

PROSPECTUS



KRONOLOGI ASIA BERHAD

(Company No: 1067697-K)

(Incorporated in Malaysia under the Companies Act, 1965)

THIS PROSPECTUS IS DATED 27 NOVEMBER 2014

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF KRONOLOGI ASIA BERHAD ("KRONOLOGI" OR "COMPANY") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING PUBLIC ISSUE OF 59,247,000 NEW ORDINARY SHARES OF RM0.10 EACH ("SHARES") IN THE FOLLOWING MANNER:-

- 4,739,500 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 7,109,500 NEW SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF KRONOLOGI ASIA BERHAD GROUP; AND
- 47,398,000 NEW SHARES BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS;

AT AN ISSUE PRICE OF RM0.29 PER SHARE, PAYABLE IN FULL UPON APPLICATION

PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER
AND PLACEMENT AGENT

BANK ISLAM

Bank Islam Malaysia Berhad
(Company No. 98127-X)

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK.



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RESPONSIBILITY STATEMENTS

OUR DIRECTORS AND PROMOTERS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

BANK ISLAM MALAYSIA BERHAD ("**BANK ISLAM**"), BEING THE PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("**IPO**").

STATEMENT OF DISCLAIMER

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION ("**SC**"). THE REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS 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, TOGETHER WITH THE APPLICATION FORMS, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

OTHER STATEMENTS

COMPANIES LISTED ON THE ACE MARKET MAY HAVE A LIMITED OPERATING HISTORY OR MAY NOT HAVE ANY PROFIT TRACK RECORD PRIOR TO LISTING. SUCH COMPANIES MAY BE OF HIGH INVESTMENT RISK. AS WITH ALL INVESTMENTS, YOU SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER GIVING DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONG OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. YOU ARE STRONGLY RECOMMENDED TO SEEK ADVICE FROM A SECURITIES PROFESSIONAL OR ADVISER.

THE IPO IS AN EXEMPT TRANSACTION UNDER SECTION 213 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA") AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO YOU PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, FOR EXAMPLE, DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

OUR SECURITIES ARE CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL ("SAC") OF THE SC BASED ON THE LATEST AUDITED FINANCIAL YEAR. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE AN ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS. NEITHER WE NOR THE ADVISER NOR ANY OTHER ADVISER IN RELATION TO THE IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY SUCH COUNTRY OR JURISDICTION.

FURTHER, IT SHALL BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCES AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

ELECTRONIC PROSPECTUS

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC.

YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF AFFIN BANK BERHAD AT www.affinOnline.com, THE WEBSITE OF AFFIN HWANG INVESTMENT BANK BERHAD AT trade.affinhwang.com, THE WEBSITE OF RHB BANK BERHAD AT www.rhb.com.my, THE WEBSITE OF MALAYAN BANKING BERHAD AT www.maybank2u.com.my, THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com, THE WEBSITE OF CIMB BANK BERHAD AT www.cimbclicks.com.my AND THE WEBSITE OF PUBLIC BANK BERHAD AT www.pbebank.com.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION IS SUBJECT TO THE RISK OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. (INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LISTED IN SECTION 16 OF THIS PROSPECTUS). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT AS TO THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS.

THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER/PRINTED COPY. IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES ("THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (I) WE AND OUR ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE AND OUR ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS, DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS AT YOUR OWN DISCRETION AND RISK. WE AND OUR ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON AN APPLICANT'S PERSONAL COMPUTER.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Event(s)	Tentative Date(s)
Issuance of this Prospectus/ Opening of the application period for the IPO	27 November 2014
Closing of the application period for the IPO	4 December 2014
Balloting of the applications for the Issue Shares	8 December 2014
Allotment of Issue Shares to successful applicants	10 December 2014
Listing date	15 December 2014

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such further period or periods as our Directors, together with the Sole Underwriter, in their absolute discretion may mutually decide.

In the event the closing date of the application period is extended, we will advertise the notice of the extension in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application period. Following this, we will extend the dates for the balloting of the applications, allotment of Issue Shares and Listing accordingly.

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DEFINITIONS

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

Act	: Companies Act, 1965
Acquisitions	: Acquisition of QSA, Acquisition of KS and Acquisition of KM collectively
Acquisition of KM	: Acquisition by Kronologi of the entire issued and paid-up share capital of KM, amounting to RM100 comprising 100 ordinary shares of RM1.00 each in KM from KA for a purchase consideration of RM100 satisfied by the issuance of 1,000 Kronologi Shares. The acquisition of KM was completed on 30 May 2014
Acquisition of KS	: Acquisition by Kronologi of the entire issued and paid-up share capital of KS, amounting to SGD50,000 comprising 50,000 ordinary shares in KS from KA for a purchase consideration of RM121,865 satisfied by the issuance of 1,218,650 Kronologi Shares. The acquisition of KS was completed on 30 May 2014
Acquisition of QSA	: Acquisition by Kronologi of the entire issued and paid-up share capital of QSA, amounting to SGD100,002 comprising 100,002 ordinary shares in QSA from KA for a purchase consideration of RM17,642,135 satisfied by the issuance of 176,421,350 Kronologi Shares. The acquisition of QSA was completed on 30 May 2014
ADA	: Authorised Depository Agent
ADIC	: Advanced Digital Information Corporation
Application	: The application for the Issue Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form(s)	: The printed application form(s) for the application of the Issue Shares
ATM	: Automated Teller Machine
Bank Islam	: Bank Islam Malaysia Berhad
Board	: The Board of Directors of Kronologi
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
CAGR	: Compound annual growth rate
CDS	: Central Depository System
CDS Account(s)	: Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
Central Depositories Act	: Securities Industry (Central Depositories) Act, 1991
CEO	: Chief Executive Officer
CMSA	: Capital Markets and Services Act, 2007
CTO	: Chief Technology Officer

DEFINITIONS (Cont'd)

Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company and shall have the meaning given in Section 2 of the CMSA
EBITDA	:	Earnings before interest, taxes, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application	:	An application for the Issue Shares through Participating Financial Institutions' ATM
End-User Customers	:	Refers to the ultimate users of our Group's products and services
Enterprise data management or "EDM"	:	Refers to the practice of putting in place a set of policies, procedures and technology(s) to allow enterprises and organisations to backup and store important data as well as recover and restore this data in the case where the primary source of data is inaccessible
Enterprise data management infrastructure technology or "EDM infrastructure technology"	:	Refers to physical hardware, software and/or equipment components of EDM
Enterprise data management managed services or "EDM managed services"	:	EDM managed services is a comprehensive service that we provide to our customers for data assurance and operational continuity. EDM managed services comprise the backup, storage, recovery and restoration of enterprise data as well as periodic Health Checks, capacity planning, remote monitoring and disaster recovery service. This service is priced based on a Subscription Model and provides clients with a flexible alternative to conventional outright EDM solutions procurement and is delivered through on-site data management or remotely through the internet
Enterprise data management solutions or "EDM solutions"	:	Refers to all EDM products and services
EPS	:	Earnings per share
Executive Director	:	A natural person who holds a directorship in an executive capacity in any company within our Group and is on the payroll of that Company
FPE	:	Financial period ended
FYE	:	Financial year(s) ended / ending
GFM	:	Group Finance Manager
IDR	:	Indonesian Rupiah
INR	:	Indian Rupee

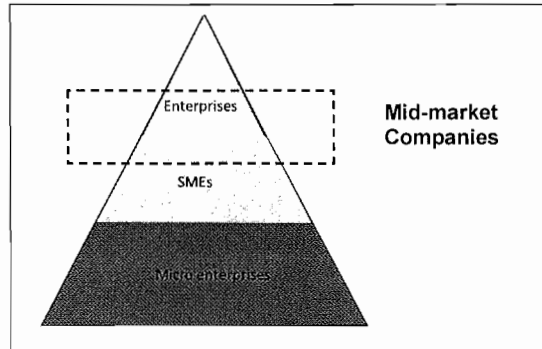
DEFINITIONS (Cont'd)

Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 16 of this Prospectus
Internet Share Application	:	Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institution(s)
IPO	:	Initial public offering of the Issue Shares in conjunction with the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities
Issue Price	:	The issue price of RM0.29 for each Issue Share
Issue Share(s)	:	59,247,000 new Kronologi Shares, representing 25% of our enlarged issued and paid-up share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
Issuing House or MIH	:	Malaysian Issuing House Sdn Bhd
IMR	:	Independent market research
IT	:	Information technology
KA	:	Kronicles (Asia) Pte. Ltd.
KM	:	Kronicles (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Kronologi
Kronologi or Company	:	Kronologi Asia Berhad
Kronologi Group or Group	:	Kronologi, QSA, QSA(M), KS, KM, QIS and QI collectively
Kronologi Share(s) or Share(s)	:	Ordinary shares of RM0.10 each in Kronologi
KS	:	Kronicles (Singapore) Pte. Ltd., a wholly-owned subsidiary of Kronologi
Listing	:	The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM23,698,800, comprising 236,988,000 Kronologi Shares on the ACE Market of Bursa Securities
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Listing Scheme	:	The Public Issue and Listing, collectively
LPD	:	15 October 2014, being the latest practicable date prior to the issuance of this Prospectus
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
MDeC	:	Multimedia Development Corporation Sdn Bhd
MFRSs	:	Malaysian Financial Reporting Standards

DEFINITIONS (Cont'd)

Mid-market Companies : Refers to smaller enterprises and larger SMEs. Generally, enterprises refer to large corporations and multinationals while SMEs refer to small to medium-sized companies. An illustration of these companies can be seen in the following diagram:-

Segments of Enterprises



Mid-market Companies characteristically have a need for data protection but have smaller internal IT team and limited capital expenditure budget to invest in IT resources as compared to larger corporations and multinationals.

The general criteria for segmenting companies by revenue are as follows:-

Microenterprises – Revenues not exceeding RM300,000*

SMEs – Revenues between RM300,000 to RM50 million for companies in the manufacturing sector, and between RM300,000 to RM20 million for companies in the services and other sectors*

Larger SMEs^ – Revenues at the higher end of the SME revenue band, as per the definition of SMEs above

Smaller enterprises^ – Revenues slightly above the SME revenue band, as per the definition of SMEs above

Enterprises^ – Revenues significantly exceeding RM50 million or RM20 million, as per the definition of SMEs above

Sources:-

** Bank Negara Malaysia's website*

^ Management of Kronologi

- MSC** : Multimedia Super Corridor
- Mr. Pramotedham** : Mr. Piti Pramotedham, our Promoter and Executive Chairman/ Group CEO
- Mr. Teo** : Mr. Teo Chong Meng Philip Dominic, our Promoter and Executive Director/ CTO
- N/A** : Not applicable
- NA** : Net assets

DEFINITIONS (Cont'd)

Official List	:	Official list of the ACE Market of Bursa Securities
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application, as listed in Section 16 of this Prospectus
PAT	:	Profit after tax
PBT	:	Profit before tax
PC	:	Personal computer
PE Multiple	:	Price earnings multiple
Placement Agent	:	Bank Islam, being the agent to place out 47,398,000 Issue Shares to be issued pursuant to the Public Issue
PO	:	Purchase order
PPE	:	Property, plant and equipment
Prescribed Security	:	Securities of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Principal Adviser	:	Bank Islam
Promoters	:	Mr. Pramotedham and Mr. Teo, collectively
Prospectus	:	This Prospectus dated 27 November 2014 in relation to the IPO
Public Issue	:	Public issue of 59,247,000 new Kronologi Shares at the Issue Price comprising:- <ul style="list-style-type: none"> (a) 4,739,500 new Kronologi Shares available for application by the Malaysian Public; (b) 7,109,500 new Kronologi Shares available for application by our eligible Directors, employees and persons who have contributed to the success of our Group; and (c) 47,398,000 new Kronologi Shares by way of placement to identified investors
QC	:	Quality Control
QI	:	Quantum Storage (India) Pvt. Ltd., a wholly-owned subsidiary of QIS
QIS	:	Quantum Storage (India) Pte. Ltd., a 20%-owned associate of QSA
QSA	:	Quantum Storage (South Asia) Pte. Ltd., a wholly-owned subsidiary of Kronologi
QSA Group	:	QSA, QSA(M), QIS and QI collectively
QSA(M)	:	Quantum Storage South Asia Sdn Bhd, a wholly-owned subsidiary of QSA
R&D	:	Research and development

DEFINITIONS (Cont'd)

RM	:	Ringgit Malaysia
ROC	:	Registrar of Companies
Rules	:	Rules of Bursa Depository
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
SEA	:	South East Asia
SGD	:	Singapore Dollar
SGP	:	Share grant plan of up to 30% of the issued and paid-up share capital of Kronologi at any time during the existence of the share grant plan, to be granted and/or issued to the eligible Directors and employees of our Company and our subsidiaries
SME	:	Small and medium enterprises
Smith Zander	:	Smith Zander International Sdn Bhd, an independent market research company
Sole Underwriter	:	Bank Islam
Sponsor	:	Bank Islam
THB	:	Thailand Baht
USA	:	The United States of America
USD	:	US Dollar

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GLOSSARY OF TECHNICAL TERMS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:-

API or “Application Programming Interface”	:	Set of functions, routines and protocols which are used to build software applications. It specifies how software components should interact during programming of GUI components
AraaS or “Archive-as-a-service”	:	Service model in which an EDM managed services provider provides data archival services to end-users on a Subscription Model
BaaS or “Backup-as-a-service”	:	Service model in which an EDM managed services provider provides backup, storage, recovery and restoration services to end-users on a Subscription Model
Byte	:	One unit of digital information in computing. Most commonly consists of eight bits of 1's and 0's and used to encode a single character of text in a computer. It is the smallest addressable unit of memory in most computer architectures
DPaaS or “Data Protection-as-a-service”	:	BaaS service model which underwent further modifications and upgrades
FABRIK framework	:	<p>The FABRIK framework is a structured technical blueprint developed by our Group. It comprises the following components:-</p> <ul style="list-style-type: none"> • An EDM solution architecture based on the standard component layers of a “service-oriented-architecture”, covering 4 layers ie. “data management, business applications, workflow/processes, business services”; • EDM functional modules to suit common solution proposition required for various EDM environments; and • A set of protocols, procedures and processes in reviewing and understanding the EDM requirements of a user site. <p>The components of the FABRIK framework are used as a guide on how the delivery of EDM services should be performed efficiently.</p> <p>This framework is used in our project assessment, EDM solution design and EDM solutioning process in order to ensure we are able to provide a consistent, uniform and interoperable solution and approach to meet our service levels and propositions</p>
GB or “Gigabyte”	:	One GB is equivalent to 10 ⁹ Bytes
GUI or “Graphical User Interface”	:	User interface which allows users to interact with electronic devices through graphical icons and visual indicators
Health Checks	:	Periodic proactive system checks performed using analytical tools to gather information on system parameters, system warnings, event occurrences, and diagnostic errors from our solution platform within the customers' IT environment. This report aids the customer to take proactive decisions to manage potential unscheduled system downtimes or failures. Health checks are relevant for our value-added solutions and professional services and EDM managed services
ILP or “Installation Layout Plan”	:	Document which details the installation layout of EDM solutions and its supporting devices

GLOSSARY OF TECHNICAL TERMS (Cont'd)

- POD or “Periphery On-site Device”** : Our Group’s proprietary EDM equipment. It is a special purpose, closed-box appliance, and is the main component in the provisioning of our Group’s on-site data backup and storage
- PB or “Petabytes”** : One PB is equivalent to 10^{15} Bytes
- SOA or “Scalable Service Oriented Architecture”** : Underlying structure which supports communication between two or more software applications. It defines how two applications or programmes should interact in order to enable one programme and application to perform work on behalf of another programme or application. The interaction between these programmes or applications are made possible through SOA
- StaaS or “Storage-as-a-service”** : Service model in which an EDM managed services provider provides digital storage to end-users on a Subscription Model
- Subscription Model** : Business model where end-users or customers pay recurrent fees on a subscription basis for the continuous delivery of a service
- TB or “Terabytes”** : One TB is equivalent to 10^{12} Bytes
- TCP/IP or “Transmission Control Protocol / Internet Protocol”** : Set of protocols which enables users to access the Internet. It enables two devices/hosts to establish a connection and exchange data
- XML or “Extensible Markup Language”** : Programming language that defines a set of rules for encoding documents in a format that is both readable by human and electronic devices. It allows for common information formats to be created and shared on the internet
- ZB or “Zettabytes”** : One ZB is equivalent to 10^{21} Bytes

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INTERPRETATION

All references to “our Company” and “Kronologi” in this Prospectus are to Kronologi Asia Berhad, references to “our Group”, “Kronologi Group”, “we”, “us”, “our” and “ourselves” are to our Company, our subsidiaries and associate taken as a whole, save where the context otherwise requires.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment, rules or regulations is a reference to that enactment, rules or regulations as for the time being modified (by any written law), amended or re-enacted.

