement basis used in the preparation of the Historical Financial Information is historical cost.

Basis of combinations

The Historical Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Non-controlling interests are presented, separately from owners of the Company, in the combined statements of comprehensive income and within equity in the combined statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

Changes in ownership interest

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 carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recorded have been recognised directly in equity as part of the capital reserve. The Historical Financial Information includes the results of each of the combining entities or businesses from the date of incorporation/establishment or, if later, since the date when the combining entities or businesses first came under the common control regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Subsidiaries**

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, if any. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	50 years
Leasehold improvements	10 years
Furniture, fixtures and office equipment	10 years
Motor vehicles	5 years
Computer equipment	2.5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Intangible assets***Research and development costs***

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over a period of 3 years. For intangible assets yet to be available for use, they are stated at cost less any accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments*****Recognition and derecognition***

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

1) *Loans and receivables*

Loans and receivables including trade and other receivables, due from directors, restricted bank balances and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

2) *Financial liabilities*

The Group's financial liabilities represent trade and other payables, due to a director, interest-bearing borrowings and obligations under finance leases. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

3) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods, respectively. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, respectively, or where appropriate, a shorter period.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Revenue from system integration and development services and consultancy services is recognised using the percentage of completion method as detailed in the paragraph headed "Service contracts" in Note 3 to the Historical Financial Information.

Sales of externally acquired/purchased hardware and software for system integration and development services is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and the title is passed.

IT outsourcing services income is recognised when services are rendered.

Maintenance services income is recognised on a straight-line basis over the life of the related agreements.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in RM because the Group's transactions are mainly conducted in RM, which is the functional currency of the operating subsidiaries of the Group in Malaysia, and rounded to the nearest thousands unless otherwise indicated. The Company's functional currency is Hong Kong Dollars ("HK\$").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of each reporting period.
- income and expenses for each statement of comprehensive income are translated at average exchange rate.
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.
- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.
- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and
- on all other partial disposals, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets and the Company's investment in a subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. In addition, the Group tests its intangible assets that are yet to be available for use for impairment by estimating their recoverable amount on an annual basis or whenever there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of intangible assets not yet available for use is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Service contracts

When the outcome of a service contract can be estimated reliably, service revenue and service costs are recognised over the period of the contract by reference to the stage of completion of the service contract activity at the end of each reporting period. The stage of completion is measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for each contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a service contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as gross amounts due from contract customers. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as gross amounts due to contract customers. Amounts received before the related work is performed are recognised as advances received within current liabilities. Amounts billed for work performed but not yet paid by the customer are recognised as trade and other receivables.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. 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. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases, as lessee

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as obligations under finance leases. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating leases, as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits***Short term employee benefits***

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill, or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Taxation (Continued)**

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will net reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group, that is defined as:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Historical Financial Information. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty are as follow:

Useful lives of property, plant and equipment and intangible assets

The management determines the estimated useful lives of the Group's property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of assets of similar nature and functions or expected useful lives of assets, after taking into account of estimated technology life cycle. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation and amortisation charges included in profit or loss.

Impairment of property, plant and equipment and intangible assets

The management determines whether the Group's property, plant and equipment and intangible assets are impaired when an indication of impairment exists or when annual impairment testing is required. This requires an estimation of the recoverable amount of the property, plant and equipment and intangible assets, which is equal to the higher of fair value less costs of disposal or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Impairment of trade and other receivables

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade and other receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each debtor. If the financial conditions of these debtor were to deteriorate, resulting in an impairment of their ability to make payments, allowance will be required.

Revenue recognition

Revenue recognition on an uncompleted project is dependent on management's estimation of the total outcome of the service contract, as well as the work done to date. Based on the Group's recent experience and the nature of the activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the gross amount due from/to customers for contract work as disclosed in Note 16 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total revenue or costs may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in the future periods as an adjustment to the amounts recorded to date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements (Continued)*Revenue recognition (Continued)*

The Group reviews and revises the estimates of contract revenue and contract costs prepared for each service contract as the contract progresses. Budgeted contract costs are prepared by the management based on its experiences. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted contract costs by comparing the budgeted amounts to the actual costs incurred.

Significant judgement is required in estimating the contract revenue and contract costs which may have an impact on percentage of completion of the service contracts and the corresponding profit or loss taken.

Management bases its judgements of contract revenue and contract costs on the latest available information. In some cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract revenue and contract costs are affected by a variety of uncertainties that are dependent on the outcome of further events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract revenue and contract costs are updated regularly and significant changes are highlighted through established internal review procedures. The impact of the changes in accounting estimates is then reflected in the ongoing results.

Future changes in IFRSs

At the date of approving the Historical Financial Information, the IASB has issued the following new/revised IFRSs that are not yet effective for the Relevant Periods, which the Group has not early adopted.

Annual Improvements to IFRSs	2014-2016 Cycle: IFRS 1 and IAS 28 ¹
Amendments to IAS 40	Transfers of Investment Property ¹
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers ¹
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
Annual Improvements to IFRSs	2015-2017 Cycle ²
IFRS 16	Leases ²
IFRIC 23	Uncertainty over Income Tax Treatments ²
Amendments to IAS 19	Employee Benefits ²
Amendments to IAS 28	Investments in Associates and Joint Ventures ²
Amendments to IFRS 9	Prepayment Features with Negative Compensation ²
IFRS 17	Insurance Contracts ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after 1 January 2021

4 The effective date to be determined

Except for IFRS 9, IFRS 15 and IFRS 16 as set out below, the management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's combined/consolidated financial information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**IFRS 9**

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of IAS 39 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading or contingent consideration recognised by the acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss; and
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies, the management of the Group anticipates all financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under IAS 39.

Impairment

In general, the management of the Group anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that are subject to the impairment provisions upon the application of IFRS 9 by the Group.

The Group will adopt IFRS 9 for the annual periods beginning on or after 1 December 2018 (the new standard is effective for the annual periods beginning on or after 1 January 2018), with the use of practical expedients permitted under the standard, and accordingly will not restate comparative information in the year of initial application. Considered that the Group assesses the new customer's credit quality and defines credit limits for the customer before acceptance, the management of the Group anticipates that the implementation of the expected credit loss model is not expected to result in any significant impact on the Group's financial performance and position upon initial adoption of IFRS 9.

IFRS 15

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specifically, IFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Group will adopt IFRS 15 using modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in the opening retained profits at 1 December 2018 (the new standard is effective for the annual periods beginning on or after 1 January 2018) and the comparative information will not be restated.

The management of the Group preliminarily considered that the performance obligations that may be identified for the contracts with the customers and the manner for the Group to satisfy the performance obligations, in this regard, sales of externally acquired/purchased hardware and software, IT outsourcing services and maintenance services, and the use of the input method in measuring the percentage of completion for system integration and development services and consultancy services, under IFRS 15 are similar to the current identification and recognition of revenue components under the Group's existing revenue recognition policy developed under IAS 18 and IAS 11 and therefore, the adoption of IFRS 15 in the future will have no significant impact on recognition of revenue. However, the application of IFRS 15 in future may result in more disclosures.

IFRS 16

IFRS 16 significantly changes the lessee accounting by replacing the dual model under IAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. Besides, among other changes, it requires enhanced disclosures to be provided by lessees and lessors. Based on the preliminary assessment, the management is of the opinion that upon leasing any properties, machinery or equipment that are currently classified as operating leases under IAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with IFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under IAS 17. Apart from the effects as outlined above, it is not expected that IFRS 16 will have a material impact on the future financial position, financial performance and cash flows of the Group upon adoption.

As set out in Note 32, at 31 March 2018, the total future minimum lease payment under non-cancellable operating leases of the Group in respect of premises amounted to approximately RM206,000. The management of the Company does not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's combined statements of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's combined statements of cash flows.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are:

- (i) system integration and development services;
- (ii) IT outsourcing services; and
- (iii) maintenance and consultancy services.

Segment revenue and results

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 to the Historical Financial Information.

Segment revenue represents revenue derived from the system integration and development services, IT outsourcing services and maintenance and consultancy services.

Segment results represent the gross profit reported by each segment without allocation of other income, administrative expenses, finance costs, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of the Group's assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

In addition, the Group's place of domicile is Malaysia, where the central management and control is located.

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

The segment information provided to the CODM for the reportable segments for the Relevant Periods is as follows:

	System integration and development services RM'000	IT outsourcing services RM'000	Maintenance and consultancy services RM'000	Total RM'000
Year ended 30 November 2016				
Revenue from external customers and reportable segment revenue	8,969	1,299	3,718	13,986
Reportable segment results	6,766	865	2,758	10,389
<i>Other information:</i>				
Amortisation	239	—	—	239
Addition of intangible assets	547	—	—	547
Year ended 30 November 2017				
Revenue from external customers and reportable segment revenue	34,634	1,451	2,844	38,929
Reportable segment results	18,599	1,064	1,922	21,585
<i>Other information:</i>				
Amortisation	291	—	—	291
Addition of intangible assets	238	—	—	238
Four months ended 31 March 2017 (Unaudited)				
Revenue from external customers and reportable segment revenue	5,238	483	586	6,307
Reportable segment results	3,161	350	463	3,974
<i>Other information:</i>				
Amortisation	95	—	—	95
Addition of intangible assets	222	—	—	222
Four months ended 31 March 2018				
Revenue from external customers and reportable segment revenue	12,631	642	863	14,136
Reportable segment results	6,668	467	531	7,666
<i>Other information:</i>				
Amortisation	87	—	—	87
Research and development expenses	428	—	—	428

4. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment results

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Reportable segment results	10,389	21,585	3,974	7,666
Unallocated income and expenses:				
Other income	2	—	—	—
Administrative expenses	(1,887)	(3,437)	(894)	(1,048)
Finance costs	(56)	(49)	(17)	(17)
Listing expenses	—	(1,495)	—	(2,378)
Profit before income tax	8,448	16,604	3,063	4,223
Income tax expenses	(55)	(71)	(31)	(1,031)
Profit for the year/period	<u>8,393</u>	<u>16,533</u>	<u>3,032</u>	<u>3,192</u>

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("Specified Non-current Assets"). The geographical location of revenue is based on the location of external customers. The geographical location of the Specified Non-current Assets is based on the physical location of the assets (in the case of property, plant and equipment, the location of operation to which they are located, in the case of intangible assets, the location of operations).