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual result, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our management's current view with respect to future events and are not a guarantee of future performance. Forward looking statements can be identified by the use of forward looking terminology such as words "may", "will", "would", "could", "believe", "expect", "anticipate", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:-

- (i) demand of our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

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

- (a) changes in economic, political and regulatory conditions in countries we operate in; and
- (b) government policies, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are limited to, those discussed in Section 4 and Section 11 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

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EXCHANGE RATES

The financial statements of our Group's subsidiaries, namely QSA are prepared in USD and KS are prepared in SGD. As our Group's reporting currency is in RM, the financial statements of QSA and KS were translated to RM for consolidation purposes. As such, our Group faces translation risk in that any material fluctuation in USD and SGD will have an effect on our consolidated financial statements which are presented in RM. For illustrative purposes, we have set out below the applicable historical exchange rate while the financial statements of our subsidiaries are prepared in USD and SGD, as the case may be.

The table below sets out the high and low exchange rates between (i) USD and RM; and (ii) SGD and RM for each month during the six (6) months prior to the LPD. The table below indicates the equivalent amount of RM for USD1.00 and SGD1.00.

Month	USD/RM		SGD/RM	
	High	Low	High	Low
April 2014	3.2850	3.2305	2.6031	2.5841
May 2014	3.2690	3.2065	2.6096	2.5587
June 2014	3.2345	3.1975	2.5807	2.5563
July 2014	3.2080	3.1705	2.5736	2.5514
August 2014	3.2170	3.1480	2.5689	2.5248
September 2014	3.2735	3.1690	2.5702	2.5294

(Source: Bank Negara Malaysia)

The following table sets out, for each of the financial years and period indicated, the average and closing exchange rates between (i) USD and RM; and (ii) SGD and RM. The average exchange rates between (i) USD and RM; and (ii) SGD and RM are calculated using the average of the exchange rates on the last active trading day of each month during each financial years/period. Where applicable, the exchange rates in this table are used for our financial statements disclosed elsewhere in this Prospectus.

FYE / FPE	USD/RM		SGD/RM	
	Average	Closing	Average	Closing
31 December 2011	3.0572	3.1685	2.4371	2.4373
31 December 2012	3.0785	3.0580	2.4745	2.5032
31 December 2013	3.1700	3.2815	2.5305	2.5943
30 June 2014	3.2643	3.2105	2.5892	2.5703

(Source: Bank Negara Malaysia)

The exchange rates between (i) USD and RM; and (ii) SGD and RM as outlined above have been presented for information purposes only. The exchange rates should not be construed as a representation that these USD and SGD amounts could have been or could be converted into RM at any particular rates, the rates above, or at all.

Fluctuations in the exchange rates between the (i) USD and RM; and (ii) SGD and RM will affect the USD and SGD equivalent of the RM price of our Shares on Bursa Securities and the RM equivalent of any cash dividend paid by us in USD and SGD.

We believe that we have extracted the relevant information in its proper form and context in this Prospectus, and have not verified the above exchange rates.

Unless otherwise stated, the following foreign exchange rates as at the LPD are utilised throughout this Prospectus:-

- USD1.00 = RM3.2740
- SGD1.00 = RM2.5652

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Piti Pramotedham <i>(Executive Chairman/ Group CEO)</i>	25, Balmoral Park #11-02 Pinewood Gardens Singapore 259854	Director	Singaporean
Teo Chong Meng Philip Dominic <i>(Executive Director/ CTO)</i>	123, Tampines St. 11 #08-364 Singapore 521123	Director	Singaporean
Tan Wee Seng Gerard <i>(Senior Independent Non-Executive Director)</i>	24, Kew Terrace Singapore 466083	Director	Singaporean
John Chin Shoo Ted <i>(Independent Non-Executive Director)</i>	372, Lorong Setia Raja 4E Taman Casa Marbella 93350 Kuching Sarawak Malaysia	Director	Malaysian
Lee Wai Cheong <i>(Independent Non-Executive Director)</i>	64, Jalan Datuk Sulaiman 6 Taman Tun Dr Ismail 60000 Kuala Lumpur Malaysia	Director	Malaysian

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1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Wee Seng Gerard	Chairman	Senior Independent Non-Executive Director
John Chin Shoo Ted	Member	Independent Non-Executive Director
Lee Wai Cheong	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
John Chin Shoo Ted	Chairman	Independent Non-Executive Director
Tan Wee Seng Gerard	Member	Senior Independent Non-Executive Director
Piti Pramotedham	Member	Executive Chairman/ Group CEO

NOMINATION COMMITTEE

Name	Designation	Directorship
Tan Wee Seng Gerard	Chairman	Senior Independent Non-Executive Director
Lee Wai Cheong	Member	Independent Non-Executive Director
John Chin Shoo Ted	Member	Independent Non-Executive Director

COMPANY SECRETARIES

- : Tea Sor Hua (MACS 01324)
77C, Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7728 4778
- Yong Yen Ling (MAICSA 7044771)
77C, Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7728 4778

REGISTERED OFFICE

- : Third Floor, No. 79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7728 4778

HEAD OFFICE

- : Unit 705, Block B,
Pusat Dagangan Phileo Damansara 1
No 9, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7955 0535
Website : www.kronologi.asia
Information on our website does not constitute part of this Prospectus

1. CORPORATE DIRECTORY (Cont'd)

- EXTERNAL AUDITORS AND REPORTING ACCOUNTANTS** : SJ Grant Thornton (AF: 0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : (03) 2692 4022
- SOLICITORS FOR THE LISTING** : Cheang & Ariff
39 Court @ Loke Mansion
273A, Jalan Medan Tuanku
50300 Kuala Lumpur
Telephone No. : (03) 2691 0803
- SOLICITORS ON SINGAPORE LAW** : Shook Lin & Bok LLP
1, Robinson Road
#18-00 AIA Tower
Singapore 048542
Telephone No. : +65 6535 1944
- PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT** : Bank Islam Malaysia Berhad
Level 32, Menara Bank Islam
22, Jalan Perak
50450 Kuala Lumpur
Telephone No. : (03) 2688 2651
- SHARE REGISTRAR** : Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No. : (03) 2264 3883
- PRINCIPAL BANKER** : Standard Chartered Bank
8, Marina Boulevard
Marina Bay Financial Central Tower 1, Level 24
Singapore 018981
Telephone No. : +65 6596 9471
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7841 8000
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd
Level 23, Premier Suite
One Mont' Kiara
1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Telephone No. : (03) 2785 6822
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : Approved by the Shariah Advisory Council of the SC

2. INFORMATION SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted from the full text of this Prospectus. You should carefully read and understand this section together with the whole Prospectus before you decide whether to invest in us.

2.1 BACKGROUND AND OVERVIEW

We are a regional EDM solutions provider through our subsidiaries and associate. Our portfolio of products and services provide our clients with the ability to achieve data assurance and protection through the systematic backup, storage and recovery of enterprise data to ensure business continuity.

Our subsidiary, QSA has over twelve (12) years of experience in the EDM industry, and we believe that our long term growth and sustainability are founded on the following key factors:-

Our Group operates in the SEA EDM industry, which has positive and favourable prospects

We have been in the EDM business since 2002 via our subsidiary, QSA and have since established ourselves as a regional industry player. Over the last twelve (12) years and through the subsequent adoption of a new business model, we have developed a significant market presence through our relationships with our End-User Customers, distributors and resellers/channel partners. With our proven track record and technical know-how, we believe that we are primed to enter the next phase of growth in our business. According to the IMR report prepared by Smith Zander, the EDM industry in SEA has shown significant positive growth, growing from USD577.9 million (RM2.0 billion) in 2009 to USD759.6 million (RM2.4 billion) in 2013, at a CAGR of 7.1%. The industry is expected to continue to grow at a CAGR of 7.3% from 2014 to 2016, to be driven by the following:-

- (a) critical importance of digital data to businesses and enterprises;
- (b) increasing usage of storage capacity resulting from increasing volume of digital data;
- (c) the ever increasing number of businesses and enterprises established;
- (d) the promulgation by SEA Governments of IT adoption through favourable policies and initiatives; and
- (e) the emergence of internet-enabled applications leading to an increase in demand for EDM solutions to support the volume of digital data created from these services.

We believe that the prospects in the EDM industry in SEA will continue to support our growth, as we embark on implementing our future plans and strategies to strengthen our foothold in our existing markets as well as launch our EDM managed services across the region.

In addition, the growth in other IT products and services will also give rise to the demand for EDM solutions as it will consequently increase demand for backup and storage and thus, benefit the EDM industry. As such, we believe we are strategically positioned to leverage on the overall growth in the IT industry.

Our Group has an experienced management and technical team

Mr. Pramotedham is our Group CEO and has been involved in the management and operations of our subsidiaries since January 2012 whilst Mr. Teo is our CTO and has been with our main operating subsidiary, QSA since 2002. Mr. Pramotedham has over 25 years of experience in enterprise IT and enterprise risk management, coupled with past regional leadership roles. Having seen the benefits of a strong IT infrastructure to an organisation and an organisation's vulnerability to risk through the loss of critical data, Mr. Pramotedham is acutely aware of the urgent need for enterprises to protect their digital data to ensure operational and business continuity. Mr. Pramotedham has the ideal combination of vision and experience to lead our Group, and he has been instrumental in charting our Group's future growth and our vision to build a proposition as a key EDM company in our selected target markets in SEA and India. Mr. Pramotedham together with Mr. Teo had subsequently conceptualised our FABRiK framework.

2. INFORMATION SUMMARY (Cont'd)

Our Group has proven track record and continuous R&D programme

Over the last twelve (12) years in the EDM industry, our subsidiaries have developed core expertise in the structured management of data protection and recovery processes for large enterprises. Mr. Pramotedham, Mr. Teo and our R&D team conceptualised our FABRiK framework in 2013, where our FABRiK framework includes the technology blueprint, protocols and processes that enable us to deliver consistent quality EDM solutions to our clients. Moving forward, FABRiK will be used to design, develop and implement our EDM solutions.

Leveraging on our FABRiK framework, we enhanced our EDM managed services (which was introduced in 2012 via our subsidiary, KS) under the brand name "Kronicles Assure", as an alternative solution for Mid-market Companies, where we manage the systematic backup, storage, recovery and restoration of enterprise data of our clients on a Subscription Model, relieving our clients from large upfront capital investment and ownership costs.

Our Group has a well-established regional footprint in SEA

Our subsidiary, QSA's expansion into the regional markets, which began in 2004, has contributed significantly to our growth, where in the six (6)-month FPE 30 June 2014, Malaysia, Philippines, Indonesia and Thailand accounted for a combined 26.25% of our revenue, with 69.77% from Singapore. Our well-established regional footprint in the SEA market is attributable to our technical know-how, our industry experience and our ability to build customer relationships in the region.

Our Group has a well-established value network of distributors, resellers/channel partners and End-User Customers in the SEA region

Since 2012, our subsidiaries have been operating a "high touch indirect"¹ business model which encompasses our distributors, resellers/channel partners and the End-User Customers. Generally, once a sale has been processed, we deliver the EDM solutions to the End-User Customers and our technical team carries out the installation and implementation. Then we will use the remote monitoring capabilities, processes, policies, maintenance and technical support programmes within our FABRiK framework to provide continuous support to our End-User Customers.

While we collaborate with our distributors and resellers/channel partners to leverage on their market reach which is a norm in the IT industry, we have, through maintaining close contact, built and will continue to build our own sustainable business relationships with the End-User Customers. Across the SEA region, we count among our distributors and resellers/channel partners corporations such as ECS Computers (Asia) Pte. Ltd., Ingram Micro Asia Ltd., ACA Pacific Technology (S) Pte. Ltd., NCS Group, Glocomp Systems (M) Sdn Bhd and StarHub Limited.

Our Group has a clear and focused growth strategy which leverages on our existing strengths

Our Group's growth strategy is centred on the following:-

- (a) expanding our EDM infrastructure technology solutions business footprint to existing and new geographical markets; and
- (b) offering EDM managed services in SEA, leveraging on our technical know-how and track record in providing EDM infrastructure technology solutions in our existing markets as a platform for expansion.

Our conventional EDM infrastructure technology business is expected to continue to contribute steady revenue and earnings, while EDM managed services is envisaged to provide further impetus to the future growth of our Group.

¹ Please refer to Section 5.7.2 of this Prospectus for further information.

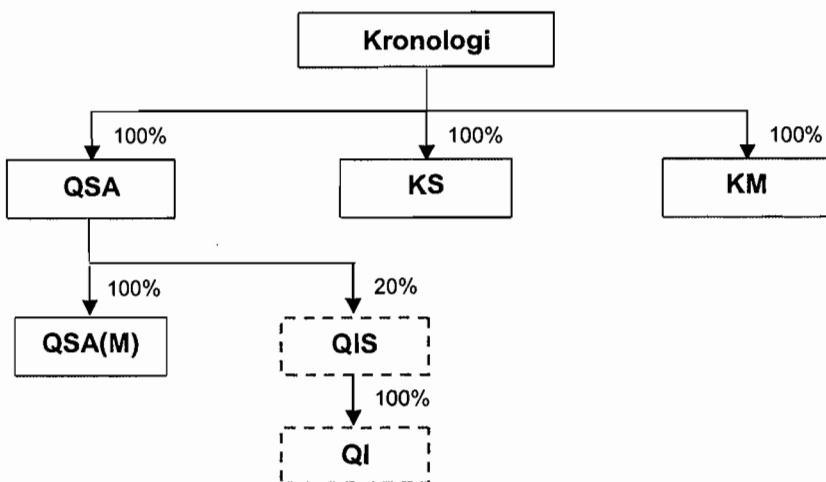
2. INFORMATION SUMMARY (Cont'd)

Our Company's listing on the ACE Market of Bursa Securities

We are an established regional player seeking a listing on the ACE Market of Bursa Securities to facilitate and accelerate our future growth. As a MSC-Malaysia status company, Kronologi will be well-positioned to continuously carry out R&D activities. The continuous development of proprietary products and solutions, coupled with our proven track record and technical know-how, will place us in a position to be able to ensure our long term growth and sustainability in the industry. For further information on our rationale for Listing, please refer to Section 3.3 of this Prospectus.