(a) Revenue from external customers

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Malaysia	13,706	38,853	6,307	14,105
Singapore	280	76	—	31
	<u>13,986</u>	<u>38,929</u>	<u>6,307</u>	<u>14,136</u>

(b) Specified Non-current Assets

At 30 November 2016 and 2017 and 31 March 2018, all specified non-current assets are located in Malaysia.

4. SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group for the Relevant Periods is as follows:

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Customer A	3,731	<Note>	<Note>	<Note>
Customer B	3,100	<Note>	<Note>	<Note>
Customer C	2,891	<Note>	<Note>	<Note>
Customer D	—	26,491	3,405	9,342
Customer E	<Note>	<Note>	824	<Note>
Customer F	<Note>	<Note>	631	1,724

Note: The customers individually did not contribute 10% or more of the total revenue of the Group for the relevant year/period.

5. REVENUE

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
System integration and development services				
Services provided	5,789	23,171	5,029	12,631
Sales of externally acquired/purchased hardware and software	3,180	11,463	209	—
	8,969	34,634	5,238	12,631
IT outsourcing services	1,299	1,451	483	642
Maintenance and consultancy services	3,718	2,844	586	863
	13,986	38,929	6,307	14,136

6. OTHER INCOME

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Interest income	2	—	—	—

7. PROFIT BEFORE INCOME TAX

This is stated after charging:

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Finance costs				
Interest expenses on interest-bearing borrowings	47	44	15	15
Finance charges on obligations under finance leases	9	5	2	2
	<u>56</u>	<u>49</u>	<u>17</u>	<u>17</u>
Staff costs and related expenses (including directors' remuneration*)				
Salaries, allowances and other benefits in kind	2,259	4,414	1,100	2,197
Contributions to defined contribution plans	136	321	84	181
	<u>2,395</u>	<u>4,735</u>	<u>1,184</u>	<u>2,378</u>
<i>Represented by:</i>				
Staff costs for administrative and sales staff	404	684	140	216
Staff costs for research and development expenses	—	—	—	428
Staff costs capitalised as "Intangible assets"	258	200	200	—
Staff costs allocated to "Cost of services"	1,733	3,851	844	1,734
	<u>2,395</u>	<u>4,735</u>	<u>1,184</u>	<u>2,378</u>
* Excluding the estimated value of rent-free staff quarters (<i>Note 8</i>)				
Other items				
Amortisation of intangible assets, included in administrative expenses	239	291	95	87
Auditors' remuneration	30	32	—	—
Cost of materials sold	941	8,254	178	—
Depreciation of property, plant and equipment	222	278	164	79
Loss on disposal of property, plant and equipment	—	250	2	77
Research and development expenses	—	—	—	428
	<u>—</u>	<u>—</u>	<u>—</u>	<u>428</u>

8. DIRECTORS' EMOLUMENTS

The Company was incorporated in the Cayman Islands on 27 February 2018. Mr. Chong Yee Ping and Mr. Liu Yan Chee James were appointed as executive directors of the Company on 27 February 2018 and 8 March 2018, respectively. Mr. Siah Jiin Shyang and Mr. Lam Pang were appointed as non-executive directors on 27 February 2018 and 8 March 2018, respectively. Mr. Chan San Ping, Ms. Ho Suet Man Stella and Mr. Su Chi Wen were appointed as independent non-executive directors of the Company on 19 September 2018.

Certain directors of the Company received remuneration from the entities now comprising the Group during the Relevant Periods for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Relevant Periods are set out below.

Year ended 30 November 2016

	Directors' fees <i>RM'000</i>	Salaries, allowances and other benefits in kind <i>RM'000</i>	Discretionary bonus <i>RM'000</i>	Contributions to defined contribution plans <i>RM'000</i>	Total <i>RM'000</i>
<i>Executive director</i>					
Mr. Chong Yee Ping	—	52	—	9	61
<i>Non-executive director</i>					
Mr. Siah Jiin Shyang (<i>Note</i>)	—	19	—	—	19
	—	71	—	9	80
	<u>—</u>	<u>71</u>	<u>—</u>	<u>9</u>	<u>80</u>

Year ended 30 November 2017

	Directors' fees <i>RM'000</i>	Salaries, allowances and other benefits in kind <i>RM'000</i>	Discretionary bonus <i>RM'000</i>	Contributions to defined contribution plans <i>RM'000</i>	Total <i>RM'000</i>
<i>Executive director</i>					
Mr. Chong Yee Ping	—	62	—	9	71
<i>Non-executive director</i>					
Mr. Siah Jiin Shyang (<i>Note</i>)	—	19	—	—	19
	—	81	—	9	90
	<u>—</u>	<u>81</u>	<u>—</u>	<u>9</u>	<u>90</u>

8. DIRECTORS' EMOLUMENTS (CONTINUED)

Four months ended 31 March 2017 (*Unaudited*)

	Directors' fees RM'000	Salaries, allowances and other benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
<i>Executive director</i>					
Mr. Chong Yee Ping	—	25	—	4	29
<i>Non-executive director</i>					
Mr. Siah Jiin Shyang (<i>Note</i>)	—	6	—	—	6
	<u>—</u>	<u>31</u>	<u>—</u>	<u>4</u>	<u>35</u>

Four months ended 31 March 2018

	Directors' fees RM'000	Salaries, allowances and other benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
<i>Executive director</i>					
Mr. Chong Yee Ping	—	21	—	3	24
<i>Non-executive director</i>					
Mr. Siah Jiin Shyang (<i>Note</i>)	—	—	—	—	—
	<u>—</u>	<u>21</u>	<u>—</u>	<u>3</u>	<u>24</u>

Note: The Group provides certain of the Group's buildings to Mr. Siah Jiin Shyang as rent-free staff quarters. The estimated value of the staff quarters provided based on the depreciation of the buildings was approximately RM19,000, RM19,000 and RM6,000 (*unaudited*) for the years ended 30 November 2016 and 2017 and four months ended 31 March 2017, respectively. On 25 November 2017, the Group entered into sales and purchase agreements with Mr. Siah Jiin Shyang in respect of the staff quarters and sold the properties to Mr. Siah Jiin Shyang, the details of which are set out in Note 28(a)(ii) to the Historical Financial Information.

During the Relevant Periods, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals			
	Year ended 30 November		Four months ended 31 March	
	2016	2017	2017	2018
			(Unaudited)	
Director	—	—	—	—
Non-director	5	5	5	5
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

Details of the remuneration of the above highest paid individuals are as follows:

	Year ended 30 November		Four months ended 31 March	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
			(Unaudited)	
Salaries, allowances and benefits in kind	693	798	328	317
Contributions to defined contribution plans	46	71	22	28
	<u>739</u>	<u>869</u>	<u>350</u>	<u>345</u>

The number of these individuals whose emoluments fell within the following emoluments band is as follows:

	Year ended 30 November		Four months ended 31 March	
	2016	2017	2017	2018
			(Unaudited)	
Nil to HK\$1,000,000	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Relevant Periods, no remuneration was paid by the Group to any of these highest paid individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid individuals waived or agreed to waive any emoluments during the Relevant Periods.

10. INCOME TAX EXPENSES

	Year ended 30 November		Four months ended 31 March	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
			(Unaudited)	
Current tax				
Malaysia corporate income tax ("Malaysia CIT")	38	71	31	1,030
Deferred tax	<u>17</u>	<u>—</u>	<u>—</u>	<u>1</u>
Total income tax expenses for the year/period	<u>55</u>	<u>71</u>	<u>31</u>	<u>1,031</u>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the Relevant Periods. The group entities established in the Cayman Islands and the BVI are exempted from income tax therein.

10. INCOME TAX EXPENSES (CONTINUED)

Malaysia CIT is calculated at 24% of the estimated assessable profits for the years ended 30 November 2016 and 2017 and four months ended 31 March 2017 and 2018. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 19%, 18%, 18% and 18% on the first RM500,000 and remaining balance of the estimated assessable profits at tax rate of 24% for the years ended 30 November 2016 and 2017 and four months ended 31 March 2017 and 2018, respectively.

Mixsol and Tandem have obtained the pioneer status effective from 23 September 2011 and 7 December 2012, respectively. A pioneer status company is eligible for exemption from income tax on eligible activities and products for five years and subject to submitting a formal request to the Malaysia Investment Development Authority on or prior to expiration date and upon the Ministry of International Trade and Industry confirming that Mixsol and Tandem have been complying with all the applicable conditions as imposed, the tax relief period shall be extended for a further five years after each five-year tax relief period ends. The pioneer status for Mixsol has been renewed during the year ended 30 November 2016 and subject to next renewal on or prior to 22 September 2021. The renewal of the pioneer status for Tandem has been submitted and is still subject to approval by the relevant authorities at 31 March 2018.

Reconciliation of income tax expenses

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Profit before income tax	8,448	16,604	3,063	4,223
Tax calculated at domestic tax rates applicable to profit in the respective tax jurisdictions	1,976	3,908	730	1,165
Non-deductible expenses	64	508	88	445
Tax incentives on pioneer status	(2,034)	(4,390)	(787)	(579)
Others	49	45	—	—
Income tax expenses	55	71	31	1,031

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

12. DIVIDENDS

	Year ended 30 November		Four months ended 31 March	
	2016 RM'000	2017 RM'000	2017 RM'000 (Unaudited)	2018 RM'000
Dividends declared and paid to the then equity holders of the entities now comprising the Group	5,842	20,434	9,394	—

On 14 September 2018, a special dividend of approximately RM14.0 million was declared and payable to the then equity holders of the entities now comprising the Group. The dividend was paid on 26 September 2018.

No dividends per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Leasehold improvements RM'000	Furniture, fixtures and office equipment RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
Reconciliation of carrying amount – Year ended 30 November 2016						
At 1 December 2015	2,248	574	77	188	40	3,127
Additions	—	6	128	—	68	202
Depreciation	(47)	(77)	(33)	(47)	(18)	(222)
At 30 November 2016	<u>2,201</u>	<u>503</u>	<u>172</u>	<u>141</u>	<u>90</u>	<u>3,107</u>
Reconciliation of carrying amount – Year ended 30 November 2017						
At 1 December 2016	2,201	503	172	141	90	3,107
Additions	—	—	23	—	72	95
Depreciation	(47)	(76)	(50)	(47)	(58)	(278)
Disposals	(847)	(348)	—	—	(1)	(1,196)
At 30 November 2017	<u>1,307</u>	<u>79</u>	<u>145</u>	<u>94</u>	<u>103</u>	<u>1,728</u>
Reconciliation of carrying amount – Four months ended 31 March 2018						
At 1 December 2017	1,307	79	145	94	103	1,728
Additions	—	—	—	—	49	49
Depreciation	(9)	(4)	(21)	(16)	(29)	(79)
Disposals	—	—	(77)	—	—	(77)
At 31 March 2018	<u>1,298</u>	<u>75</u>	<u>47</u>	<u>78</u>	<u>123</u>	<u>1,621</u>
At 30 November 2016						
Cost	2,353	765	245	235	160	3,758
Accumulated depreciation	(152)	(262)	(73)	(94)	(70)	(651)
	<u>2,201</u>	<u>503</u>	<u>172</u>	<u>141</u>	<u>90</u>	<u>3,107</u>
At 30 November 2017						
Cost	1,390	112	268	235	208	2,213
Accumulated depreciation	(83)	(33)	(123)	(141)	(105)	(485)
	<u>1,307</u>	<u>79</u>	<u>145</u>	<u>94</u>	<u>103</u>	<u>1,728</u>
At 31 March 2018						
Cost	1,390	112	191	235	257	2,185
Accumulated depreciation	(92)	(37)	(144)	(157)	(134)	(564)
	<u>1,298</u>	<u>75</u>	<u>47</u>	<u>78</u>	<u>123</u>	<u>1,621</u>

The carrying amount of the Group's motor vehicles held under finance leases amounted to approximately RM141,000, RM94,000 and RM78,000 at 30 November 2016 and 2017 and 31 March 2018, respectively (Note 23).

14. INTANGIBLE ASSETS

	Internally developed technologies <i>RM'000</i>
Reconciliation of carrying amount – Year ended 30 November 2016	
At 1 December 2015	136
Additions	547
Amortisation	(239)
	<u>444</u>
At 30 November 2016	<u>444</u>
Reconciliation of carrying amount – Year ended 30 November 2017	
At 1 December 2016	444
Additions	238
Amortisation	(291)
	<u>391</u>
At 30 November 2017	<u>391</u>
Reconciliation of carrying amount – Four months ended 31 March 2018	
At 1 December 2017	391
Amortisation	(87)
	<u>304</u>
At 31 March 2018	<u>304</u>
At 30 November 2016	
Cost	790
Accumulated amortisation	(346)
	<u>444</u>
At 30 November 2017	
Cost	1,028
Accumulated amortisation	(637)
	<u>391</u>
At 31 March 2018	
Cost	1,028
Accumulated amortisation	(724)
	<u>304</u>

Development costs represented costs incurred at the development phase of certain new technologies, which are capitalised and amortised (if applicable) in accordance with the accounting policies set out in Note 3 to the Historical Financial Information.

The Group carried out annual impairment test for intangible assets where an indicator of impairment appears by comparing their recoverable amounts to their carrying amounts at the end of each reporting period.

At 30 November 2016 and 2017 and 31 March 2018, all the intangible assets are available for use and the management is of the view that there is no impairment indication for the intangible assets.

15. TRADE AND OTHER RECEIVABLES

	Note	At 30 November		At 31 March
		2016 RM'000	2017 RM'000	2018 RM'000
Trade receivables				
A related party	15(a)	2,032	466	—
Third parties	15(b)	2,623	9,806	5,876
	15(c)	4,655	10,272	5,876
Other receivables				
Deposits and other receivables	15(d)	208	364	1,709
Due from a director of a subsidiary of the Group	15(e)	—	—	2,232
Due from a related party	15(f)	4	552	1,628
		212	916	5,569
		4,867	11,188	11,445

(a) Trade receivables from a related party

The trade receivables due from a related party, in which Mr. Siah Jiin Shyang (one of the Ultimate Controlling Party) had 50% shareholding interest, are unsecured, interest-free and repayable on demand. No provision has been made for the non-repayment of the amounts due.

	Year ended 30 November 2016		
	Greatest outstanding amount during the year RM'000	Balance at 30 November 2016 RM'000	Balance at 1 December 2015 RM'000
Affiniti Data Sdn. Bhd. (formerly known as Microvista Sdn. Bhd.) ("Affiniti")	2,032	2,032	1

	Year ended 30 November 2017		
	Greatest outstanding amount during the year RM'000	Balance at 30 November 2017 RM'000	Balance at 1 December 2016 RM'000
Affiniti	2,032	466	2,032

	Four months ended 31 March 2018		
	Greatest outstanding amount during the period RM'000	Balance at 31 March 2018 RM'000	Balance at 1 December 2017 RM'000
Affiniti (Note)	466	—	466

Note: Affiniti ceased to be a related party of the Group on 5 March 2018. At 31 March 2018, the trade receivables due from Affiniti of approximately RM466,000 are included in the trade receivables from third parties.

(b) Trade receivables from third parties

The Group normally grants credit period up to 30 days, from the date of issuance of invoices, to its customers as approved by the management on a case by case basis.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) The ageing analysis of trade receivables based on invoice date at the end of each reporting period is as follows:

	At 30 November		At 31 March
	2016 RM'000	2017 RM'000	2018 RM'000
Within 30 days	2,843	3,373	1,080
31 to 60 days	765	100	2,081
61 to 90 days	93	961	117
91 to 180 days	943	3,054	568
181 to 365 days	3	2,316	39
Over 365 days	8	468	1,991
	<u>4,655</u>	<u>10,272</u>	<u>5,876</u>

At the end of each reporting period, the ageing analysis of the trade receivables by due date is as follows:

	At 30 November		At 31 March
	2016 RM'000	2017 RM'000	2018 RM'000
Not yet due	<u>4,216</u>	<u>3,839</u>	<u>1,080</u>
Past due:			
Within 30 days	378	100	2,081
31 to 60 days	14	961	117
61 to 90 days	37	2,513	—
91 to 180 days	—	541	568
181 to 365 days	3	2,316	40
Over 365 days	7	2	1,990
	<u>439</u>	<u>6,433</u>	<u>4,796</u>
	<u>4,655</u>	<u>10,272</u>	<u>5,876</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for the customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

The Group's trade receivables which are past due at the end of each reporting period but which the Group has not impaired as there has not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no history of default. The Group does not hold any collateral over the trade receivables.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) It included prepaid expenses for the Initial Listing of nil, nil and approximately RM1,096,000 at 30 November 2016 and 2017 and 31 March 2018, respectively.

(e) Due from a director of a subsidiary of the Group

The amount due from a director of a subsidiary of the Group is non-trade in nature, unsecured, interest-free and repayable on demand. No provision has been made for the non-repayment of the amount due.

	Year ended 30 November 2016		
	Greatest outstanding amount during the year RM'000	Balance at 30 November 2016 RM'000	Balance at 1 December 2015 RM'000
A director of a subsidiary of the Group	—	—	—

	Year ended 30 November 2017		
	Greatest outstanding amount during the year RM'000	Balance at 30 November 2017 RM'000	Balance at 1 December 2016 RM'000
A director of a subsidiary of the Group	—	—	—

	Four months ended 31 March 2018		
	Greatest outstanding amount during the period RM'000	Balance at 31 March 2018 RM'000	Balance at 1 December 2017 RM'000
A director of a subsidiary of the Group	2,232	2,232	—

(f) Due from a related party

The amount due from Global Software House Sdn. Bhd. ("Global Software"), in which Mr. Siah Jiin Shyang (one of the Ultimate Controlling Party) had 50% shareholding interest, is non-trade in nature, unsecured, interest-free and repayable on demand.