Further information on our Group's background and business activities are set out in Section 5 of this Prospectus.

Our existing Group corporate structure is as follows:-



 Our associate

Further information on our Group's background and overview is disclosed under Section 5.1.1 and Section 5.1.2 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.2 COMPETITIVE STRENGTHS

(i) **We have a resilient market presence through our direct relationships with End-User Customers**

Even though our sales are mainly carried out through our distributors and resellers/channel partners which is a norm in the IT industry, our subsidiaries engage directly with the End-User Customers, from the generation of sales leads to client relationship management. This "high touch indirect"² approach with the End-User Customers allows us to focus on building strong and lasting relationships with our End-User Customers thus ensuring long term sustainability of these relationships.

(ii) **Our Group has a well-established value network of distributors, resellers/channel partners and End-User Customers in the SEA region**

Our subsidiaries collaborate with our distributors and resellers/channel partners across the SEA region, such as ECS Computers (Asia) Pte. Ltd., Ingram Micro Asia Ltd., ACA Pacific Technology (S) Pte. Ltd., NCS Group, Glocomp Systems (M) Sdn Bhd and StarHub Limited to leverage on their market reach whilst we continue to maintain close contact with the End-User Customers.

(iii) **We have strong technical expertise, with the FABRIK framework as our technology blueprint**

We have a robust system architecture framework, known as FABRIK, which enables us to replicate our service delivery model across all markets. We ensure consistent quality solutions when we deliver our EDM solutions through our FABRIK framework.

(iv) **We have proven and profitable business operations across SEA**

Our subsidiaries have established themselves with proven and profitable business operations across multiple countries in SEA, as evidenced by our financial track record which is largely driven by our EDM infrastructure technology business.

Our revenue has grown from RM32.778 million in the FYE 31 December 2011 to RM42.170 million in the FYE 31 December 2013, representing an increase of 28.65% or CAGR of 13.43%. For the six (6)-month FPE 30 June 2014, our revenue increased by 33.97% from RM20.974 million in the six (6)-month FPE 30 June 2013 to RM28.099 million. We also achieved an average PBT and PAT of RM5.347 million and RM5.111 million respectively over the past three (3) financial years.

(v) **We have strong leadership in our experienced management team**

We have been operating our business for twelve (12) years via our subsidiary, QSA, and we are led by an experienced management team. We believe that the strength and experience of our key management team will enable us to continue to grow our business and expand our presence throughout the SEA region.

(vi) **We have identified and implemented a growth strategy (i.e. our EDM managed services) that leverages on our extensive experience and core competency derived from our EDM infrastructure technology business**

We have developed and introduced EDM managed services in our solution portfolio via our subsidiary, KS, as it leverages on our core competencies, extensive experience and technical know-how which our team has gained through operating in the EDM industry for the past decade. The adoption of this business model places us in a unique position to offer flexible product offerings at lower entry costs to a different market segment (i.e Mid-market Companies), comprising End-User Customers who traditionally have not been able

² Please refer to Section 5.7.2 of this Prospectus for further information.

2. INFORMATION SUMMARY (Cont'd)

to afford conventional outright EDM solutions procurement which requires large upfront capital investment and ownership cost.

(vii) Kronologi was granted the MSC-Malaysia status, which enables our Company to reap the financial and non-financial incentives attached

Kronologi was granted MSC-Malaysia status in May 2014 by MDeC. Presently, all MSC-Malaysia status companies are granted financial and non-financial incentives. Apart from that, as a MSC-Malaysia status company, we also have the opportunity to tap into the existing pool of skilled IT employees to further grow our operations in Malaysia.

Further details of our competitive strengths are set out in Section 5.1.3 of this Prospectus.

2.3 PROMOTERS, SUBSTANTIAL SHAREHOLDER AND DIRECTORS OF OUR GROUP

Our Company's promoters are Mr. Pramotedham and Mr. Teo. Mr. Pramotedham is also the substantial shareholder of our Company.

The Directors of our Company are as follows:-

Name	Designation
Piti Pramotedham	Executive Chairman / Group CEO
Teo Chong Meng Philip Dominic	Executive Director / CTO
Tan Wee Seng Gerard	Senior Independent Non-Executive Director
John Chin Shoo Ted	Independent Non-Executive Director
Lee Wai Cheong	Independent Non-Executive Director

Mr. Pramotedham holds both the role of the chairman and CEO due to his thorough understanding on the operations of our Group and over 25 years of experience in the enterprise IT and enterprise risk management industry. The presence of independent directors with relevant industry and technical knowledge and experience, who form more than half of our Board, including the appointment of a Senior Independent Director, will provide the necessary check and balances for our Board.

Our ultimate intention is to appoint one of the independent directors ("ID") to be the Chairman of our Board within two (2) years' time from the date of our Listing. This is to enable the ID the time to gain a thorough understanding of our Group's operations as well as the industry in which our Group operates prior to his/her appointment so that the ID can better serve his/her role as the Chairman of our Board.

Further details on our Promoters, substantial shareholder and Directors are disclosed in Section 7 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.4 PRINCIPAL STATISTICS RELATING TO THE IPO

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text:-

	No. of Shares	Share Capital (RM)
Authorised share capital	250,000,000	25,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	177,741,000	17,774,100
New shares to be issued pursuant to the Public Issue	59,247,000	5,924,700
Enlarged share capital upon Listing	236,988,000	23,698,800
Issue Price		0.29
		RM
- Proforma consolidated NA per Share (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of approximately RM3.200 million)		0.10
- Market capitalisation (based on the Issue Price and enlarged issued and paid-up share capital after the IPO)		68,726,520

Further information on our IPO is disclosed under Section 3 of this Prospectus.

2.5 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue will amount to RM17.182 million based on the Issue Price. We expect the proceeds to be utilised in the following manner:-

Purpose	RM'000	%	Time frame for utilisation
Business expansion	6,000	34.92	Within 36 months from the date of Listing
R&D expenditure	3,500	20.37	Within 36 months from the date of Listing
Working capital	4,482	26.09	Within 36 months from the date of Listing
Estimated listing expenses	3,200	18.62	Within three (3) months from the date of Listing
Total	17,182	100.00	

Further details on the utilisation of proceeds are set out in Section 3.9 of this Prospectus.

There is no minimum subscription to be raised from the IPO.

The proforma impact of the utilisation of proceeds on our Proforma Consolidated Statement of Financial Position as at 30 June 2014 is reflected in Section 2.7 and Section 11.2 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.6 HISTORICAL PROFORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF OUR GROUP

The following historical Proforma Consolidated Statement of Profit or Loss and Other Comprehensive Income for the past three (3) FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014 are provided for illustrative purposes and have been extracted from the audited financial statements of Kronologi and our subsidiaries assuming that our Group has been in existence throughout the financial years/period under review. Additionally, the unaudited consolidated financial information for the six (6)-month FPE 30 June 2013 has been prepared for comparison purpose only.

The Proforma Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read with our management's discussion and analysis of proforma financial conditions, results of operations and prospects set out in Section 11.4 of this Prospectus and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information together with the basis of assumption as set out in the accompanying notes in Section 11.2 of this Prospectus.

There has been no exceptional or extraordinary item on all the audited financial statements of our Company and subsidiaries for the financial years/period under review.

	<-----Audited----->			Unaudited	Audited
	<-----FYE 31 December----->			Six (6)-month	
	2011 RM'000	2012 RM'000	2013 RM'000	<-----FPE 30 June-----> 2013 RM'000	2014 RM'000
Revenue	32,778	35,795	42,170	20,974	28,099
Cost of sales	(20,690)	(18,792)	(26,306)	(13,090)	(19,158)
Gross profit	12,088	17,003	15,864	7,884	8,941
Other income	996	2,115	917	318	306
Selling and distribution expenses	(3,945)	(6,270)	(7,389)	(3,082)	(3,535)
Administrative expenses	(2,825)	(7,837)	(4,589)	(1,895)	(2,230)
Interest expenses	-	(6)	(82)	(42)	(248)
PBT	6,314	5,005	4,721	3,183	3,234
Tax (expense)/ income ⁶	(952)	(788)	(51)	(34)	176 ⁸
Overestimate of tax expense	106	85	894	-	-
Subtotal – Tax (expense) / income	(846)	(703)	843	(34)	176
PAT	5,468	4,302	5,564	3,149	3,410
Other comprehensive income:					
Exchange translation difference relating to foreign subsidiaries	122	(215)	516	455	(173)
Total comprehensive income	5,590	4,087	6,080	3,604	3,237

2. INFORMATION SUMMARY (Cont'd)

	<-----Audited----->			Unaudited	Audited
	<-----FYE 31 December----->			Six (6)-month	
	2011	2012	2013	<-----FPE 30 June----->	
	RM'000	RM'000	RM'000	2013 RM'000	2014 RM'000
Assumed no. of Shares in issue ¹ (‘000)	177,741	177,741	177,741	177,741	177,741
EBITDA	6,363	5,591	6,256	3,818	4,433
Basic EPS ² (sen)	3.07	2.42	3.13	1.77	1.92
Gross profit margin ³ (%)	36.88	47.50	37.62	37.59	31.82
PBT margin ⁴ (%)	19.26	13.98	11.20	15.18	11.51
PAT margin ⁵ (%)	16.68	12.02	13.19	15.01	12.14
Effective tax rate ⁶ (%)	15.08	15.74	1.08 ⁷	1.07 ⁷	N/A ⁸

Notes:-

- 1) *The assumed number of Shares in issue after Acquisitions but before Public Issue.*
- 2) *Basic EPS is calculated based on PAT of our Group divided by the assumed number of Shares in issue.*
- 3) *Gross profit margin is calculated based on gross profit divided by revenue.*
- 4) *PBT margin is calculated based on PBT divided by revenue.*
- 5) *PAT margin is calculated based on PAT divided by revenue.*
- 6) *Effective tax rate is calculated based on tax expense divided by PBT.*
- 7) *The low effective tax rate was mainly due to the tax incentives enjoyed by our Group as detailed in Section 11.4.1(c)(vi) of this Prospectus.*
- 8) *The tax income was due to utilisation of PIC scheme and unutilised capital allowances of our subsidiary.*

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2. INFORMATION SUMMARY (Cont'd)**2.7 PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP**

The Proforma Consolidated Statement of Financial Position of our Group as at 30 June 2014 as set out below, for which our Directors are solely responsible, have been prepared for illustrative purposes only to show the effects of the Public Issue and utilisation of proceeds on the Proforma Consolidated Statement of Financial Position of our Group as at 30 June 2014 on the assumption that the Public Issue was implemented and completed on 30 June 2014. We advise you to read the Proforma Consolidated Statement of Financial Position together with the basis and assumptions as set out in the accompanying notes included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Section 11.2 of this Prospectus.

	Audited As at 30 June 2014	Proforma I After Public Issue	Proforma II After utilisation of proceeds
	RM'000	RM'000	RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	8,780	8,780	8,780
Research and development	-	-	3,500
Other receivables	384	384	384
Deferred tax assets	245	245	245
Total non-current assets	9,409	9,409	12,909
<u>Current assets</u>			
Inventories	5,374	5,374	5,374
Trade receivables	9,238	9,238	9,238
Other receivables	2,836	2,836	1,580
Amount owing from an associate*	219	219	219
Cash and bank balances	1,147	18,329	12,885
Total current assets	18,814	35,996	29,296
TOTAL ASSETS	28,223	45,405	42,205
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17,774	23,699	23,699
Share premium	-	11,257	9,308
Reserves	(9,087)	(9,087)	(10,338)
Total equity	8,687	25,869	22,669
LIABILITIES			
<u>Non-current liabilities</u>			
Deferred income	1,201	1,201	1,201
Finance lease liabilities	1,737	1,737	1,737
Total non-current liabilities	2,938	2,938	2,938
<u>Current liabilities</u>			
Trade payables	4,090	4,090	4,090
Other payables	3,858	3,858	3,858
Amount due to an associate	928	928	928
Deferred income	6,341	6,341	6,341
Finance lease liabilities	1,381	1,381	1,381
Total current liabilities	16,598	16,598	16,598
Total liabilities	19,536	19,536	19,536
TOTAL EQUITY AND LIABILITIES	28,223	45,405	42,205

2. INFORMATION SUMMARY (Cont'd)

	Audited As at 30 June 2014	Proforma I After Public Issue	Proforma II After utilisation of proceeds
No. of ordinary shares in issue ('000)	177,741	236,988	236,988
NA (RM'000)	8,687	25,869	22,669
NA per share (RM)	0.05	0.11	0.10

Note:-

- * Amount owing from an associate comprise non-trade balances arising from reimbursable expenses in respect of accommodation expenses and freight charges.

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2. INFORMATION SUMMARY (Cont'd)**2.8 PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF OUR GROUP**

The Proforma Consolidated Statement of Cash Flows of our Group for the six (6)-month FPE 30 June 2014 as set out below, for which our Directors are solely responsible, has been prepared for illustrative purposes only on the assumption that the Public Issue was implemented and completed on 30 June 2014. We advise you to read the Proforma Consolidated Statement of Cash Flows together with the basis and assumptions as set out in the accompanying notes included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Section 11.2 of this Prospectus.

Six (6)-month FPE 30 June	2014 RM'000
Cash flows from operating activities	
Profit before tax	3,234
Adjustments for:	
Depreciation of property, plant and equipment	951
Interest expenses	248
Unrealised gain on foreign exchange	(40)
Operating profit before working capital changes	<u>4,393</u>
Changes in working capital :-	
Inventories	2,119
Receivables	(2,953) [^]
Payables	(3,689)
Associate	910
Deferred income	2,932
Cash generated from operations/ Net cash from operating activities	<u>3,712</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(578)
Research and development expenditure - by listing proceeds	(3,500)
Repayments to associate	(223)
Net cash used in investing activities	<u>(4,301)</u>
Cash flows from financing activities	
Issuance of share capital	10
Repayment to financial institution	(1,732)
Repayment to finance lease liabilities	(469)
Interest paid	(248)
Dividend paid*	(2,324)
Listing proceeds through Public Issue	17,182
Payment of listing expenses	(1,944) [^]
Cash flows from financing activities	<u>10,475</u>
Net increase in cash and cash equivalents	9,886
Effect of foreign exchange translation	12
Cash and cash equivalents at beginning of the financial period	<u>2,987</u>
Cash and cash equivalents at end of the financial period	<u>12,885</u>

Notes:-

* Being the payment of the remaining dividend out of the total interim dividend declared by QSA amounting to RM8.876 million in the FYE 31 December 2013. This interim dividend was the only dividend declared for the year.

[^] Out of the estimated listing expenses of RM3.200 million, the remaining RM1.256 million has been included in other receivables, being prepayment of listing expenses via internally-generated funds during the six (6)-month FPE 30 June 2014.

2. INFORMATION SUMMARY (Cont'd)

2.9 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations that may affect our future financial performance. The following is a summary of the key risks and investment considerations (which may not be exhaustive) that we are currently facing or that may develop in the future:-

2.9.1 Risks relating to the businesses and operations of our Group

- (i) We face competition from other EDM solutions providers;
- (ii) We are susceptible to the evolution of technological trends resulting in the need for us to constantly innovate to stay competitive;
- (iii) We are dependent on our Promoters for continued success;
- (iv) We may be affected by adverse change of relationship with our strategic marketing partner;
- (v) Our business growth may be affected if the level of awareness and adoption of EDM managed services develops more slowly than we expect;
- (vi) Our business expansion activities require capital investments and we may need to seek capital injections or additional external financing which may not be available or is available on terms not favourable to us;
- (vii) We depend on data centres operated by our hosting partners and any disruption in the operation of these facilities could adversely affect our EDM managed service business;
- (viii) We face risk on security breaches and failure to protect our proprietary information as well as our customers' information could adversely affect our business;
- (ix) We may not be successful in expanding our business into other foreign markets;
- (x) We are subject to risks relating to the economic, political, legal or social environment in the markets in which we operate;
- (xi) We are exposed to foreign exchange transaction risks and any adverse movements in the foreign exchange currency market may negatively impact our business, financial position and operating results;
- (xii) We may not continue to be profitable in the future or achieve increasing or consistent levels of profitability;
- (xiii) The lack of long term contracts may result in the fluctuation of our Group's performance;
- (xiv) Change in or loss of MSC-Malaysia status may impact our financial performance; and
- (xv) Loss of Productivity and Innovation Credit ("PIC") scheme may impact our financial performance.

2. INFORMATION SUMMARY (Cont'd)

2.9.2 Risks relating to investing in our Shares

- (i) There has been no prior market for our Shares;
- (ii) Our Share price and trading volume may be volatile;
- (iii) Our Promoters will continue to hold a majority of our Shares after the IPO;
- (iv) There may be a potential delay to or failure of our Listing; and
- (v) Forward-looking statements are subject to uncertainties and contingencies.

Further information on our risk factors is disclosed under Section 4 of this Prospectus.

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3. PARTICULARS OF IPO

3.1 INTRODUCTION

This Prospectus is dated 27 November 2014.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

On 25 June 2014, we have voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC of the SC as part of the process of determining our Shariah status at IPO. On 25 July 2014, the SAC has classified our Shares as Shariah-compliant based on the audited financial statements of our subsidiaries for the FYE 31 December 2013. The classification will remain valid from the date of issue of this Prospectus until the next Shariah compliance review is conducted by the SAC of the SC. The new status will be released in the updated list of the Shariah-compliant securities on the last Friday of the month of May and November of each year.

We have obtained Bursa Securities' approval vide its letter dated 30 September 2014 for admission of our Company to the Official List of the ACE Market of Bursa Securities and for the listing of and quotation for our Company's entire issued and paid-up share capital, including the Issue Shares which is the subject of this Prospectus, on the ACE Market of Bursa Securities. Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptances of Application for the Issue Shares will be conditional upon the permission being granted by Bursa Securities to deal in and for quotation and listing of our entire issued and paid-up share capital on the ACE Market of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned in full without interest within 14 days if the aforesaid permission for quotation is not granted within six (6) weeks from the date of issue of this Prospectus, or such longer period as may be specified by the SC, provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If such monies are not repaid within the said period, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Bursa Securities assumes no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our IPO.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. Therefore, we will deposit the Issue Shares directly with Bursa Depository. Any dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of shares for which the listing is sought must be in the hands of a minimum number of 200 public shareholders holding not less than 100 Shares each upon admission to the ACE Market of Bursa Securities. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the ACE Market of Bursa Securities. In such an event, we will return all the monies paid in respect of all Applications without interest/profit.

If you are submitting your Application by way of an Application Form or Electronic Share Application or Internet Share Application, you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an Application for our Issue Shares. Please refer to **Section 16** of this Prospectus for further details on the procedures for Application for the Issue Shares.

3. PARTICULARS OF IPO (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Group since the date hereof.

The distribution of this Prospectus and the making of this IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our Issue Shares are subject to the Malaysian laws and we, together with Bank Islam as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our Issue Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation and/or offer to subscribe for our Issue Shares in any jurisdictions in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in any doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

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3. PARTICULARS OF IPO (Cont'd)

3.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Event(s)	Tentative Date(s)
Issuance of this Prospectus/ Opening of the application period for the IPO	27 November 2014
Closing of the application period for the IPO	4 December 2014
Balloting of the applications for the Issue Shares	8 December 2014
Allotment of Issue Shares to successful applicants	10 December 2014
Listing date	15 December 2014

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such further period or periods as our Directors, together with the Sole Underwriter, in their absolute discretion may mutually decide.

In the event the closing date of the application period is extended, we will advertise the notice of the extension in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application period. Following this, we will extend the dates for the balloting of the applications, allotment of Issue Shares and Listing accordingly.

3.3 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (i) To obtain the listing of and quotation for the entire issued and paid-up share capital of our Company on the ACE Market of Bursa Securities, which is expected to enhance our business, profile and future prospects;
- (ii) To provide our Group with access to the capital market and allow us to raise funds for future expansion and growth;
- (iii) To enhance the stature of our Group in the marketing of our products and services, and to retain, and attract new and skilled employees;
- (iv) To provide an opportunity for Malaysian investors to participate in our equity and continuing growth in the EDM industry;
- (v) To assist our Group in expanding our customer base in Malaysia and abroad; and
- (vi) To generate additional funds to meet our general working capital requirements for present and future operations of our Group.

We have pursued a listing in Malaysia after taking into consideration amongst others, our intention to set up a shared services support hub which is conducive for our Group's presence in SEA in line with our plans to expand our business to new geographical markets. We also believe that a listing in Malaysia would benefit our Group due to competitive advantages accorded from the MSC-Malaysia status programme, such as tax incentives which can be used for our continuing R&D programme and particularly, our ability to employ suitable knowledge workers at favourable cost, and overall lower cost of professional fees for the IPO.

3. PARTICULARS OF IPO (Cont'd)**3.4 SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES**

	No. of Shares	Share Capital (RM)
Authorised share capital	250,000,000	25,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	177,741,000	17,774,100
New Shares to be issued pursuant to the Public Issue	59,247,000	5,924,700
Enlarged share capital upon Listing	236,988,000	23,698,800
Issue Price		0.29
		RM
- Proforma consolidated NA per Share <i>(based on our enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of approximately RM3.200 million)</i>		0.10
- Market capitalisation <i>(based on the Issue Price and our enlarged issued and paid-up share capital after the IPO)</i>		68,726,520

The Issue Price is payable in full upon application.

We only have one (1) class of shares, being ordinary shares of RM0.10 each, all of which rank equally with each other. The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued share capital which are fully paid-up including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the allotment date of our Shares.

Subject to special rights attaching to any share which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and provisions of the Act.

Each shareholder shall be entitled to vote at any of our general meetings in person, by proxy or by attorney, and, on a show of hands, every person present who is a shareholder, or a representative, proxy or attorney of a shareholder, shall have one (1) vote, and on a poll, every shareholder present in person, by proxy, by attorney or by duly authorised representative shall have one (1) vote for each of our Shares held. A proxy may but need not be our member.

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3. PARTICULARS OF IPO (Cont'd)**3.5 DETAILS OF THE IPO****3.5.1 Public Issue**

The Public Issue of 59,247,000 new Kronologi Shares, representing 25% of our enlarged issued and paid-up share capital, at the Issue Price, payable in full on application upon such terms and conditions as set out in this Prospectus will be allocated and allotted in the following manner:-

(i) Malaysian Public

4,739,500 new Kronologi Shares, representing approximately 2.0% of our enlarged issued and paid-up share capital, made available for application by the Malaysian Public via balloting.

The basis of allocation shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants in view of broadening the shareholding base of our Company to meet the public spread requirements, and to establish a liquid and adequate market in the Shares. Applicants will be selected in a manner to be determined by our Directors.

(ii) Eligible Directors, employees and persons who have contributed to the success of our Group

7,109,500 new Kronologi Shares, representing approximately 3.0% of our enlarged issued and paid-up share capital, reserved for our eligible Directors, employees and persons who have contributed to the success of our Group. Further details of our pink form share allocation are set out in Section 3.8 of this Prospectus.

(iii) Private placement to identified investors

47,398,000 new Kronologi Shares, representing approximately 20.0% of our enlarged issued and paid-up share capital, by way of placement to identified investors.

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3. PARTICULARS OF IPO (Cont'd)

3.5.2 Underwriting Arrangement and Reallocation

All the 11,849,000 Issue Shares available for application by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus have been underwritten. Irrevocable written undertakings to subscribe for the 47,398,000 Issue Shares under Section 3.5.1(iii) have been obtained from the identified investors and as such, will not be underwritten.

Any Issue Shares which are not taken up by our eligible Directors, employees and persons who have contributed to the success of our Group under Section 3.5.1(ii) of this Prospectus will be re-offered to our Group's other eligible Directors, employees or persons who have contributed to the success of our Group. Subsequently, any of the unsubscribed Issue Shares re-offered which are not taken up will be offered for application by the Malaysian Public. Likewise, any Issue Shares which are not subscribed under Section 3.5.1(i) of this Prospectus will be offered to our eligible Directors, employees and persons who have contributed to the success of our Group.

In addition, any of the Issue Shares not subscribed under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus will be made available to identified investors via private placement. Thereafter, any remaining re-offered Issue Shares under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus that are not subscribed for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

Please refer to Section 3.10.2, Section 3.10.3 and Section 3.10.4 of this Prospectus for further details on the underwriting and placement arrangements.

There is no over-allotment or "greenshoe" option that will result in an increase in the amount of Issue Shares.

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3. PARTICULARS OF IPO (Cont'd)

3.6 BASIS OF ARRIVING AT THE ISSUE PRICE

Our Directors and Bank Islam, as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, had determined and agreed upon the Issue Price, after taking into consideration the following factors:-

(i) Financial and operating history

We have been actively involved in the EDM industry since 2002 via our subsidiary, QSA. Based on the Proforma Consolidated Statement of Profit or Loss and Other Comprehensive Income of our Group for the FYE 31 December 2013, we recorded a PAT of RM5.564 million representing a basic EPS of 3.13 sen (based on the existing issued and paid-up share capital of RM17,774,100 comprising 177,741,000 Shares) and 2.35 sen (based on the enlarged issued and paid-up share capital of RM23,698,800 comprising 236,988,000 Shares upon Listing) resulting in net PE Multiple of 9.27 times and 12.34 times respectively.

The current average net PE Multiple of the selected companies³ and certain companies operating in the IT industry that are listed on the ACE Market is 15.26 times and 11.05 times respectively (as at the LPD). Our detailed operating and financial history is outlined in Section 5 and Section 11 of this Prospectus respectively.

(ii) Future plans and strategies

Going forward, our Group will continue to expand our business in markets such as Malaysia, Singapore, Philippines, Thailand, Indonesia and India by increasing our business activities in these countries, and penetrating into other developing markets such as Vietnam, Sri Lanka and Myanmar where there is significant growth opportunities in the EDM solutions business. We also intend to intensify marketing and promotional activities for our EDM managed services throughout the SEA region. Please refer to Section 5.8.1 of this Prospectus for further details on our future plans and strategies.

(iii) Competitive strengths and prospects of our Group and industry

The competitive strengths and the prospects of our Group and the industry are outlined in Section 5.1.3, Section 5.8.2 and Section 6 of this Prospectus respectively.

(iv) Proforma consolidated NA

The proforma consolidated NA per Share as at 30 June 2014 of RM0.10 based on the enlarged issued and paid-up share capital of 236,988,000 Shares in our Company upon Listing and after utilisation of proceeds.

(v) Prevailing market conditions

The prevailing market conditions include, among others, current market trends and investors' sentiments.

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 4 of this Prospectus before deciding to invest in our Shares.

³ Selected public listed companies which are not directly comparable to Kronologi Group as there is no listed company involved in the EDM industry but to a certain extent, operating in a similar environment with a focus on information technology companies with software development capabilities.

3. PARTICULARS OF IPO (Cont'd)**3.7 DILUTION**

Our proforma NA per Share as at 30 June 2014 before adjusting for the net proceeds from the Public Issue and based on the existing issued and paid-up share capital as at 30 June 2014 of RM17,774,100 comprising 177,741,000 Shares is approximately RM0.05.

Pursuant to the Public Issue in respect of 59,247,000 Issue Shares at the Issue Price, our proforma NA per Share after adjusting for the net proceeds from the Public Issue and based on the enlarged issued and paid-up share capital upon listing of 236,988,000 Shares, would be RM0.11. This represents an increase in NA per Share of RM0.06 to our existing shareholders and a dilution in NA per Share of RM0.18 to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
Issue Price	0.29
Proforma NA per Share as at 30 June 2014	0.05
Increase in NA per Share attributable to existing shareholders	0.06
NA per Share after the Public Issue (before utilisation of proceeds)	0.11
Dilution in NA per Share to new investors	0.18

Save as disclosed below, there is no acquisition of any existing equity securities in our Company by our substantial shareholder, directors or key management, or persons connected with them from the date of our incorporation to the date of this Prospectus, or which they have the right to acquire:-

Name	Total number of Shares received	Total consideration RM	Effective cash cost per share RM
Piti Pramotedham*	125,677,968	12,567,797	0.10
Public Investors	59,247,000	17,181,630	0.29

Note:-

* *A Promoter, Director, substantial shareholder and key management of our Group.*

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3. PARTICULARS OF IPO (Cont'd)**3.8 ALLOCATION OF THE ISSUE SHARES TO OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP**

The eligible Directors, employees and persons who have contributed to the success of our Group have been allocated a total of 7,109,500 new Kronologi Shares.

The total number of persons eligible for the allocation is 70 comprising the following:-

Eligibility	No. of persons	Aggregate number of Issue Shares allocated ⁽³⁾
Directors	4	1,230,100
Employees ⁽¹⁾	63	4,679,400
Persons who have contributed to the success of our Group ⁽²⁾	3	1,200,000
Total	70	7,109,500

Notes:-

- (1) *The criteria of allocation for the above mentioned Issue Shares to employees of our Group (as approved by our Board) are based on, inter-alia, the following factors:-*
- i. *The employee must be a full time employee and on the payroll of our Group; and*
 - ii. *The number of Issue Shares allocated to the eligible employees is based on their seniority, position, their length of service, their past performance and respective contribution made to our Group as well as other factors deemed relevant by our Board.*
- (2) *The Issue Shares to be allocated to the persons who have contributed to the success of our Group shall be based on their contribution to our Group and as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers and customers.*
- (3) *Any Issue Shares which are not taken up by our eligible Directors, employees or persons who have contributed to the success of our Group will be re-offered to our Group's other eligible Directors, employees or persons who have contributed to the success of our Group before being allocated to the public balloting portion.*

3.9 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue will amount to RM17.182 million based on the Issue Price. We expect the proceeds to be utilised in the following manner:-

Purpose	RM'000	%	Time frame for utilisation
Business expansion ⁽ⁱ⁾	6,000	34.92	Within 36 months from the date of Listing
R&D expenditure ⁽ⁱⁱ⁾	3,500	20.37	Within 36 months from the date of Listing
Working capital ⁽ⁱⁱⁱ⁾	4,482	26.09	Within 36 months from the date of Listing
Estimated listing expenses ^(iv)	3,200	18.62	Within three (3) months from the date of Listing
Total	17,182	100.00	

Pending the eventual utilisation of the proceeds raised from the Public Issue, the funds will be placed in short-term deposits with licensed financial institutions.