	Year ended 30 November 2016		
	Greatest outstanding amount during the year RM'000	Balance at 30 November 2016 RM'000	Balance at 1 December 2015 RM'000
Global Software	4	4	4

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Due from a related party (Continued)

	Year ended 30 November 2017		
	Greatest outstanding amount during the year RM'000	Balance at 30 November 2017 RM'000	Balance at 1 December 2016 RM'000
Global Software	552	552	4

	Four months ended 31 March 2018		
	Greatest outstanding amount during the period RM'000	Balance at 31 March 2018 RM'000	Balance at 1 December 2017 RM'000
Global Software (<i>Note</i>)	1,628	1,628	552

Note: Global Software ceased to be a related party of the Group on 20 April 2018.

16. GROSS AMOUNTS DUE FROM/TO CONTRACT CUSTOMERS

	At 30 November		At 31 March
	2016 RM'000	2017 RM'000	2018 RM'000
Amounts due from contract customers	3,184	1,280	2,037
Amounts due to contract customers	(449)	(15,582)	(15,793)
	<u>2,735</u>	<u>(14,302)</u>	<u>(13,756)</u>
Contracts costs incurred plus recognised profits less recognised losses to date	9,062	21,046	33,451
<i>Less:</i> progress billings received and receivable	(6,327)	(35,348)	(47,207)
	<u>2,735</u>	<u>(14,302)</u>	<u>(13,756)</u>

At 30 November 2016 and 2017 and 31 March 2018, no retention was held by customers on service contracts. All the gross amounts due from/to contract customers are expected to be recovered/settled within one year.

At 30 November 2016 and 2017 and 31 March 2018, advances received from customers for contract in progress amounted to approximately nil, RM15,296,000 and RM15,723,000 respectively.

17. DUE FROM DIRECTORS

The amounts due from directors are non-trade in nature, unsecured, interest-free and repayable on demand. No provision has been made for the non-repayment of the amounts due.

	Year ended 30 November 2016		
	Greatest outstanding amount during the year <i>RM'000</i>	Balance at 30 November 2016 <i>RM'000</i>	Balance at 1 December 2015 <i>RM'000</i>
Mr. Siah Jiin Shyang	611	611	—

	Year ended 30 November 2017		
	Greatest outstanding amount during the year <i>RM'000</i>	Balance at 30 November 2017 <i>RM'000</i>	Balance at 1 December 2016 <i>RM'000</i>
Mr. Chong Yee Ping	39	39	—
Mr. Siah Jiin Shyang	7,743	7,743	611
		7,782	611

	Four months ended 31 March 2018		
	Greatest outstanding amount during the period <i>RM'000</i>	Balance at 31 March 2018 <i>RM'000</i>	Balance at 1 December 2017 <i>RM'000</i>
Mr. Chong Yee Ping	2,160	2,160	39
Mr. Siah Jiin Shyang	7,743	6,532	7,743
		8,692	7,782

18. RESTRICTED BANK BALANCES

The Group had obtained banking facilities on issuance of bank guarantees granted by certain creditworthy banks. Such facilities were guaranteed by the restricted bank balances. At 30 November 2016 and 2017 and 31 March 2018, the Group had utilised approximately RM335,000, RM762,000 and RM762,000, respectively, under such facilities for issuing bank guarantees to customers in respect of the Group's fulfilment of related contracts.

19. BANK DEPOSIT AND BALANCES AND CASH

	At 30 November		At 31 March
	2016 RM'000	2017 RM'000	2018 RM'000
Time deposits with original maturity over three months	—	—	8,000
Cash at banks and in hand	299	2,777	798
Short-term time deposits	—	—	2,000
	299	2,777	2,798
	299	2,777	10,798

Cash at banks earns interest at floating rates based on daily floating bank deposit rates. Time deposits with original maturity over three months and short-term time deposits are made for six months and between one month to three months, respectively, depending on the immediate cash requirement of the Group, and earn interest at the prevailing deposit rates. The Group can withdraw the short-term fixed time deposits anytime before the maturity date without incurring any significant bank charges.

20. TRADE AND OTHER PAYABLES

	Note	At 30 November		At 31 March
		2016 RM'000	2017 RM'000	2018 RM'000
Trade payables				
Related parties	20(a)	1,191	93	3
Third parties	20(b)	1,385	1,633	3,334
		2,576	1,726	3,337
Other payables				
Accruals and other payables		873	2,085	1,644
Accrued listing expenses		—	1,495	1,957
		873	3,580	3,601
		3,449	5,306	6,938

20. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables from related parties

The trade payables due to related parties ultimately controlled by Mr. Siah Jiin Shyang, one of the Ultimate Controlling Party, are unsecured, interest-free and repayable on demand.

(b) At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 November		At 31 March
	2016	2017	2018
	RM'000	RM'000	RM'000
Within 30 days	17	339	2,220
31 to 60 days	253	—	1,090
61 to 90 days	30	38	3
91 to 180 days	30	1,345	13
181 to 365 days	1,121	—	—
Over 365 days	1,125	4	11
	<u>2,576</u>	<u>1,726</u>	<u>3,337</u>

The credit term on trade payables is up to 90 days.

21. DUE TO A DIRECTOR

The amount due is non-trade in nature, unsecured, interest-free and repayable on demand.

22. INTEREST-BEARING BORROWINGS

	At 30 November		At 31 March
	2016	2017	2018
	RM'000	RM'000	RM'000
Interest-bearing borrowings (secured)	<u>968</u>	<u>928</u>	<u>917</u>
Carrying amounts of interest-bearing borrowings that are repayable (<i>Note</i>)			
Within one year	33	34	35
One to two years	34	36	36
Two to five years	113	118	121
Over five years	788	740	725
	<u>968</u>	<u>928</u>	<u>917</u>

Note: The interest-bearing borrowings, with a clause in their terms that gives the lender an overriding right to demand repayment at their sole discretion, are classified as current liabilities even though the management does not expect that the lender would exercise its rights to demand repayment. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The interest-bearing borrowings represent amount due to a bank in Malaysia with maturity period of 18 years at 31 March 2018.

At 30 November 2016 and 2017 and 31 March 2018, the interest-bearing borrowings bore a floating interest rate at the bank's Base Lending Rate minus 2.10% per annum. The effective interest rates on interest-bearing borrowings at 30 November 2016 and 2017 and 31 March 2018 are 4.7%, 4.6% and 4.7% per annum, respectively.

22. INTEREST-BEARING BORROWINGS (CONTINUED)

The interest-bearing borrowings are drawn under a banking facility. The interest-bearing borrowings are secured and guaranteed by:

- (i) properties owned by the Group with aggregate net carrying amount of approximately RM1,335,000, RM1,307,000 and RM1,298,000 at 30 November 2016 and 2017 and 31 March 2018, respectively, as set out in Note 13 to the Historical Financial Information;
- (ii) guarantees provided by the Ultimate Controlling Party.

The above guarantees provided by the Ultimate Controlling Party have been replaced by corporate guarantees provided by the Company in favour of the bank, or the relevant borrowings will be repaid, upon the Initial Listing.

23. OBLIGATIONS UNDER FINANCE LEASES

At the end of each reporting period, the Group had obligations under finance leases repayable as follows:

	Minimum lease payments			Present value of minimum lease payments		
	At 30 November		At 31 March	At 30 November		At 31 March
	2016 RM'000	2017 RM'000	2018 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Amount payable:						
Within one year	29	29	29	21	22	22
One to two years	29	29	29	22	24	24
Two to five years	88	88	88	75	77	79
Over five years	63	29	19	59	28	18
	209	175	165	177	151	143
Future finance charges	(32)	(24)	(22)			
Present value of lease obligations	<u>177</u>	<u>151</u>	<u>143</u>			
Less: Amounts due for settlement within 12 months				(21)	(22)	(22)
Amounts due for settlement after 12 months				<u>156</u>	<u>129</u>	<u>121</u>

The Group leased a motor vehicle under finance lease with a lease term of 108 months. It is secured by the lessor's charge over the leased asset.

At 30 November 2016 and 2017 and 31 March 2018, the effective interest rates for the obligations under finance leases are 4.8%, 3.2% and 3.5% per annum, respectively.

24. DEFERRED TAX

The movement in the Group's deferred tax assets (liabilities) arising from depreciation allowance for the Relevant Periods was as follows:

	At 30 November		At 31 March
	2016 RM'000	2017 RM'000	2018 RM'000
At the beginning of the reporting period	10	(7)	(7)
Charge to profit or loss	<u>(17)</u>	<u>—</u>	<u>(1)</u>
At the end of the reporting period	<u>(7)</u>	<u>(7)</u>	<u>(8)</u>

25. SHARE CAPITAL

	Number of shares	HK\$	Equivalent to RM
Ordinary share of HK\$0.01 each			
Authorised			
On 27 February 2018 (date of incorporation) and 31 March 2018	<u>38,000,000</u>	<u>380,000</u>	<u>197,600</u>
Issued and fully paid:			
At incorporation and at 31 March 2018	<u>2</u>	<u>0.02</u>	<u>0.01</u>

The Company was incorporated in the Cayman Islands on 27 February 2018 with limited liability under the Companies Law. Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each.