3. PARTICULARS OF IPO (Cont'd)**Notes:-**

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

(i) Business expansion

To-date, our Group has presence in Malaysia, Singapore, Philippines, Thailand, Indonesia and India, and intends to allocate approximately RM6.000 million of the proceeds from the Public Issue for our market or business expansion in our existing market or potential markets in the future, amongst others, Vietnam, Sri Lanka and Myanmar. The allocated proceeds are expected mainly to be applied towards meeting the marketing costs and related expenses e.g. public relation program, partners' and customers' events, conferences and tradeshows, for the abovementioned business expansion.

(ii) R&D expenditure

The amount of RM3.500 million is proposed to be utilised for future development of our products as well as to enhance our existing products in accordance with our R&D plans and strategies as set out in Section 5.7.7 of this Prospectus. The allocation will cover R&D staff salaries, hardware, software, training and other related expenses.

(iii) Working capital

RM4.482 million of the total gross proceeds from the Public Issue will be utilised for our Group's day to day operations to support our existing business operations which includes payment of salaries and operating expenses which will improve our Group's liquidity and enable the smooth conduct of our operations.

(iv) Estimated listing expenses

Our listing expenses are estimated to be RM3.200 million, details of which are as follows:-

	RM'000
Professional fees	2,350
Fees to authorities	75
Estimated underwriting, placement and brokerage fees	445
Printing and advertising	100
Contingencies	230
Total	3,200

There is no minimum subscription to be raised from the IPO.

The financial impact of the utilisation of proceeds on our Proforma Consolidated Statement of Financial Position as at 30 June 2014 is reflected in Section 11.2 of this Prospectus.

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3. PARTICULARS OF IPO (Cont'd)

3.10 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

3.10.1 Brokerage

We will bear the brokerage fees to be incurred on the issue of the 4,739,500 Issue Shares pursuant to the IPO under Section 3.5.1(i) of this Prospectus at the rate of one percent (1.0%) of the Issue Price in respect of successful applications which bear the stamp of Bank Islam, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

3.10.2 Underwriting Commission

Our Sole Underwriter has agreed to underwrite 11,849,000 Issue Shares as set out in Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.5% of the total value of the Shares underwritten at the Issue Price.

3.10.3 Placement fee

The placement agent fee is payable by the Company to the Placement Agent for the private placement of 47,398,000 Issue Shares as set out in Section 3.5.1(iii) of this Prospectus at the rate of 2.0% of the Issue Price for each Issue Shares successfully placed out by the Placement Agent. The Company will also pay a management fee at the rate of 0.5% of the total value of the Issue Shares at the Issue Price.

3.10.4 Salient Terms of the Underwriting Agreement

Our Company had on 14 November 2014 entered into an underwriting agreement with the Sole Underwriter ("**Underwriting Agreement**") whereby the Sole Underwriter had agreed to underwrite 4,739,500 Issue Shares, which will be made available for subscription by the Malaysian Public and 7,109,500 Issue Shares, which will be made available for subscription by eligible directors, employees and persons who have contributed to the success of our Group ("**Underwritten Shares**"), upon the terms and subject to the conditions therein contained.

The salient terms of the Underwriting Agreement are as follows:-

- (i) Pursuant to Clause 5.1 of the Underwriting Agreement, unless waived by the Sole Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Sole Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-
 - (a) the approvals of Bursa Securities (for, inter alia, the listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM23,698,800 comprising 236,988,000 ordinary shares of Ringgit Malaysia Ten Sen (RM0.10) only each on the ACE Market of Bursa Securities) have been obtained by its letter dated 30 September 2014 remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;
 - (b) the receipt by Bank Islam of all relevant documentation and placement monies in respect of the private placement of Forty Seven Million Three Hundred and Ninety Eight Thousand (47,398,000) Issue Shares to identified investors;

3. PARTICULARS OF IPO (Cont'd)

- (c) *all other necessary approvals and consents required in relation to the Public Issue and the Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;*
- (d) *the issue of the Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;*
- (e) *the issue and subscription of the Issue Shares in accordance with the provisions of the Underwriting Agreement is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);*
- (f) *the Prospectus having been lodged with the ROC and registered with the SC together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;*
- (g) *there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material breach of any representation, warranty, covenant, undertaking or obligation of the Company in the Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Underwriting Agreement or which proves to be incorrect in any material respect;*

“Closing Date” means the last date and time for the receipt of the applications and payment for the Issue Shares in accordance with the Prospectus or such later date as the Company and the Sole Underwriter may mutually agree upon;

“Extended Closing Date” means the extended closing date for the receipt of the applications and payment for the Issue Shares pursuant to the Public Issue which will be notified in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia.

- (h) *there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which in the reasonable opinion of the Sole Underwriter, is or will be material in the context of the Public Issue and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering materially inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained;*
 - (i) *the Sole Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of the Company approving the Listing, the Prospectus and the Underwriting Agreement, the issue and offer of the Issue Shares and authorizing a person or persons to sign the Underwriting Agreement on behalf of the Company; and*
 - (j) *the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 15 (Costs and Expenses) hereof.*
- (ii) *Pursuant to Clause 5.2 of the Underwriting Agreement, in the event any of the conditions set forth in Clause 5.1 of the Underwriting Agreement are not satisfied on or before the Closing Date, the Sole Underwriter shall, subject as mentioned below in this clause, be entitled to forthwith terminate the Underwriting Agreement*

3. PARTICULARS OF IPO (Cont'd)

by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Sole Underwriter; and
- (b) each party shall return all other monies (in the case of the Sole Underwriter, after deducting the Underwriting Commission due and owing to the Sole Underwriter hereunder) paid to the other under the Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, the Underwriting Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other, save and except in respect of any antecedent breaches. The Sole Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Sole Underwriter's rights under the Underwriting Agreement.

- (iii) Pursuant to Clause 12.1 of the Underwriting Agreement, notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date or the Extended Closing Date, as the case may be, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

- (a) the approval of Bursa Securities for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Sole Underwriter;
- (b) there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clauses 3 (Representations and Warranties by the Company) and 4 (Covenants and Undertakings by the Company), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or
- (c) there is a material failure on the part of the Company to perform any of its obligations herein contained; or
- (d) there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or
- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or
- (f) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market of Bursa Securities due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or
- (g) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia

3. PARTICULARS OF IPO (Cont'd)

KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:

(i) on or after the date of the Underwriting Agreement; and

(ii) prior to the close of the offering of the Public Issue,

lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or

(h) there shall have occurred, or happened any of the following circumstances: -

(i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole, the success of the Public Issue which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

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3. PARTICULARS OF IPO (Cont'd)

3.11 FINANCIAL IMPACTS FROM THE IPO

The financial impacts from the utilisation of proceeds from the Public Issue are envisaged to be as follows:-

3.11.1 Increase on business expansion

We intend to allocate RM6.000 million of the proceeds from the Public Issue for our business expansion in our existing and potential markets in the future. This would help to increase our revenue and earnings potential, in both the local and overseas markets. The allocation of proceeds from the Public Issue augurs well with our future plans and strategies which are disclosed in Section 5.8.1 of this Prospectus. In the event that the allocation of the proceeds from the Public Issue is insufficient for our business expansion purpose, we will utilise our internally generated funds as well as source external funding.

3.11.2 Increase in R&D

We intend to allocate RM3.500 million the of the proceeds from the Public Issue for future development of our products as well as to enhance our existing products in accordance to our R&D plans and strategies as set out in Section 5.7.7 of this Prospectus. This would ensure that we will continue to innovate to introduce more technologically competitive products and services. In the event that the allocation of the proceeds from the Public Issue is insufficient for our R&D purpose, we will utilise our internally generated funds as well as source external funding.

3.11.3 Increase in working capital

We intend to utilise RM4.482 million of the proceeds from the Public Issue for our Group's working capital requirements, which includes payment of salaries and operating expenses such as rental which will strengthen our Group's cash flow position and working capital.

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED HEREIN IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL PERFORMANCE OF OUR GROUP.

4.1 RISKS RELATING TO THE BUSINESSES AND OPERATIONS OF OUR GROUP

4.1.1 We face competition from other EDM solutions providers

The EDM industry is dominated by a handful of large multinational companies, with local operating companies in the SEA market. The major brands in the industry include EMC, IBM, HP, Symantec, Quantum (as offered by our Group) and Oracle. With the presence of these international companies, industry players face competitive pressures to differentiate and remain sustainable so as to appeal to end-users' demands and meet business requirements. In addition, industry players must also continuously keep up with the latest technological developments to remain competitive. As for the EDM managed services industry in SEA, it consists mainly of local operating companies or local companies which have formed alliances with the global EDM industry players. These local representatives are able to leverage on the established branding of the global industry players as well as receive product and technology support. The EDM managed services industry remains a niche, specialised industry and thus, is considered to be an emerging industry with growth potential. (Source: IMR report by Smith Zander)

Notwithstanding the above, we believe that we will be able to remain competitive in the industry with our competitive strengths (as detailed in Section 5.1.3 of this Prospectus), which include our resilient market presence through direct relationships with End-User Customers, our well-established value network of distributors, resellers/channel partners and End-User Customers in the SEA region and our strong technical expertise with our internally developed technology framework, FABRiK.

In addition, our growth strategy of expanding into EDM managed services has been carefully selected to leverage on our core strengths, as it enables us to enhance our revenue stream and minimise our risk exposure. Our selected target market is Mid-market Companies as we believe that this is an underserved market for EDM solutions. We believe there are opportunities to tap into the Mid-market Companies as they are more budget-conscious compared to multinational corporations, enterprises and governments. Further, we believe the need for EDM managed services will become more compelling to Mid-market Companies due to the need to safeguard business continuity, competition and increasing awareness on its importance.

4. RISK FACTORS (Cont'd)

4.1.2 We are susceptible to the evolution of technological trends resulting in the need for us to constantly innovate to stay competitive

As with the IT industry in general, the EDM industry undergoes rapid technological evolution. Since the 1950s, technology for EDM has evolved both in terms of storage technology as well as the network servers connecting this technology. Beginning with the introduction of punch cards as storage devices for data backup, the EDM industry then developed to introduce faster and more efficient devices such as magnetic backup tapes and later, optical storage devices. In terms of network servers connecting IT devices, the EDM industry has seen development from local area networks (LANs) which enables transferring of files between devices while being connected to the same server; to file transfer protocol (FTP) networks which permits remote transferring of files over the Internet to another machine; to network attached storage (NAS) networks that connects computer devices to a remote computer network; and finally to storage area networks (SANs) which allows high speed connectivity of storage devices and servers. *(Source: IMR report by Smith Zander)*

As a result, our ability to adapt to these changes and to remain technologically relevant will determine the sustainability of our business earnings. There can be no assurance that we would have sufficient resources to successfully and accurately anticipate technological changes and market trends as well as developing them on a timely and cost-effective manner. We may also experience difficulties that could delay or prevent the development of new services and solutions which may have a negative impact on our business and financial condition.

4.1.3 We are dependent on our Promoters for continued success

Our success will depend on the continuing contribution of our Promoters, Mr. Pramotedham and Mr. Teo for the leadership, strategic business planning, development and management of our Group. Our Promoters have played a pivotal role in our day to day operations as well as charting, formulating and implementing strategies to drive the future growth of our Group.

We have currently put in place a management succession plan which includes taking a proactive approach towards addressing talent management in order to ensure the organisation has a capability to undertake leadership positions. Our key management personnel are constantly exposed to various aspects of our business activities to ensure that they have full understanding on the necessary responsibilities and decision-making process. In the event that we lose our Promoters and we are unable to find a suitable replacement in a timely manner, our ability to realise our strategic objectives could be impaired and this could have an adverse effect on our business and results of our operations.

Our Group has had low employee turnover so far. We believe that the Listing will enhance our profile, and will facilitate talent retention and recruitment.

4.1.4 We may be affected by adverse change of relationship with our strategic marketing partner

In the past three (3) FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014, the contribution of revenue from Quantum-related products and services amounted to 100.0%, 97.5%, 92.9% and 80.9% respectively. Our main subsidiary, QSA, is the strategic marketing partner for Quantum Corporation since 2007 via a strategic marketing agreement for SEA, covering Singapore, Malaysia, Indonesia, Thailand, Philippines, Vietnam and Cambodia. The strategic marketing agreement is extended for a term of five (5) years commencing on 29 April 2014 and shall automatically renew annually thereafter unless either party provides notice of non-renewal not less than 30 days prior to the end of any one-year term.

4. RISK FACTORS (Cont'd)

QSA markets and distributes a substantial volume of EDM hardware of our strategic marketing partner, and as such QSA's revenue and performance may be affected by an adverse change in our relationship with our strategic marketing partner. Given that our strategic marketing agreement has been in place for more than seven (7) years, we have established a strong, trusted and mutually beneficial relationship with them. As such, we do not anticipate adverse changes to this relationship. However, in the event that any adverse change occurs, we anticipate a potential loss of revenue to our Group.

4.1.5 **Our business growth may be affected if the level of awareness and adoption of EDM managed services develops more slowly than we expect**

The growth of our EDM managed services business with respect to industry growth is based on estimates and assumptions made by our key management team, and while we may believe these estimates and assumptions to be reasonable, they are subject to known and unknown risks, uncertainties and other factors which may adversely affect the future growth of this industry.

In order for us to grow our revenue from our EDM managed services business, the services offered should be widely accepted as an alternative to procuring EDM solutions. In the event the adoption rate of our EDM managed services develops more slowly than we expect, our Group's performance, potential earnings and future growth from the EDM managed services could be impacted.

As set out in the IMR report, the SEA market is already receptive to managed IT services industry, as can be seen by its CAGR of 9.4% over the period between 2011 and 2013, from USD16.7 billion (RM51.1 billion) in 2011 to USD20.0 billion (RM63.4 billion) in 2013. Smith Zander forecasts the managed IT services industry in SEA to continue to grow to USD26.6 billion (RM84.3 billion) in 2016 at a CAGR of 10.2%, and part of this growth is expected to be attributable to the growth in the EDM managed services industry. (Source: IMR report by Smith Zander)

4.1.6 **Our business expansion activities require capital investments and we may need to seek capital injections or additional external financing which may not be available or is available on terms not favourable to us**

Our Board is of the opinion that after taking into account our cash flow position and the total gross proceeds to be raised from the Public Issue, we would have adequate working capital for our business operations for a period of 12 months from the date of our Prospectus. However, there is no assurance that there will not be any future development or event which will cause us to require additional capital.

We may be required to seek additional financing sooner to fund working capital or capital expenditure to support the expansion of our business especially if we seek financing in countries outside Singapore. Our ability to arrange for external financing and the cost of such financing are dependent on a number of factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investors' confidence in us, the success of our businesses, provisions of tax and securities laws that may be applicable to our efforts to raise capital, restrictions imposed by the Government, if any, and the prevailing political, social and economic conditions in the country. In spite of our best efforts, there can be no assurance that the necessary financing will be available in amounts or on terms acceptable to us, if at all. As a result, the progress of our projects could be hampered, which in turn could have a material negative impact on our business, financial condition and operating results. The sale of additional equity or convertible securities in our Company to non-shareholders in the future, if any, may result in dilution to the percentage equity holding of our shareholders upon our Listing.

To address this risk, we undertake prudent financial management and conduct rigorous forward planning in order to ascertain our funding requirements and secure external financing where and when necessary, ahead of project execution.