Notes:

- (i) Upon incorporation, 2 ordinary shares were allotted and issued to Mr. Chong Yee Ping and Mr. Siah Jiin Shyang at par value.
- (ii) On 12 September 2018, Mr. Chong Yee Ping transferred the one nil-paid share to Delicate Edge Limited and Mr. Siah Jiin Shyang transferred the one nil-paid Share to King Nordic Limited, both at nil consideration.
- (iii) On 13 September 2018, a sale and purchase agreement was entered into between (i) Mr. Chong Yee Ping; (ii) Mr. Siah Jiin Shyang; (iii) the Pre-IPO Investors and (iv) the Company, pursuant to which the Company acquired the 5,000, 5,000 and 3,890 shares of Excel Elite that were legally and beneficially owned by Mr. Chong Yee Ping, Mr. Siah Jiin Shyang, and the Pre-IPO Investors respectively (being the entire issued share capital of Excel Elite), at a consideration of US\$13,890 to be satisfied in full by the Company crediting two nil-paid shares of the Company held by Delicate Edge Limited and King Nordic Limited as fully paid up and issuing and allotting 3,599, 3,599, 1,400 and 1,400 shares of the Company to Delicate Edge Limited (as directed by Mr. Chong Yee Ping), King Nordic Limited (as directed by Mr. Siah Jiin Shyang), Mr. Liu Yan Chee James and Mr. Lam Pang, respectively.

Pursuant to the Reorganisation completed on 13 September 2018, the Company became the holding company of the entities now comprising the Group. Further details of changes in authorised and issued capital of the Company since its incorporation are set out in the paragraph headed "Reorganisation" of the section headed "History, Development and Reorganisation" of the Prospectus.

26. FINANCIAL INFORMATION OF THE COMPANY

(a) Due from directors

The amounts due from directors are unsecured, interest-free and repayable on demand.

- (b) There was no movement in reserves of the Company from 27 February 2018 (date of incorporation) to 31 March 2018. The corporate administrative expenses of the Company and listing expenses were borne by the subsidiaries of the Company without recharge.

Save as disclosed above and elsewhere in the Historical Financial Information, the Company has not commenced any significant business or operation since its incorporation.

27. RESERVES**Share premium**

It represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

Capital reserve

For the combined statements of financial position of the Group, it represents the aggregate amount of the issued and paid-up share capital of the entities now comprising the Group before completion of the Reorganisation less consideration paid to acquire the relevant interests (if any) upon completion of the Reorganisation.

28. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS**(a) Major non-cash transactions**

- (i) During the years ended 30 November 2016 and 2017 and four months ended 31 March 2017 and 2018, dividends of approximately RM5,842,000, RM20,434,000, RM9,394,000 (*unaudited*) and nil, respectively, were settled through current accounts with directors, who are also the then shareholders of the entities comprising the Group.
- (ii) During the year ended 30 November 2017, the Group entered into sales and purchase agreements with Mr. Siah Jiin Shyang, a director of the Company, in respect of two properties of the Group at a loss of approximately RM252,000. The sales proceeds with a total of approximately RM943,000 was settled through current account with the director.

28. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

The movements during the Relevant Periods in the Group's liabilities arising from financing activities are as follows:

Year ended 30 November 2016

	At 1 December 2015 RM'000	Cash flows RM'000	Non-cash changes		At 30 November 2016 RM'000
			Declaration of dividends RM'000	Settlement via offsetting RM'000	
Interest-bearing borrowings	1,001	(33)	—	—	968
Obligations under finance leases	197	(20)	—	—	177
Due (from)to directors, net	204	(6,653)	5,842	—	(607)
Total liabilities from financing activities	<u>1,402</u>	<u>(6,706)</u>	<u>5,842</u>	<u>—</u>	<u>538</u>

Year ended 30 November 2017

	At 1 December 2016 RM'000	Cash flows RM'000	Non-cash changes		At 30 November 2017 RM'000
			Declaration of dividends RM'000	Settlement via offsetting RM'000	
Interest-bearing borrowings	968	(40)	—	—	928
Obligations under finance leases	177	(26)	—	—	151
Due (from)to directors, net	(607)	(26,666)	20,434	(943)	(7,782)
Total liabilities from financing activities	<u>538</u>	<u>(26,732)</u>	<u>20,434</u>	<u>(943)</u>	<u>(6,703)</u>

Four months ended 31 March 2017 (Unaudited)

	At 1 December 2016 RM'000	Cash flows RM'000	Non-cash changes		At 31 March 2017 RM'000
			Declaration of dividends RM'000	Settlement via offsetting RM'000	
Interest-bearing borrowings	968	(11)	—	—	957
Obligations under finance leases	177	(8)	—	—	169
Due (from) to directors, net	(607)	(12,284)	9,394	—	(3,497)
Total liabilities from financing activities	<u>538</u>	<u>(12,303)</u>	<u>9,394</u>	<u>—</u>	<u>(2,371)</u>

28. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (Continued)

Four months ended 31 March 2018

	At 1 December 2017 RM'000	Cash flows RM'000	Non-cash changes		At 31 March 2018 RM'000
			Declaration of dividends RM'000	Settlement via offsetting RM'000	
Interest-bearing borrowings	928	(11)	—	—	917
Obligations under finance leases	151	(8)	—	—	143
Due (from) to directors, net	(7,782)	(910)	—	—	(8,692)
Total liabilities from financing activities	(6,703)	(929)	—	—	(7,632)

29. RELATED/CONNECTED PARTIES TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Historical Financial Information, during the Relevant Periods, the Group had the following transactions with related/connected parties:

(a) Transactions with related/connected parties:

Relationship	Nature of transaction	Year ended 30 November		Four months ended 31 March	
		2016 RM'000	2017 RM'000	2017 RM'000	2018 RM'000
Related parties controlled by one of the Ultimate Controlling Party	System Integration and development services (i)	2,891	741	154	434
	IT outsourcing services (ii)	—	—	—	175
	Purchase of materials sold and IT outsourcing cost (iii)	1,369	52	873	4,003

29. RELATED/CONNECTED PARTIES TRANSACTIONS (CONTINUED)

(a) Transactions with related/connected parties: (Continued)

- (i) Mr. Siah Jiin Shyang had 50% shareholding interest in Affiniti. The Group provided system integration and development services to Affiniti. Such sales have been recognised as the Group's revenue in profit or loss.
- (ii) Mr. Chong Yee Ping and Mr. Siah Jiin Shyang had 40% shareholding interest in C.I.S Integrated Sdn. Bhd. The Group provided IT outsourcing services to C.I.S Integrated Sdn. Bhd. Such sales have been recognised as the Group's revenue in profit or loss.
- (iii) Affiniti and Global Software supplied materials and provided IT outsourcing services to the Group. Such costs of services and materials sold have been recognised in the Group's cost of services and materials sold in profit or loss.

In the opinion of the management, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

Affiniti and Global Software ceased to be related parties of the Group on 5 March 2018 and 20 April 2018, respectively.

(b) Transaction with a director of the Company

During the years ended 30 November 2016 and 2017 and four months ended 31 March 2017 and 2018, Mr. Siah Jiin Shyang provided a rent-free property to the Group as office. The estimated total rent of the office was approximately RM103,000, RM103,000, RM34,000 (*unaudited*) and RM34,000 based on the market value for the years ended 30 November 2016 and 2017 and four months ended 31 March 2017 and 2018, respectively. On 20 March 2018, the Group entered into a tenancy agreement with Mr. Siah Jiin Shyang to lease the property for two years with total rental of approximately RM206,000, which is commenced on 1 April 2018.

(c) Remuneration for key management personnel (including directors) of the Group:

	Year ended 30 November		Four months ended 31 March	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and other benefits in kind	400	400	176	167
Contributions to defined contribution schemes	36	36	16	15
	<u>436</u>	<u>436</u>	<u>192</u>	<u>182</u>

Further details of the directors' remuneration are set out in Note 8 to the Historical Financial Information.

(d) Personnel guarantees obtained

The Ultimate Controlling Party has provided unlimited personnel guarantees in respect of the interest-bearing borrowings obtained by the Group from a bank in Malaysia as set out in Note 22 to the Historical Financial Information, and has provided personal guarantee by a fixed deposit of approximately RM500,000 in respect of the banking facilities on issuance of bank guarantees granted by a bank in Malaysia.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise due from/to directors, interest-bearing borrowings, obligations under finance leases, restricted bank balance and bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables/payables which arise directly from its business activities.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The management generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing borrowings with floating interest rates. The interest rates and terms of repayment of the interest-bearing borrowings of the Group are disclosed in Note 22 to the Historical Financial Information.

At the end of each reporting period, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit before income tax would decrease/increase by approximately RM10,000, RM9,000, RM3,000 (*unaudited*) and RM3,000 for the year ended 30 November 2016 and 2017 and four months ended 31 March 2017 and 2018, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the Relevant Periods.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of each reporting period does not reflect the exposure during the Relevant Periods.

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables, due from directors, restricted bank balances and bank balances and cash. The Group limits its exposure to credit risk by selecting counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to credit risk is summarised as follows:

	At 30 November		At 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade and other receivables	4,867	11,188	10,349
Due from directors	611	7,782	8,692
Restricted bank balances	335	762	762
Time deposits with original maturity over three months	—	—	8,000
Bank balances and cash	299	2,777	2,798
	<u>6,112</u>	<u>22,509</u>	<u>30,601</u>

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant.

The management considers the credit risk in respect of restricted bank balances and bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

In order to minimise credit risk, the management of the Group closely monitors the credit limits granted to individual customers and implements appropriate monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debtors at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

At 30 November 2016 and 2017 and 31 March 2018, the Group had a concentration of credit risk as approximately 43.6%, 43.2% and 39.7%, respectively, of the total trade receivables was due from the Group's largest trade debtor and approximately 97.1%, 94.4% and 87.8%, respectively, of the total trade receivables were due from the Group's five largest trade debtors. At the same period, the Group had a concentration of credit risk as approximately 1.9%, 60.3% and 69.3%, respectively, of the total other receivables was due from a director of a subsidiary of the Group and due from a related party.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the earliest date on which the Group is required to settle, is summarised as below:

	Total carrying amount RM'000	Total contractual undiscounted cash flow RM'000	On demand or less than 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000
At 30 November 2016					
Trade and other payables	3,449	3,449	3,449	—	—
Due to a director	4	4	4	—	—
Interest-bearing borrowings (<i>Note</i>)	968	968	968	—	—
Obligations under finance leases	177	209	29	117	63
	<u>4,598</u>	<u>4,630</u>	<u>4,450</u>	<u>117</u>	<u>63</u>
At 30 November 2017					
Trade and other payables	5,306	5,306	5,306	—	—
Interest-bearing borrowings (<i>Note</i>)	928	928	928	—	—
Obligations under finance leases	151	175	29	117	29
	<u>6,385</u>	<u>6,409</u>	<u>6,263</u>	<u>117</u>	<u>29</u>
At 31 March 2018					
Trade and other payables	6,938	6,938	6,938	—	—
Interest-bearing borrowings (<i>Note</i>)	917	917	917	—	—
Obligations under finance leases	143	165	29	117	19
	<u>7,998</u>	<u>8,020</u>	<u>7,884</u>	<u>117</u>	<u>19</u>

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Note: The amounts repayable under bank loan agreement that include a clause that gives the bank an unconditional right to call the borrowings at any time are classified under the category of “on demand or less than 1 year”. However, the management of the Group does not expect that the bank would exercise such right to demand the repayment and thus, the borrowings, which included the related interest, would be repaid according to the below schedule as set out in the bank loan agreement as follow:

	Total carrying amount <i>RM'000</i>	Total contractual undiscounted cash flow <i>RM'000</i>	On demand or less than 1 year <i>RM'000</i>	1 to 5 years <i>RM'000</i>	Over 5 years <i>RM'000</i>
At 30 November 2016					
Interest-bearing borrowings	968	1,481	79	316	1,086
At 30 November 2017					
Interest-bearing borrowings	928	1,394	79	316	999
At 30 March 2018					
Interest-bearing borrowings	917	1,367	79	316	972

Fair value

The carrying amount of the financial assets and liabilities carried at amortised cost in the Historical Financial Information approximate their fair values due to the relative short-term maturity of these financial instruments.

31. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividends to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Relevant Periods.

32. OPERATING LEASE COMMITMENTS

The Group leases a property under operating lease, which typically run for an initial period of 2 years. None of the lease includes contingent rentals.

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating lease, which are payable as follows:

	At 30 November		At 31 March
	2016	2017	2018
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Within one year	—	—	103
In the second to fifth years inclusive	—	—	103
	<u>—</u>	<u>—</u>	<u>206</u>
	<u>—</u>	<u>—</u>	<u>206</u>

33. EVENTS AFTER THE REPORTING PERIOD

In addition to information disclosed elsewhere in the Historical Financial Information, subsequent to 31 March 2018, the Group has the following subsequent events:

- (i) The amounts due from/to directors/related parties are fully settled on 29 September 2018.
- (ii) Pursuant to the resolution of the shareholders passed on 19 September 2018, inter-alia, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of HK\$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.
- (iii) Pursuant to the resolution in writing of the Company's shareholders passed on 19 September 2018, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 272,990,000 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$2,729,900 standing to be credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue).

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with IFRSs and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 31 March 2018.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report prepared by Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, the joint reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted combined net tangible assets of the Group is prepared in accordance with Rule 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the combined net tangible assets of the Group attributable to equity owners of the Company at 31 March 2018 as if the Share Offer had taken place on that date and is prepared based on the audited combined net tangible assets of the Group attributable to equity owners of the Company at 31 March 2018 derived from the Accountants' Report, as set out in Appendix I to this prospectus and adjusted as indicated below.

This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group at 31 March 2018 or at any future dates following the Share Offer.

	Audited combined net tangible assets attributable to equity owners of the Company at 31 March 2018		Estimated net proceeds from the Share Offer		Unaudited pro forma adjusted combined net tangible assets attributable to equity owners of the Company		Unaudited pro forma adjusted combined net tangible assets attributable to equity owners of the Company per Share	
	(Note 1)	(Note 5)	(Note 2, 5)	(Note 2)	(Note 5)	(Note 3)	(Note 5)	
	RM'000	HK\$'000	RM'000	HK\$'000	RM'000	HK\$'000	RM	HK\$
Based on the Offer Price of HK\$0.61 per offer share, after a Downward Offer Price Adjustment of 10%	10,509	20,210	29,892	57,484	40,401	77,694	0.10	0.20
Based on the Offer Price of HK\$0.68 per Offer Share	10,509	20,210	33,959	65,305	44,468	85,515	0.11	0.22
Based on the Offer Price of HK\$0.88 per Offer Share	10,509	20,210	45,578	87,650	56,087	107,860	0.14	0.28

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

1. The audited combined net tangible assets of the Group attributable to equity owners of the Company at 31 March 2018 is based on the audited combined net assets attributable to equity owners of the Company at 31 March 2018 of approximately RM10,813,000 less intangible assets of approximately RM304,000, extracted from the Group's combined financial information included in the Accountants' Report as set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer are based on 117,000,000 new Shares and the indicative Offer Price of HK\$0.68 and HK\$0.88 per Offer Share, respectively, and also based on the Offer Price of HK\$0.61 per Offer Share after making a Downward Offer Price Adjustment of 10%, after deduction of relevant estimated underwriting commissions and fees and other related expenses payable by the Company (excluding approximately RM3,873,000 listing-related expenses which has been accounted for prior to 31 March 2018). The estimated net proceeds have not taken into account any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme or any Shares that may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
3. The calculation of the unaudited pro forma adjusted combined net tangible assets of the Group attributable to equity owners of the Company per Share is based on 390,000,000 Shares expected to be in issue after the completion of the Capitalisation Issue and the Share Offer. It has not taken into account any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme or any Shares that may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
4. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 March 2018.
5. These amounts are converted from Malaysian Ringgit to Hong Kong dollars or Hong Kong dollars to Malaysian Ringgit at an exchange rate of RM0.52 to HK\$1.00. No representation is made that Malaysian Ringgit/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Malaysian Ringgit at that rate or at all.
6. On 14 September 2018, a special dividend of approximately RM14.0 million was declared, and paid on 26 September 2018, to the then equity holders of the entities now comprising the Group. Taking into account the estimated net proceeds from the Share Offer at the Offer Price of HK\$0.68 and HK\$0.88; and the impact of the special dividends on the net tangible assets of the Group of approximately RM14.0 million, the unaudited pro forma adjusted combined net tangible assets per Share would have been approximately HK\$58.6 million and HK\$80.9 million, respectively.

The following is the text of a report received from the independent joint reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

**B. ASSURANCE REPORT FROM THE INDEPENDENT REPORTING ACCOUNTANTS
ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET
TANGIBLE ASSETS OF THE GROUP**



The Directors
Mindtell Technology Limited
VBG Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Mindtell Technology Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) prepared by the directors of the Company (the “Directors”). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets attributable to equity owners of the Company at 31 March 2018 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 29 September 2018 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed listing of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited by the way of Share Offer on the Group's combined financial position at 31 March 2018 as if the event had had taken place at 31 March 2018. As part of this process, information about the Group's combined financial position at 31 March 2018 has been extracted by the Directors from the Group's combined financial information for the four months ended 31 March 2018, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7.