4. RISK FACTORS (Cont'd)

4.1.7 We depend on data centres operated by our hosting partners and any disruption in the operation of these facilities could adversely affect our EDM managed services business

For our EDM managed services, we are dependent on external third party hosting partners that provide us data centre facilities and connectivity. Although we do not anticipate any interruptions or shortfall in delivery of our hosting partners, in the case that these external third party hosting partners are not able to deliver their services, there might be potential negative financial impact on our Group and a detrimental effect on our Group's business reputation. Furthermore, any power outages, fire outbreaks or other calamities occurring at the premises of our hosting partners may result in the disruption of our operations which may consequentially affect our client's business operations and/or adversely affect our business reputation and financial performance. Nevertheless, it should be noted that as we partner and only intend to partner with credible, established and reputable hosting partners, these hosting partners would have taken precautions and actions to mitigate this risk and ensure business continuity. In addition, we also maintain our own disaster recovery facility.

4.1.8 We face risk on security breaches and failure to protect our proprietary information as well as our customers' information could adversely affect our business

As with any business with integrated IT solutions in critical business operations, we are susceptible to external security threats such as direct attacks from external elements such as malware attack, hacking, espionage and cyber intrusion, as well as internal security breaches which includes unauthorised access to restricted information by employees, or attacks which originate from malware-infected mobile devices which are brought into the network system by employees.

Failure to protect our proprietary and our customers' information from security breaches could adversely damage our business reputation and brand name, and subsequently the long term repercussions on our business operations.

4.1.9 We may not be successful in expanding our business into other foreign markets

Our Group has physical presence in Singapore and Malaysia through our subsidiaries in these countries, and in Philippines, Thailand and Indonesia through the presence of our business development representatives. We intend to utilise part of our listing proceeds to further expand our operations in these countries as well as strengthen our presence in other countries such as Vietnam, Sri Lanka and Myanmar, where we have secured some sales in the past. In this regard, we intend to devote adequate financial and management resources to grow our operations in these targeted markets.

However, there can be no assurance that our Group will be able to successfully penetrate the aforementioned new markets. Furthermore, such future expansion could expose our Group to foreign economic, political, legislative and other risks. Any failure to accurately assess these issues could affect our Group's business, financial and condition and operating results.

4.1.10 We are subject to risks relating to the economic, political, legal or social environment in the markets in which we operate

We operate regionally in SEA and expect to continue to expand our regional presence, making us increasingly susceptible to legal, regulatory, political and economic conditions as well as operational risks in the countries in which we operate in. We derive a portion of our revenues from businesses outside Malaysia and Singapore. For the six (6)-month FPE 30 June 2014, our businesses in Thailand and Indonesia generated RM1.656 million and RM0.882 million in sales revenue, which accounted for 5.51% and 2.93% respectively of our total proforma sales revenue. As we continue to expand our business in SEA, our financial condition and results of operations are expected to be increasingly

4. RISK FACTORS (Cont'd)

affected by political, economic and operating conditions in countries where we operate, transact business or have interests.

Operating regionally also requires us to comply with foreign laws and regulations covering many aspects of our operations, including trade laws and investment laws, and many of the above laws may change, or may be updated and amended, from time to time. Much of the above changes are beyond our control. Whilst we practise prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group.

4.1.11 We are exposed to foreign exchange transaction risks and any adverse movements in the foreign exchange currency market may negatively impact our business, financial position and operating results

Our purchases are denominated in the USD whilst our sales are denominated in USD and SGD. As a result, we have natural hedge in our operations and transactions from foreign currency fluctuations. Our management constantly monitors our Group's foreign currency exposure and reviews our Group's need to hedge. Nonetheless, should the exposure become substantial, we will consider hedging our position.

In addition, financial statements of our subsidiaries in Singapore are denominated in USD (for QSA) and SGD (for KS). As such, any future significant depreciation in USD and/or SGD against RM may have a material negative impact on our Group's reported operating profits based in Malaysia.

4.1.12 We may not continue to be profitable in the future or achieve increasing or consistent levels of profitability

We have, over the years, practised sound financial management via efficient credit control measures, prudent cash flow management and careful consideration of operating expenditure as well as any proposed capital expenditure and its effect on our Group.

Whilst we would exercise our best endeavour to maintain and increase our record of profitability in the EDM solutions part of our business offering, there is no assurance that our Group's performance will not be adversely impacted by changing market conditions and, in particular, the resources and expenses required in the development of our EDM managed services and our expansion into new markets.

4.1.13 The lack of long term contracts may result in the fluctuation of our Group's performance

Our Group's sales are mainly on PO basis. We have not entered into any long-term contracts with our customers, save for maintenance contracts in the provision of our EDM infrastructure technology and subscription agreement for our EDM managed services, comprising 17.59% and 5.68% respectively of our revenue for the six (6)-month FPE 30 June 2014. The lack of long-term contracts is mainly due to the present industry practice where End-User Customers would purchase products by PO on project-to-project or as-needed basis. As such, this may result in the fluctuation of our Group's performance. However, our Group has established long standing and strong relationships with our distributors, resellers/channel partners and End-User Customers which would provide us with business continuity and growth.

4. RISK FACTORS (Cont'd)**4.1.14 Change in or loss of MSC-Malaysia status may impact our financial performance**

We were granted MSC-Malaysia status in May 2014. Presently, all MSC-Malaysia status companies are granted financial and non-financial incentives. MDeC is the body responsible for monitoring all MSC-Malaysia status designated companies. MDeC has the right to revoke any company's MSC-Malaysia status at any time in the event there is non-compliance to continuing MSC-Malaysia status obligations. We cannot ensure that we will continue to retain our MSC-Malaysia status or that we will continue to enjoy the MSC-Malaysia status incentives granted to all MSC-Malaysia status companies or if the incentives will not be changed or modified in any way in the future, all of which could have an adverse effect on our Group's financial results. Amongst the incentives that we enjoy is pioneer status which entitles us to a five (5) year exemption from Malaysian income tax on income derived from approved MSC activities, which is renewable for a further period of five (5) years upon expiry of the first five (5) years.

Please refer to Section 8.2 of this Prospectus for the salient conditions imposed by MDeC on our MSC-Malaysia status.

4.1.15 Loss of Productivity and Innovation Credit ("PIC") scheme may impact our financial performance

We enjoy enhanced deduction on our income taxes due to the PIC scheme that is available to all businesses in Singapore under the Inland Revenue Authority of Singapore. The PIC scheme is a scheme by the Government of Singapore to encourage business to invest in productivity and innovation and allows businesses to enjoy 400% tax deductions/ allowances and/or 60% cash payout for investment in innovation and productivity improvements. It is an expense based scheme that benefits all businesses, especially SMEs. Individual companies need not apply to be part of the scheme as the scheme is made available to all businesses as long as they meet the eligibility criteria.

Currently, the PIC scheme is valid for years of assessment 2011 to 2018. The Government of Singapore has been extending the PIC scheme annually in its annual budget since its introduction in 2011, the latest extension being up to year of assessment 2018.

In the event the PIC scheme is no longer available, we do not expect that to have an impact on our operational profits. Nonetheless, the absence of the PIC scheme would have an impact on our PAT. We believe that this risk factor would only be relevant after year of assessment 2018 and specifically confined to our business in Singapore.

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4. RISK FACTORS (Cont'd)

4.2 RISKS RELATING TO INVESTING IN OUR SHARES**4.2.1 There has been no prior market for our Shares**

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon listing, an active market for our Shares will develop, or, if developed, that such a market can be sustained. The Issue Price was determined after taking into consideration various factors and we believe that a variety of factors could cause our Share price to fluctuate and such fluctuations may adversely affect the market price of our Shares.

There can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the ACE Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the Issue Price.

4.2.2 Our Share price and trading volume may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of securities listed on Bursa Securities.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:-

- (i) Variations in our results and operations;
- (ii) Success or failure in our management team in implementing business and growth strategies;
- (iii) Changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) Changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- (v) Additions or departures of key personnel;
- (vi) Fluctuations in stock market prices and volumes; or
- (vii) Involvement in litigation.

4.2.3 Our Promoters will continue to hold a majority of our Shares after the IPO

As disclosed in Section 7.1.1 of this Prospectus, our Promoters will collectively hold in aggregate approximately 53.14% of our enlarged issued and paid-up share capital upon listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

4. RISK FACTORS (Cont'd)

Nevertheless, our Group has appointed three (3) independent directors and set up an Audit Committee to ensure that any future transactions involving related parties are entered into on an arms-length basis and/or on normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not detrimental to our minority shareholders, and to facilitate good corporate governance whilst promoting greater corporate transparency.

4.2.4 There may be a potential delay to or failure of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:-

- (i) Our Sole Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder; and/or
- (ii) We are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25% of our issued and paid-up share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

In such event, investors will not receive any of our Issue Shares and we will return in full, without interest, all monies paid in respect of any application for our Issue Shares in compliance with sub-section 243(2) of the CMSA.

4.2.5 Forward-looking statements are subject to uncertainties and contingencies

This Prospectus contains certain forward-looking statements that are based on historical data, which may not be reflective of the future performance of our Group and others are forward-looking in nature which is subject to uncertainties and contingencies. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from future results.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies, the environment in which our present and future business strategies have been developed and the environment in which we will operate in the future.

Although our Group believes that the expectations reflected in such forward-looking statements are reasonable at this point in time, we can give no assurance that such expectations will be justifiable. Whether or not such statements prove to be accurate would be dependent upon a variety of factors that may have an effect on the business and operations of our Group.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our Principal Adviser, that our plans and objectives will be achieved.

5. INFORMATION ON OUR GROUP

5.1 INFORMATION ON OUR GROUP

5.1.1 Our History

Our Company was incorporated in Malaysia on 25 October 2013 as a private limited company by the name Kronologi Asia Sdn Bhd. On 30 May 2014, our Company completed the Acquisitions, resulting in the formation of Kronologi Group. Our Company was subsequently converted to a public limited company on 20 June 2014 and assumed our present name to facilitate our listing on the ACE Market of Bursa Securities.

We commenced business in 2002 via our subsidiary under the name ADIC (South Asia) Pte. Ltd. ("**ADIC South Asia**"), a company incorporated on 21 November 2002 in Singapore, where ADIC South Asia was the strategic marketing partner in SEA for ADIC, an EDM company based in the USA. Mr. Philip Teo, our promoter, was a pioneer employee of ADIC South Asia. Our other promoter, Mr. Pramotedham forged a business alliance and launched joint programmes with ADIC South Asia in SEA during his tenure at Computer Associates, and thus became acquainted with Mr. Teo professionally.

ADIC South Asia began expanding regionally in 2004 when it established a sales office in Malaysia and placed sales representatives in Philippines, Indonesia and Thailand to work with local IT distributors in these countries.

In 2006, the acquisition of ADIC by Quantum Corporation in the USA resulted in ADIC South Asia being renamed QSA. Quantum Corporation is a major EDM solutions provider, specialising in EDM infrastructure technology. Under a Strategic Marketing Agreement, entered into since 2007 with Quantum Corporation which covers the SEA region (i.e. Singapore, Malaysia, Indonesia, Philippines, Thailand, Cambodia and Vietnam), QSA offers "Quantum" branded backup, storage and recovery solutions under our EDM infrastructure technology offering to End-User Customers, which are primarily large enterprises with significant IT expenditure budgets. To reach a wide base of customers, partnerships were established with large, multinational distributors over the years, which today includes ECS Computers (Asia) Pte. Ltd., Ingram Micro Asia Ltd. and ACA Pacific Technology (S) Pte. Ltd., in Singapore; Altair-i-Solutions, Inc. and Trend and Technologies, Inc. in Philippines; PT Mandawani Mandiri in Indonesia; Get On Technology Co., Ltd. in Thailand; and ACA Pacific Technology (M) Sdn Bhd and Glocomp Systems (M) Sdn Bhd in Malaysia. Working in collaboration with these distributors and other resellers/channel partners, as is the norm in the enterprise IT industry, we supply our EDM infrastructure technology to many large and reputable enterprises and multinational firms including StarHub Limited (Singapore), Public Bank Berhad (Malaysia), PTT Exploration and Production Public Company Limited (Thailand), Philippine Long Distance Telephone Company (Philippines) and companies within the Pertamina Group (Indonesia).

Recognising the anticipated positive prospects of the EDM industry in the region, Mr. Pramotedham acquired interest in our subsidiaries in September 2011 which he identified as an ideal platform to build a business which combines his vast experience in enterprise IT, enterprise risk management, and knowledge of the enterprise IT market in South Asia. In January 2012, under Mr. Pramotedham's leadership and with his management and operational involvement, our subsidiaries began work on developing a new business model incorporating a go-to-market strategy comprising a "high touch indirect" approach (as detailed in Section 5.7.2 of this Prospectus), introducing EDM managed services to address adjacent markets and creating our own proprietary intellectual property, referred to as the FABRiK framework (as detailed in Section 5.7.8 of this Prospectus).

Traditionally, QSA's customers were from the public sector and large corporations who had large IT budgets to invest directly to own and operate EDM infrastructure technology. We identified an adjacent market which is underserved i.e. Mid-market Companies. These are companies which typically have lower IT budgets but the same EDM needs to protect their business information. Leveraging on the same know-how and technical expertise that our team has developed over the years, we believe that this adjacent market represents a growth

5. INFORMATION ON OUR GROUP (Cont'd)

opportunity for our Group. Under the strategic guidance of Mr. Pramotedham and technical expertise of Mr. Teo, we developed our EDM managed services via our subsidiary, KS, as an impetus to our Group's future growth and to proactively address this underserved segment of the market, where we manage the backup, storage, recovery and restoration of enterprise data of our clients on a Subscription Model, relieving our customers of large upfront capital investment and ownership costs. Mr. Pramotedham also initiated the expansion activities to build presence in the India market, via our associate, QIS.

Our first EDM managed services solution was called Kronicles BaaS, and KS delivered our first BaaS solution in Singapore in 2012. We further enhanced and upgraded our EDM managed services with the launch of the new version of EDM managed services under "Kronicles Assure" DPaaS in 2014.

Under Mr Pramotedham's strategic guidance, management and operational involvement, our subsidiaries introduced new customer-centric initiatives, enhanced our partnership alliance programmes, and invested in strategic public relations and marketing activities. As a result, we have been able to improve our customer engagement, enhance our ecosystem with our resellers/channel partner and raise the profile of our subsidiaries resulting in an improvement of our financial results with year-on-year growth from the FYE 31 December 2012 to 2013 of 17.8% in total revenues. In line with his efforts, there was also an increase in the number of our key functional employees from 4 to 10 personnel, the earlier batch of key functional employees of our subsidiaries which are currently still with our Group.

Malaysia has been identified as the most suitable platform for the regional expansion of our EDM business, in particular our EDM managed services. We believe that Malaysia provides us with the most conducive investment and operational environment to grow as an EDM solutions provider. Our Company obtained the MSC-Malaysia status in May 2014, and with the benefits a MSC-Malaysia status company enjoys, we are well-positioned to introduce more innovative EDM solutions and services through continuous R&D leveraging on our FABRIK framework.