For 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 unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2018 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Mazars CPA Limited

Certified Public Accountants, Hong Kong
42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

29 September 2018

Mazars LLP

*Public Accountants and Chartered Accountants
of Singapore*
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

29 September 2018

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 February, 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Company’s constitutional documents consist of its Amended and Restated Memorandum of Association (the “Memorandum”) and its Amended and Restated Articles of Association (the “Articles”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 19 September 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
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mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
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(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re election or appointment but as between persons who became or were last re elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

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Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

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(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

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(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

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(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

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A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

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(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

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If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

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In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

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(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

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At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

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The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

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(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

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3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

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(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

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(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 14 March 2018.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 27 February 2018. Our Company has established a principal place of business in Malaysia at B-7-7, Sky Park @ One City, Jalan USJ 25/1, 47650, Subang Jaya, Selangor, Malaysia and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 16 August 2018. Mr. Liu has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is at Flat G, 38/F, Tower 6, Sorrento, 1 Austin Road West, Kowloon, Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Cayman Islands law and to its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation, our Company has an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On the same day, one nil-paid Share was allotted and issued to the initial subscriber, which was subsequently transferred to Mr. Chong, and a nil-paid Share was allotted and issued to Mr. Siah. On 12 September 2018, Mr. Chong transferred the one nil-paid Share to Delicate Edge at nil consideration and Mr. Siah transferred the one nil-paid Share to King Nordic at nil consideration.
- (b) On 13 September 2018, (i) Mr. Chong, (ii) Mr. Siah, (iii) Mr. Liu, (iv) Mr. Lam, and (v) our Company entered into a sale and purchase agreement, pursuant to which our Company acquired the 5,000 shares, 5,000 shares, 1,945 shares and 1,945 shares in the share capital of Excel Elite that were legally and beneficially owned by Mr. Chong, Mr. Siah, Mr. Liu and Mr. Lam respectively (being the entire issued share capital of Excel Elite), at an aggregate consideration of US\$13,890 to be satisfied in full by our Company crediting the two nil-paid Shares held by Delicate Edge and King Nordic respectively as fully paid and issuing and allotting 3,599 Shares, 3,599 Shares, 1,400 Shares and 1,400 Shares, credited as fully paid, to Delicate Edge (as directed by Mr. Chong), King Nordic (as directed by Mr. Siah), Mr. Liu and Mr. Lam respectively.
- (c) Pursuant to the written resolutions of our Shareholders passed on 19 September 2018, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares of a par value of HK\$0.01 each by the creation of an additional of 1,962,000,000 Shares.
- (d) Immediately following completion of the Capitalisation Issue and the Share Offer (taking no account of any Share which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), the total issued share capital of our Company immediately after the completion of the Capitalisation Issue and the Share Offer will be HK\$3,900,000 divided into 390,000,000 Shares of HK\$0.01 each, fully paid or credited as fully paid, with 1,610,000,000 Shares which our Company is authorised to issue remaining unissued.

- (e) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “Written resolutions of our Shareholders passed on 19 September 2018” in this appendix and pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (f) Save as disclosed in this prospectus, there has been no alteration in our Company’s share capital since its incorporation.

3. Written resolutions of our Shareholders passed on 19 September 2018

On 19 September 2018, resolutions in writing were passed by our Shareholders pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum with immediate effect and the Articles conditionally with effect from the Listing Date, the terms of which are summarised in Appendix III to this prospectus;
- (b) the authorised share capital of our Company be increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each by the creation of an additional 1,962,000,000 Shares of HK\$0.01 each, ranking pari passu with the existing Shares in all respects;
- (c) conditional on (i) the Listing Division granting listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme); (ii) the entering into of the price determination agreement between our Company and the Joint Bookrunners (for itself and on behalf of the Underwriters) on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with the terms of the Underwriting Agreements:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer to rank pari passu with the then existing Shares in all respects;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” below in this appendix, were approved and adopted and our Directors were authorised, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

- (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK\$2,729,900 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par 272,990,000 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on 19 September 2018 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company, each ranking *pari passu* in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and the Capitalisation Issue was approved;
- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Articles or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements and options which might require the exercise of such power, with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

4. Corporate Reorganisation

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. Please refer to the paragraphs headed “History, Development and Reorganisation – Reorganisation” in this prospectus for further details.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountants’ Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Development and Reorganisation” in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of the Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) *Shareholders' approval*

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on 19 September 2018, a general unconditional mandate (the "Repurchase Mandate") was granted to our Directors authorising repurchase of Share by our Company as described in the paragraph headed "A. Further information about our Company – 3. Written resolutions of our Shareholders passed on 19 September 2018".

(ii) *Source of funds*

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) *Connected parties*

The GEM Listing Rules prohibit our Company from knowingly repurchasing our Shares on GEM from a "core connected person" (as defined in the GEM Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or their respective close associates and a core connected person shall not knowingly sell Shares to our Company on GEM.

(b) *Exercise of the Repurchase Mandate*

On the basis of 390,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue, our Directors would be authorised under the Repurchase Mandate to repurchase up to 39,000,000 Shares, being 10% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue, during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

(c) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders.

(d) *Funding of repurchases*

In repurchasing our Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing position which in the opinion of our Directors are from time to time appropriate for our Company.

(e) *General*

None of our Directors or to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable law and regulations from time to time in force in the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers and Share Repurchases (the "**Takeovers Code**"). In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined

in the Takeovers Code) depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of our Shares pursuant to the Repurchase Mandate. At present, so far as is known to our Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase our Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules). No core connected person (as defined in the GEM Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:

- (a) an agreement dated 16 October 2017 and entered into among Mr. Liu, Mr. Lam, Excel Elite, Mr. Chong and Mr. Siah, pursuant to which each of Mr. Liu and Mr. Lam subscribed for 1,945 shares of Excel Elite at a subscription price of HK\$3,500,000;
- (b) a sale and purchase agreement dated 20 March 2018 and entered into among Mr. Chong, Mr. Siah, Mr. Simson Jaban Anak Engkujat, and Excel Elite, pursuant to which Excel Elite acquired the 250,000 shares and 250,000 shares of Tandem that were held by Mr. Chong and Mr. Siah, respectively, at a consideration of RM1 paid to each of Mr. Chong and Mr. Siah, respectively;
- (c) a sale and purchase agreement dated 20 March 2018 and entered into among Mr. Chong, Mr. Siah, and Excel Elite, pursuant to which Excel Elite acquired the 100,251 shares and 100,251 shares of Mixsol that were held by Mr. Chong and Mr. Siah, respectively, at a consideration of RM1 paid to each of Mr. Chong and Mr. Siah, respectively;

- (d) a sale and purchase agreement dated 20 March 2018 and entered into among Mr. Siah, Mr. Chong, Mr. Siah Jiin Yang, and Excel Elite, pursuant to which Excel Elite acquired the beneficial ownership of the 250,000 shares and 250,000 shares of Concorde that were held by Mr. Siah and Mr. Chong, respectively, at a consideration of RM1 paid to each of Mr. Siah and Mr. Chong, respectively;
- (e) a sale and purchase agreement dated 13 September 2018 and entered into among Mr. Chong, Mr. Siah, Mr. Liu, Mr. Lam and the Company, pursuant to which our Company acquired the 5,000 shares, 5,000 shares, 1,945 shares and 1,945 shares of Excel Elite legally and beneficially owned by Mr. Chong, Mr. Siah, Mr. Liu and Mr. Lam respectively, at an aggregate consideration of US\$13,890 to be satisfied in full by our Company by (i) crediting two nil-paid Shares held by Delicate Edge and King Nordic as fully paid; and (ii) issuing and allotting 3,599 Shares, 3,599 Shares, 1,400 Shares and 1,400 Shares, credited as fully paid, to Delicate Edge (as directed by Mr. Chong), King Nordic (as directed by Mr. Siah), Mr. Liu and Mr. Lam, respectively;
- (f) the Deed of Indemnity;
- (g) the Deed of Non-competition; and
- (h) the Public Offer Underwriting Agreement.

2. Intellectual Property Rights of our Group

(a) *Copyright*

As at the Latest Practicable Date, we made an application for voluntary notification of copyright of a computer software, “Square Intelligence” to the Intellectual Property Corporation of Malaysia as follows:

Copyright	Applicant	Territory	Reference number	Application date
Computer software – “Square Intelligence”	Tandem	Malaysia	LY2017000815	9 March 2017

(b) *Domain names*

As at the Latest Practicable Date, our Group was the owner of the following domain names which are material to the business of our Group:

Domain name	Expiry date
www.mindtelltech.com	9 March 2019
www.miramaxsolution.com	3 June 2019
www.tandemasia.com	11 March 2019

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of interests

(a) *Interests of our Directors and chief executive in the share capital, underlying shares and debentures of our Company and its associated corporations*

So far as the Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue, but taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the Repurchase Mandate, the interests and short positions of our Directors or chief executive of our Company in the share capital, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on GEM, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, will be as follows:

(i) *Interests in the Shares*

Name of Director	Capacity/Nature	Number of Shares	Percentage of shareholding
Mr. Chong	Interest in controlled corporation and person acting in concert (<i>Note</i>)	196,560,000 Shares (<i>Long position</i>)	50.4%
Mr. Siah	Interest in controlled corporation and person acting in concert (<i>Note</i>)	196,560,000 Shares (<i>Long position</i>)	50.4%
Mr. Liu	Beneficial owner	38,220,000 Shares (<i>Long position</i>)	9.8%
Mr. Lam	Beneficial owner	38,220,000 Shares (<i>Long position</i>)	9.8%

(b) Interests of substantial and other Shareholders in the Shares and Underlying Shares

So far as is known to our Directors and taking no account of any Shares which may be taken up under the Share Offer, or pursuant to options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Capitalisation Issue and the Share Offer, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature	Number of Shares	Percentage of shareholding
Delicate Edge	Beneficial owner and person acting in concert (<i>Note</i>)	196,560,000 Shares (<i>Long position</i>)	50.4%
King Nordic	Beneficial owner and person acting in concert (<i>Note</i>)	196,560,000 Shares (<i>Long position</i>)	50.4%

Note:

Delicate Edge is wholly and beneficially owned by Mr. Chong whereas King Nordic is wholly and beneficially owned by Mr. Siah. Each of Delicate Edge and King Nordic holds 98,280,000 Shares representing 25.2% of the total issued share capital of our Company immediately after the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under any options which may be granted under the Share Option Scheme).

Mr. Chong and Mr. Siah are parties acting in concert (having the meaning ascribed to it under the Takeovers Code) as confirmed by them in writing. As such, each of Mr. Chong, Mr. Siah, Delicate Edge and King Nordic is deemed to be interested in 196,560,000 Shares held by Delicate Edge and King Nordic in aggregate under the SFO immediately after the completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued under any options which may be granted under the Share Option Scheme).