5.1.2 Our Group's overview

We have over twelve (12) years of experience in the EDM industry, and we believe that our long term growth and sustainability are founded on the following key factors:-

Our Group operates in the SEA EDM industry, which has positive and favourable prospects

We have been in the EDM business since 2002 via our subsidiary QSA, and have since established ourselves as a regional industry player, with presence in Singapore, Malaysia, Philippines, Thailand, Indonesia and India. Over the last twelve (12) years and through the subsequent adoption of a new business model, we have developed a significant market presence through our relationships with our End-User Customers, distributors and resellers/channel partners. With our proven track record and technical know-how, we believe that we are primed to enter the next phase of growth in our business. According to the IMR report prepared by Smith Zander, the EDM industry in SEA has shown a healthy CAGR of 7.1%, growing from USD577.9 million (RM2.0 billion) in 2009 to USD759.6 million (RM2.4 billion) in 2013. The industry is expected to continue to grow at a CAGR of 7.3% from 2014 to 2016, to be driven by the following:-

- (a) critical importance of digital data to businesses and enterprises;
- (b) increasing usage of storage capacity resulting from increasing volume of digital data;
- (c) the ever increasing number of businesses and enterprises established;
- (d) the promulgation by SEA Governments of IT adoption through favourable policies and initiatives; and
- (e) the emergence of internet-enabled applications leading to an increase in demand for EDM solutions to support the volume of digital data created from these services.

5. INFORMATION ON OUR GROUP (Cont'd)

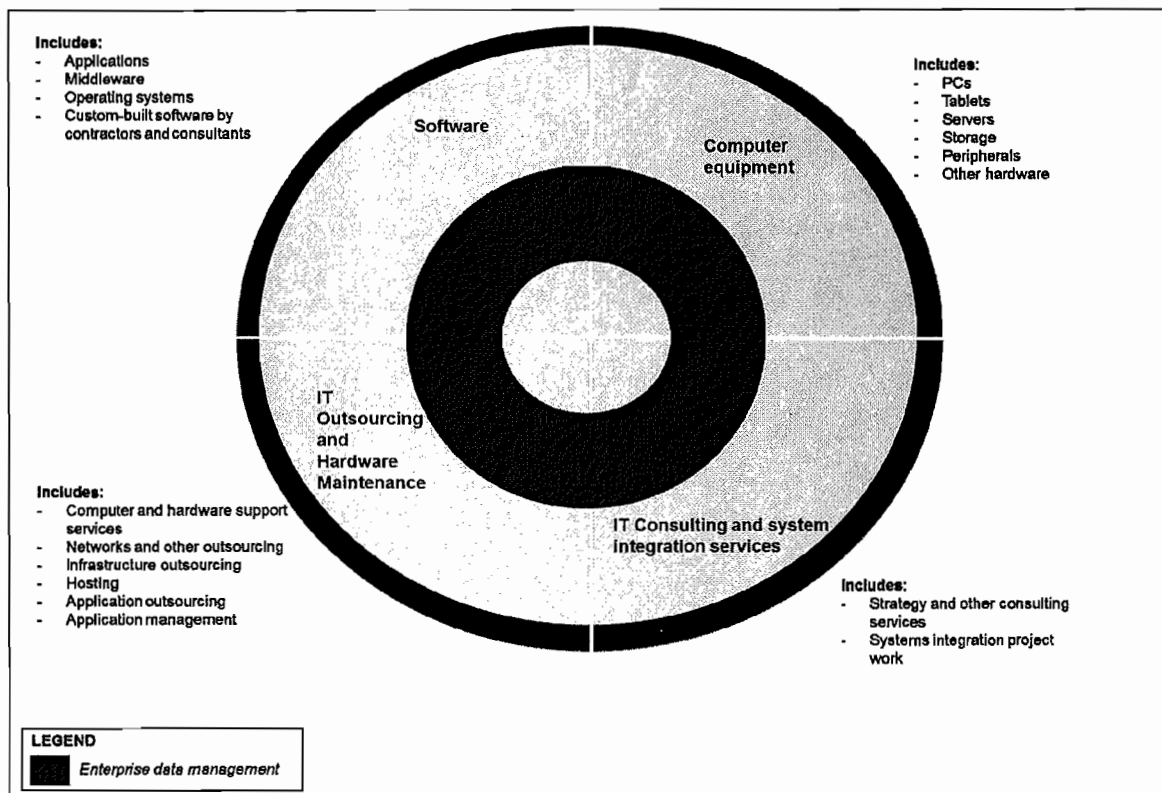
The volume of digital information created and replicated globally was estimated to be approximately 1,800 exabytes or 1.8 trillion gigabytes in 2011. In just a span of two (2) years, the volume digital information available worldwide increased by approximately 56.0% to an estimated 2,800 exabytes or 2.8 trillion gigabytes. It is projected that the digital universe will reach a digital information size of approximately 40,000 exabytes or 40 trillion gigabytes by 2020, growing at a CAGR of about 46.0%. (Source: IMR report by Smith Zander)

We believe that the prospects in the EDM industry in SEA will continue to support our growth, as we embark on implementing our future plans and strategies to strengthen our foothold in our existing markets as well as launch our EDM managed services across the region.

Furthermore, EDM is an important component across all major segments in the IT industry. As illustrated in the diagram below, EDM consists of the following:-

- hardware, which is equipment required to deliver EDM solutions (such as servers, desktops or PC, and storage media);
- software, which includes applications, operating systems and middleware to enable the hardware to run;
- IT consulting and systems integration services, which are essential for the installation and implementation of the EDM solutions as well as integration of the solutions to an organisation's existing IT systems; and
- IT outsourcing, which includes EDM managed services.

Segmentation of IT Industry



Notes:-

1. Denotes that EDM is a sub-segment of the IT industry and its implementation includes hardware, software and services, and IT outsourcing (EDM managed services).
2. Does not represent the size and/or relative scale of EDM in relation to the overall IT industry.

Source: IMR report by Smith Zander

5. INFORMATION ON OUR GROUP (Cont'd)

In addition, the growth in other IT products and services will also give rise to the demand for EDM solutions as it will consequently increase demand for backup and storage and thus, benefiting the EDM industry. As such, we believe we are strategically positioned to leverage on the overall growth in the IT industry.

Our Group has an experienced management and technical team

Mr. Pramotedham is our Group CEO and has been involved in the management and operations of our subsidiaries since January 2012 whilst Mr. Teo is our CTO and has been with our main operating subsidiary, QSA, since 2002. Mr. Pramotedham has over 25 years of experience in enterprise IT and enterprise risk management. Having seen the benefits of a strong IT infrastructure to an organisation and an organisation's vulnerability to risk through the loss of critical data, Mr. Pramotedham is acutely aware of the urgent need for enterprises to protect their digital data to ensure operational and business continuity. Armed with this appreciation that an organisation's digital data should always be systematically managed and protected for proper recovery, and driven by his passion in enterprise IT and enterprise risk management, Mr. Pramotedham believes that the sustainability of demand for EDM infrastructure technology and related services will translate to sizeable earnings potential for our Group. With his enterprise IT and enterprise risk management expertise, coupled with his past regional leadership roles in SEA (Singapore, Malaysia, Indonesia, Philippines and Thailand), Hong Kong and India, Mr. Pramotedham has the ideal combination of vision and experience to lead our Group, and he has been instrumental in charting our Group's future growth and our vision to build a proposition as a key EDM company in our selected target markets in SEA and India. Mr. Pramotedham together with our CTO Mr. Teo had subsequently conceptualised and commenced the development of our FABRiK framework.

Mr. Pramotedham is supported by our CTO, Regional Sales Director and GFM. Please refer to Section 5.1.3(v) for further information.

Our Group has proven track record and continuous R&D programme

Over the last twelve (12) years in the EDM industry, our subsidiaries have developed core expertise in the structured management of data protection and recovery processes for large enterprises. We have technical know-how in the protocols and processes needed to ensure systematic protection and recovery of enterprise data, as we have substantial experience in implementing backup and storage solutions. Using this experience and technical know-how, Mr. Pramotedham, Mr. Teo and our R&D team conceptualised our FABRiK framework in 2013, where our FABRiK framework includes the technology blueprint, protocols and processes that enable us to deliver consistent quality EDM solutions to our clients. Moving forward, FABRiK will be used to design, develop and implement our EDM solutions.

With increasing acceptance of managed IT services in the industry, there is an underserved market for EDM solutions for the Mid-market Companies which generally have smaller internal IT resources and limited capital expenditure budgets to invest in IT resources. Leveraging on our FABRiK framework, we enhanced our EDM managed services (which was introduced in 2012 via our subsidiary, KS) under the brand name "Kronicles Assure", as an alternative solution for these Mid-market Companies, where we manage the systematic backup, storage, recovery and restoration of enterprise data of our clients on a Subscription Model, relieving our clients from large upfront capital investment and ownership costs. Moving forward, we plan to expand our proprietary product offerings to include solutions such as AraaS and StaaS.

Our Group has a well-established regional footprint in SEA

Our subsidiary, QSA's expansion into the regional markets began in 2004. Today, we have business presence in Singapore, Malaysia, Philippines, Indonesia and Thailand. In 2012, we started developing our presence in India via an associate, QIS. Our expansion into the regional markets has contributed significantly to our growth, where in the six (6)-month FPE 30 June 2014, Malaysia, Philippines, Indonesia and Thailand accounted for a combined

5. INFORMATION ON OUR GROUP (Cont'd)

26.25% of our revenue, with 69.77% from Singapore. Our well-established regional footprint in the SEA market is attributable to our technical know-how, our industry experience and our ability to build customer relationships in the region, all of which were replicated from our business model in Singapore.

Moving forward, we aim to expand our presence further in the SEA market and strengthen our position as a regional EDM solutions provider. With the anticipated growth in the SEA EDM industry as mentioned above, and our current footprint, we believe that we are well-positioned to capitalise on future opportunities in the region.

Our Group has a well-established value network of distributors, resellers/channel partners and End-User Customers in the SEA region

Since 2012, our subsidiaries have been operating a “high touch indirect”⁴ business model which encompasses our distributors, resellers/channel partners and the End-User Customers. While our sales team works together with distributors and resellers/channel partners to generate sales leads from End-User Customers, upon the closure of a sale, our distributors and resellers/channel partners execute the sale. Generally, once a sale has been processed, we deliver the EDM solutions to the End-User Customers and our technical team carries out the installation and implementation. Following the completion of the installation and implementation, we will use the remote monitoring capabilities, processes, policies, maintenance and technical support programmes under our FABRIK framework to provide continuous support to our End-User Customers.

While we collaborate with our distributors and resellers/channel partners to leverage on their market reach, we have, through maintaining close contact, built and will continue to build our own sustainable business relationships with the End-User Customers. This approach has enabled our subsidiaries to strengthen our presence and to create brand preference in the markets in which our EDM solutions are delivered. Please refer to Section 5.1.3(ii) for a list of our distributors and resellers/channel partners.

While our direct customers are mainly our distributors and resellers/channel partners, our End-User Customers comprise mainly government organisations, large private sector enterprises and public-listed companies which include StarHub Limited (Singapore), Public Bank Berhad (Malaysia), PTT Exploration and Production Public Company Limited (Thailand), Philippine Long Distance Telephone Company (Philippines) and companies within the Pertamina Group (Indonesia).

Through these multiple and direct relationships with the End-User Customers, distributors and resellers/channel partners, we have established a resilient market presence which allows us to continue to expand in these markets.

Our Group has a clear and focused growth strategy which leverages on our existing strengths

Our Group's growth strategy is centred on the following:-

- (a) expanding our EDM infrastructure technology solutions business footprint to existing and new geographical markets; and
- (b) offering EDM managed services in SEA, leveraging on our technical know-how and track record in providing EDM infrastructure technology solutions in our existing markets as a platform for expansion.

In the EDM infrastructure technology segment, we intend to set up presence, directly or indirectly, in countries such as Vietnam, Sri Lanka and Myanmar. Through dealings with our existing resellers/channel partners in these markets, we believe there are significant opportunities for growth in these emerging countries.

⁴ Please refer to Section 5.7.2 of this Prospectus for further information.

5. INFORMATION ON OUR GROUP (Cont'd)

Furthermore, we believe that there are substantial opportunities in EDM managed services in SEA due to:-

- (i) the presently low underserved market for EDM solutions for the Mid-market Companies, due largely to the relatively high upfront investment costs required for conventional EDM infrastructure technology; and
- (ii) the EDM managed services being a growing industry in SEA and will thus provide our Group with strong opportunities for growth. According to the IMR report prepared by Smith Zander, the managed IT services industry in SEA grew from USD16.7 billion (RM51.1 billion) in 2011 to approximately USD20.0 billion (RM63.4 billion) in 2013 at a CAGR of 9.4%, with forecast growth at a CAGR of 10.2% from USD21.9 billion (RM69.4 billion) in 2014 to USD26.6 billion (RM84.3 billion) in 2016.

Therefore, we intend to offer EDM managed services in the markets where we have an established presence.

Our conventional EDM solutions business is expected to continue to contribute steady revenue and earnings, while EDM managed services is envisaged to provide further impetus to the future growth of our Group.

Our Company's listing on the ACE Market of Bursa Securities

Against this backdrop, we are an established regional player seeking a listing on the ACE Market of Bursa Securities to facilitate and accelerate our future growth. Through Kronologi as our MSC-Malaysia status company, we have chosen Malaysia as a platform to strengthen our position as a regional EDM company and for further regional expansion, particularly for our EDM managed services. The continuous development of proprietary products and solutions, coupled with our proven track record and technical know-how, will place us in a position to be able to ensure our long term growth and sustainability in the industry. Please refer to Section 5.1.3(vii) and Section 3.3 of this Prospectus for the incentives granted to MSC-Malaysia status companies and purposes of the IPO respectively.

Please refer to Section 5.7 of this Prospectus for further details of our Group's business.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.1.3 Our competitive strengths

Our competitive strengths are as follows:-

(i) We have a resilient market presence through our direct relationships with End-User Customers

As discussed in Section 5.7.2 of this Prospectus, since 2012, our business model entails that our sales are mainly carried out through our distributors which is the norm in the IT industry, while our subsidiaries engage directly with the End-User Customers and resellers/channel partners. Our sales team, together with our distributors and resellers/channel partners, is involved from the generation of sales leads to client relationship management while essentially the role of our distributors is to provide logistic support and financing to our resellers/channel partners. The “high touch indirect” approach allows us to focus on building strong and lasting relationships with our End-User Customers thus ensuring long term sustainability of these relationships. This also enables us to build brand preference among our distributors and resellers/channel partners due to the close working relationships forged with them. For further information on the roles of our sales team, distributors and resellers/channel partners, please refer to Section 5.7.9 of this Prospectus.

Since our subsidiary, QSA, commenced business in 2002, we have strived to develop direct relationships with most, if not all, of our End-User Customers. With the subsequent adoption of the “high touch indirect” approach, we have built stronger relationships with our customers. We have also created significant market presence as an established EDM solutions provider in the region as evidenced by our business presence in major SEA countries, our group of End-User Customers comprising of large notable companies and our established network with major IT distributors and resellers/channel partners. Our repeated sales from End-User Customers is testimony of our market standing as well as evidence of our proven track record.

We place great emphasis on quality and have strong commitment to consistently deliver quality solutions and services that meet our End-User Customers' needs, and this has helped to foster, nurture and strengthen our relationship with the End-User Customers.

We believe that this is a fundamental strength of our Group, and gives us a competitive edge for future sustainability in the business.

(ii) Our Group has a well-established value network of distributors, resellers/channel partners and End-User Customers in the SEA region

Our EDM solutions are primarily distributed for sale through our appointed distributors and resellers/channel partners to leverage on their market reach whilst we continue to maintain close contact with the End-User Customers.