2. Particulars of service contracts

Each of our Directors has entered into a service contract or an appointment letter (as the case may be) with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and Articles.

3. Remuneration of Directors

- (a) The aggregate remuneration paid (including benefits in kind) by our Group to our Directors in respect of the two years ended 30 November 2016 and 2017 were approximately RM80,000 and RM90,000 respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 30 November 2018 will be approximately RM157,160.
- (c) Each of our Directors has entered into a service contract and appointment letter (as the case may be) with the Company for a term of three years commencing from the Listing Date.

4. Agency fees or commissions received

Save as disclosed in the paragraph headed “Commission and expenses” in the section headed “Underwriting” of this prospectus, none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under note 29 to the Accountants’ Report of our Company set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) taking no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the Repurchase Mandate, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer and the Capitalisation Issue, have an interest or short position in the Shares or underlying Shares which will fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (b) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered

in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on GEM;

- (c) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group;
- (g) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 19 September 2018. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) **Summary of terms**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by our Shareholders on 19 September 2018:

(i) **Purposes of the scheme**

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group.

(ii) **Who may join**

Our Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants ("**Eligible Participants**"), to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of our Company, any of its subsidiaries ("**Subsidiaries**") or any entity in which our Group holds an equity interest ("**Invested Entity**") (collectively, "**Eligible Employees**");
- (bb) any non-executive directors (including independent non-executive directors) of our Company, any Subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of our Group or any Invested Entity;
- (dd) any customer of any member of our Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the growth of our Group.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' option as to his contribution to the development and growth of our Group.

(iii) Maximum number of Shares

- (aa) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group shall not exceed 30% of the issued share capital of our Company from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10.0% of the Shares in issue on the day on which dealings in the Shares first commence on GEM (i.e. not exceeding 39,000,000 Shares) (the “**General Scheme Limit**”).
- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may issue a circular to its Shareholders and seek approval of its Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group shall not exceed 10.0% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to its Shareholders shall contain, among other information, the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.
- (dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to Eligible Participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

(iv) Maximum entitlement of each participant

Subject to (v) (bb) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of our Company for the time being (“**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of our Company with such participant and his close associates (or associates of the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.

(v) Grant of options to connected persons

- (aa) Without prejudice to (v)(bb) below, any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates (as defined under the GEM Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).
- (bb) Without prejudice to (v)(aa) above, where any grant of options to a substantial Shareholder of our Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - i. representing in aggregate over 0.1% of the Shares in issue; and
 - ii. having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by Shareholders of our Company in general meeting. Our Company must send a circular to the Shareholders containing the information required under the GEM Listing Rules. All proposed grantees, its associates and core connected persons of our Company must abstain from voting at such general meeting. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of our Company or any of their respective associates must be approved by the Shareholders of our Company in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless our Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1.0 is payable on acceptance of the grant of an option.

(ix) Ranking of Shares

- (aa) Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association of our Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.

(bb) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or reduction of the share capital of our Company from time to time.

(x) *Restrictions on the time of grant of options*

No offer for grant of options shall be made after inside information has come to our knowledge until such information has been announced in accordance with the requirements of the GEM Listing Rules. In particular, our Company may not make any offer during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of the Board for the approval of our Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for our Company to publish an announcement of its results for any year or half-year (under the GEM Listing Rules), or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the announcement of the results, no offer may be made.

Our Directors may not make any offer to an Eligible Participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) *Rights on ceasing employment*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or termination of his employment for serious misconduct or other grounds referred to in subparagraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation or termination and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination, which will be taken to be the last day on which the grantee was at work with our Company, the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with our Company, the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent and serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If our Directors shall at their absolute discretion determine that (aa) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part; or (bb) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever, then the option granted to the grantee under the Share Option scheme shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of our Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record

date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes or the relevant record date for entitlements under the scheme of arrangement, as the case may be.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly owned by Eligible Participants

If the grantee is a company wholly owned by one or more Eligible Participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant Eligible Participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of the Company or an independent financial adviser as fair and reasonable will be made to the number and/or the number of Shares consisted in an option which remains consisted in an option and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he would have been entitled prior to such adjustment; (ii) no

alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iv) any adjustment must be made in compliance with the GEM Listing Rule and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the GEM Listing Rules and such other applicable guidance and/or interpretation of the GEM Listing Rules from time to time issued by the Stock Exchange.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and the approval of our Directors. When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to subparagraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the period for exercise of the options referred to in paragraph (vi);
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi) and (xvii); and
- (cc) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) by the grantee in respect of that or any other options.

(xxiv) Others

- (aa) The Share Option Scheme is conditional on the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders of our Company in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules, the “Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule” set out in the letter from the Stock Exchange to all listed issuers dated 5 September 2005 and other relevant guidance of the Stock Exchange.
- (ee) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders of our Company in general meeting.

(b) Present status of the Share Option Scheme*(i) Approval of the Stock Exchange required*

The Share Option Scheme, which complies with Chapter 23 of the GEM Listing Rules, is conditional on the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be allotted and issued by the Company pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) Application for approval

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders (the “**Indemnifiers**”) have, under the Deed of Indemnity, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things, (a) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which the Share Offer becomes unconditional; or (ii) in respect of or in consequence of any transactions, acts, omission or matters or things entered into or occurring or deemed to enter into or occur on or before the date on which the Share Offer becomes unconditional; and (b) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which the Share Offer becomes unconditional. The Indemnifiers will, however, not be liable for any taxation claim under the Deed of Indemnity to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such liability in the audited combined accounts of our Group for the Track Record Period; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or

- (c) the taxation liability is caused by the act or omission of, or transaction voluntarily effected by our Group which is carried out or effected in the ordinary course of business after the date on which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

Our Directors confirmed that as at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Division for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

The Sole Sponsor's fee in relation to the Listing is HK\$5,000,000.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$89,000 and are payable by our Company.

5. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed VBG Capital Limited as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date, and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date, or until the compliance adviser agreement is otherwise terminated upon the terms and conditions set out therein.

6. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

7. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
VBG Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Mazars CPA Limited	Certified Public Accountants, Hong Kong
Mazars LLP	Public Accountants and Chartered Accountants of Singapore
David Lai & Tan	Legal adviser as to Malaysian laws
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
China Insights Consultancy Limited	Independent industry consultant
Rahim & Co International Sdn. Bhd.	Property valuer

8. Consents of experts

Each of the experts named in the paragraph headed “E. Other information – 7. Qualifications of experts” in this appendix has given and has not withdrawn its written consents to the issue of this prospectus, with the inclusion of its letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which they respectively appear.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

10. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company’s branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

11. No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 30 November 2017 (being the date to which the latest audited financial statements of our Group were made up) and up to the Latest Practicable Date.

12. Taxation of holders of Shares**(a) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

13. Miscellaneous

Save as disclosed in this prospectus:

- (i) Within the two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

- (cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries;
 - (dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued;
 - (ee) no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option; and
 - (ff) no amount or benefit was paid or given or intended to be paid or given to any promoter;
- (ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;
 - (iii) none of the experts named in the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix:
 - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; or
 - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares.
 - (iv) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
 - (v) our Directors have been advised that, under Cayman Islands laws, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by our Company in conjunction with the English name does not contravene Cayman Islands laws;
 - (vi) no company within our Group is presently listed on any stock exchange or traded on any trading system;
 - (vii) our Group has no outstanding convertible debt securities; and
 - (viii) the English text of this prospectus shall prevail over the Chinese text.

14. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the written consents referred to in the section headed “Statutory and general information — Other information — Consents of experts” in Appendix IV to this prospectus;
- (b) a copy of each of the material contracts referred to in the section headed “Statutory and general information — Further information about our business — Summary of material contracts” in Appendix IV to this prospectus; and
- (c) a copy of each of the **WHITE, YELLOW** and **GREEN** Applications Forms.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of CFN Lawyers at 27th Floor, Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the amended and restated Memorandum and Articles of Association;
- (b) the Accountants’ Report from Mazars CPA Limited and Mazars LLP, the text of which is set out in Appendix I to this prospectus;
- (c) the report from Mazars CPA Limited and Mazars LLP in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited combined financial statements of the Group for the two years ended 30 November 2017 and the four months ended 31 March 2018;
- (e) the CIC Report;
- (f) the letter of advice from Conyers Dill & Pearman, our Cayman Islands legal advisors, summarising the constitution of our Company and certain aspects of Cayman Islands company law referred to in “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this prospectus;
- (g) the legal opinion issued by David Lai & Tan, our legal adviser as to Malaysian laws, in respect of certain aspects of our Group as referred to in this prospectus;
- (h) the Companies Law;
- (i) the material contracts referred to in the section headed “Statutory and general information — Further information about our business — Summary of material contracts” in Appendix IV to this prospectus;

- (j) the service contracts and appointment letters entered into between our Company and each of the Directors referred to in the paragraph headed “Statutory and general information — Further information about our business — Further information about substantial Shareholders, Directors and experts — Particulars of service contracts” in Appendix IV to this prospectus;
- (k) the fair rent letter issued by Rahim & Co International Sdn. Bhd.;
- (l) the written consents referred to in the section headed “Statutory and general information — Other information — Consents of experts” in Appendix IV to this prospectus; and
- (m) the rules of the Share Option Scheme.

MINDTELL TECHNOLOGY LIMITED