Across the SEA region, we count among our distributors and resellers/channel partners, corporations such as the following:-

- (a) ECS Computers (Asia) Pte. Ltd., and PT ECS Indo Jaya; *part of the ECS Group, one of the largest IT distributors in Asia Pacific with over 23,000 resellers across China, Thailand, Malaysia, Singapore, Indonesia and Philippines;*
- (b) Ingram Micro Asia Ltd.; *a subsidiary of Ingram Micro Inc, a Fortune 500 company and one of the world's largest IT distributor based in the USA. It has operations in 39 countries and over 20,000 associate resellers worldwide;*
- (c) ACA Pacific Technology (S) Pte. Ltd.; *part of the ACA Pacific Technology Group, an IT marketing and distribution company with presence in Singapore, Australia, Malaysia, Indonesia and Thailand, and over 800 reseller partners;*
- (d) the NCS Group; *a major IT service provider and the IT arm of Singapore Telecom;*
- (e) Glocomp Systems (M) Sdn Bhd; *reputable IT distributor in Malaysia; and*
- (f) StarHub Limited (our EDM managed services partner); *one of Singapore's leading information, communications and entertainment services provider.*

5. INFORMATION ON OUR GROUP (Cont'd)

By leveraging on the customer networks of these distributors and resellers/channel partners, we are able to extend our End-User Customer reach. In this way, we maximise our market coverage while incurring minimal distribution costs. We train our distributors and resellers/channel partners on our suite of products. We also conduct pre-sales and technical certification programmes for our distributors and resellers/channel partners. This enables them to anticipate, estimate and respond to End-User Customer needs with appropriate and relevant solutions. We also provide our distributors and resellers/channel partners with technical support to help them resolve complex customer issues and improve customer service levels. This is a proactive and effective approach to create brand preference among our distributors and resellers/channel partners.

(iii) We have strong technical expertise, with the FABRIK framework as our technology blueprint

We have a robust system architecture and methodology, known as the FABRIK framework, which enables us to replicate our service delivery model across all markets. We ensure consistent quality solutions when we deliver our EDM solutions through the FABRIK framework.

We use the FABRIK framework to design, develop, implement and deliver our entire EDM solutions offering, comprising EDM infrastructure technology, value-added solutions and professional services, EDM managed services and maintenance and technical support services. It includes the technology blueprint, protocols and processes that enable us to deliver consistent quality solutions to our End-User Customers. The FABRIK framework was developed in-house, through internal R&D activities, by our technical team. The experience and technical expertise gathered through over a decade of track record in the EDM business has provided the basis for the development of the FABRIK framework. Our CTO, Mr. Teo, who has been with our subsidiary, QSA since QSA commenced business in 2002, has been instrumental in developing our technical team and has laid the foundations for our technical achievements.

We continue to carry out R&D on the FABRIK framework to ensure it is able to meet evolving market needs. As at the LPD, the development and integration of new tools and platforms into the FABRIK framework is on-going. With the FABRIK framework in place, we are able to rapidly replicate our business model with lower risks and ensure high customer satisfaction levels which in turn will help us increase our revenue and bring us closer to achieving our vision as a major EDM solutions provider in the SEA region.

(iv) We have proven and profitable business operations across SEA

Our subsidiaries have established themselves with proven and profitable business operations across multiple countries in SEA, as evidenced by our financial track record which is largely driven by our EDM solutions business.

Our operations were established since 2002 via our subsidiary, QSA. Our revenue has grown from RM32.778 million in the FYE 31 December 2011 to RM42.170 million in the FYE 31 December 2013, representing an increase of 28.65% or CAGR of 13.43%. For the six (6)-month FPE 30 June 2014, our revenue increased by 33.97% from RM20.974 million in the six (6)-month FPE 30 June 2013 to RM28.099 million. We also achieved an average PBT and PAT of RM5.347 million and RM5.111 million respectively over the past three (3) financial years.

Our established reputation and track record coupled with our experience in EDM solutions business provides us with the foundation to offer and expand our EDM managed services business further in SEA. Our profitability ensures that we are able to continue to invest in our people, our R&D activities and new product development to drive our growth.

5. INFORMATION ON OUR GROUP (Cont'd)

(v) We have strong leadership in our experienced management team

We have been operating our business for twelve (12) years, via our subsidiary, QSA, and we are led by an experienced management team. Our CTO, Mr. Teo, has been with QSA since 2002 and has been involved in the operations of our EDM infrastructure technology business from our early days. Our CEO, Mr. Pramotedham, has played a pivotal role in charting the future growth plan for our subsidiaries with his management and operational involvement since 2012, with the formulation of a new business model, development of our proprietary intellectual property, introduction of EDM managed services and enhancement of business goodwill and relationship with all our partners and customers. His experience, drive and passion for our business have been instrumental to our Group's current vision and strategies. Mr. Pramotedham has a strong background in enterprise IT and has held senior management positions in Computer Associates, a major global software company, for over fourteen (14) years, during which he was in charge of the overall operation of SEA, Hong Kong and India. Mr. Pramotedham was also a partner at Deloitte & Touche Singapore for five (5) years, where he was the lead partner of the risk management practice which included data protection and disaster recovery services. With over 25 years of enterprise IT and EDM experience, Mr. Pramotedham will steer the future growth of our Group in SEA.

The synergy and teamwork between Mr. Pramotedham and our management team have provided the impetus for the continuing growth of the Group. Mr. Pramotedham is supported by our CTO, Regional Sales Director and GFM. Mr. Teo, our CTO, has been with our subsidiary, QSA since 2002 and has over 20 years of experience in the enterprise IT industry. Our Regional Sales Director, Mr. Johnny Tan Poay Koon, joined our subsidiary, QSA in 2004 and has over 20 years of sales and marketing experience in enterprise IT. Our GFM, Mr. Chan Wei Khuen joined us in 2014 and brings with him over 12 years of experience in finance and accounting. Throughout these years, our subsidiaries have built an established industry reputation through our management's experience, technical know-how and industry knowledge. Our subsidiaries' ability to provide high quality EDM solutions, coupled with our consistent levels of reliable service, has been instrumental in attracting new customers, and has enabled us to maintain our existing customers. We believe that the strength and experience of our key management team will enable us to continue to grow our business and expand our presence throughout the SEA region.

(vi) We have identified and implemented a growth strategy (i.e. our EDM managed services) that leverages on our extensive experience and core competency derived from our EDM infrastructure technology business

We commenced offering EDM managed services as an alternative solution to our customers in 2012, via our subsidiary, KS, where we manage the backup, storage, recovery and restoration of enterprise data of our clients on a Subscription Model. This managed service is a complete service that delivers reliable and cost effective EDM solutions to our customers, either through on-site data management or through the internet. This relatively low cost entry into EDM is suitable for Mid-market Companies, as it offers product and pricing flexibility. For these customers, EDM managed services do not require large upfront capital investments, and hence they receive the same services at more competitive and flexible costs.

We have developed and introduced EDM managed services in our solution portfolio as it leverages on our core competencies, extensive experience and technical know-how which our team has gained through operating in the EDM industry for the past decade. The adoption of this business offering places us in a unique position to offer flexible product offerings at lower entry costs to a different market segment (i.e. Mid-market Companies), comprising End-User Customers who traditionally have not been able to afford conventional outright EDM solutions procurement which require large upfront capital investment and ownership cost. With our EDM managed service business, we are able to deliver a multitude of solutions that can be tailored specifically to our

5. INFORMATION ON OUR GROUP (Cont'd)

customers' needs. Due to this flexibility, we cater to a broader range of End-User Customers and now have a wider addressable customer base, which includes Mid Market Companies.

(vii) Kronologi was granted the MSC-Malaysia status, which enables our Company to reap the financial and non-financial incentives attached

Kronologi was granted MSC-Malaysia status in May 2014 by MDeC. Presently, all MSC-Malaysia status companies are granted financial and non-financial incentives which are guaranteed under the Malaysian Government's Bill of Guarantees for MSC-Malaysia status companies.

Financial incentives include:-

- Kronologi may choose to enjoy one of the following tax incentives:
 - a) Pioneer Status: 100% Malaysian income tax exemption on taxable statutory income for a period of up to 10 years (renewable after the expiry of the first 5 years, subject to compliance with terms and conditions, and relevant laws); or
 - b) Investment Tax Allowance: 100% deduction of qualifying capital expenditure against the taxable statutory income for capital expenditure made during the first 5 years of its operation;
- Duty-free importation of multimedia equipment used directly in the operation of business; and
- R&D grants for MSC SMEs that are at least 51% Malaysian owned⁵.

Non-financial incentives include:-

- No restriction on the employment of foreign knowledge workers and support from the MDeC's one-stop client centre that will expedite visas and other licences and permits;
- Freedom of ownership by exempting MSC-Malaysia status companies from local ownership requirements; and
- Freedom to source capital for MSC infrastructure globally and the right to borrow funds globally. All MSC-Malaysia status companies will be given exemptions by the Controller of Foreign Exchange from exchange control requirement which will allow them to execute transactions in any currency in Malaysia or elsewhere, borrow any amount from financial institutions, associate companies or non-residents, hedge foreign exchange exposure, remit funds globally and open foreign currency accounts in Malaysia or abroad with no limits on balances.

Other benefits:-

- Intellectual property protection and a pioneering and comprehensive framework of cyber laws can be enjoyed by MSC-Malaysia status applicants irrespective of location;
- The Internet free from censorship for the benefit of companies granted MSC-Malaysia status, irrespective of location; and
- Industrial Building Allowance of 10% would be given to owners of new buildings occupied by MSC-Malaysia status companies in Cyberjaya (including completed buildings which are yet to be occupied by MSC-Malaysia status companies) for 10 years.

As we continue to develop proprietary products and solutions using our FABRiK framework, access to these benefits and incentives will provide us with the necessary resources to accelerate our R&D efforts and bring new products and services to the market.

⁵ At the point of listing, Kronologi is not 51% Malaysian owned and as such, would not qualify for the R&D grant. Nonetheless, Kronologi is eligible to apply for such grant when 51% of its shareholdings are held by Malaysians at a future point in time.

5. INFORMATION ON OUR GROUP (Cont'd)

5.1.4 Share capital and changes in share capital

As at the LPD, Kronologi's authorised and issued and paid-up share capital are as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	250,000,000	0.10	25,000,000
Issued and paid-up	177,741,000	0.10	17,774,100

Details of the changes in Kronologi's issued and paid-up share capital for the last three (3) years are as follows:-

Date of Allotment	No. of Shares allotted	Par value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
25 October 2013	2	1.00	Cash	2
16 January 2014	9,998	1.00	Cash	10,000
16 May 2014	100,000	0.10	Subdivision of shares	10,000
30 May 2014	177,641,000	0.10	Otherwise than cash for the Acquisitions	17,774,100

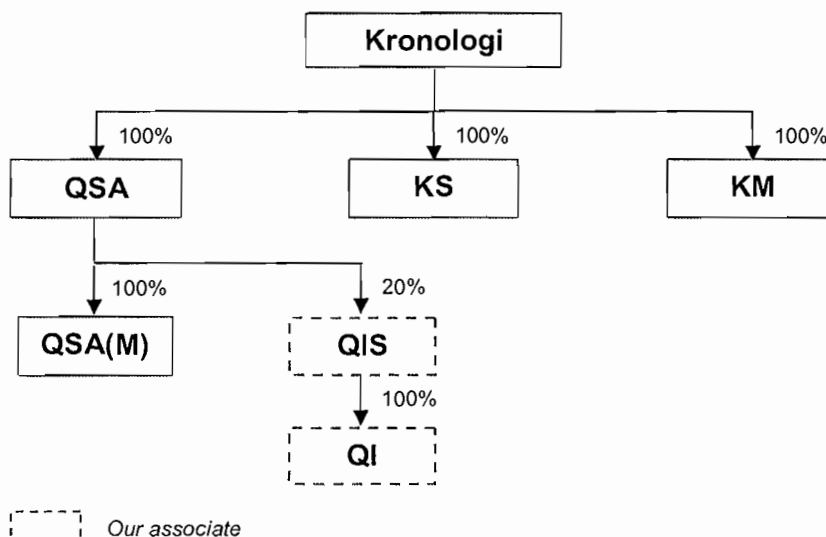
There were no discounts, special terms or installment payment terms given in consideration of the above increases in Kronologi's issued and paid-up share capital.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

5.1.5 Subsidiaries and associate

To facilitate the listing of our Company, the Acquisitions were completed on 30 May 2014.

Our existing corporate Group structure is as follows:-



5. INFORMATION ON OUR GROUP (Cont'd)

Prior to the Acquisitions, our subsidiaries and associate were held by KA, a Singapore-registered investment holding company. KA was excluded from our current Kronologi Group structure as there was no longer a relevant role for KA to be another investment holding company within the Group. More importantly, the parties that played the vital role in the operations of our subsidiaries and associate are Mr. Pramotedham, Mr. Teo and the management team.

Details of our subsidiaries and associate are set out below:-

Subsidiaries and associate	Date and Place of Incorporation	Date of Commencement of Business	Issued and Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activities
<u>Subsidiaries of Kronologi</u>					
QSA	21 November 2002 Singapore	21 November 2002	SGD100,002	100	Infrastructure technology business providing data protection, hardware and software solutions to large enterprises.
KS	21 April 2010 Singapore	21 April 2010	SGD50,000	100	Managed services business providing a holistic comprehensive and automated daily backup targeted at medium-sized enterprises.
KM	13 April 2012 Malaysia	2 December 2013	RM100	100	Managed services business providing a holistic comprehensive and automated daily backup targeted at medium-sized enterprises.
<u>Subsidiary of QSA</u>					
QSA(M)	13 October 2005 Malaysia	13 October 2005	RM2	100	Provision of administrative and support services to its holding company.
<u>Associate of QSA</u>					
QIS	12 January 2012 Singapore	12 January 2012	SGD100	20	Investment holding and infrastructure technology business providing data protection, hardware and software solutions to enterprises.
<u>Subsidiary of QIS</u>					
QI	2 August 2012 India	2 August 2012	INR100,000	100	Infrastructure technology business providing data protection, hardware and software solutions to enterprises.

Further details on our subsidiaries and associate are set out in Section 5.2 of this Prospectus below.

5. INFORMATION ON OUR GROUP (Cont'd)

5.2 INFORMATION ON SUBSIDIARIES AND ASSOCIATE

5.2.1 QSA

(a) Background, history and principal activities

QSA (200210122E) was incorporated in Singapore under the Singapore Companies Act on 21 November 2002 as a private limited liability company under the name of ADIC (South Asia) Pte. Ltd. (which was later changed to QSA on 2 November 2006). QSA commenced its business operations on 21 November 2002 and is principally involved in EDM infrastructure technology business providing data protection, hardware and software solutions to large enterprises.

In 2007, QSA established a strategic marketing agreement with Quantum Corporation where QSA markets and sells EDM infrastructure technology from Quantum Corporation covering the SEA region (which includes Singapore, Malaysia, Indonesia, Philippines, Thailand, Vietnam and Cambodia). The EDM infrastructure technology which QSA sells and markets includes disk backup systems, automated tape libraries and standalone tape drives.

QSA also provides value-added solutions and professional services to install, configure and implement EDM infrastructure technology solution that is integrated into our End-User Customers' IT environment to provide backup, storage and recovery services of our End-User Customers' digital data.

QSA provides maintenance and technical support services to QSA's existing End-User Customers in instances such as storage device failures, maintenance and restoration when problems are encountered, as well as upgrading of existing infrastructure. On-site technical support and product training to QSA's End-User Customers are also provided to ensure QSA's End-User Customers are able to maximise the performance of their backup, storage and recovery capabilities.

QSA has been contributing significantly to the earnings of our Group.

(b) Share Capital

There is no authorised share capital in QSA. As at the LPD, the issued and paid-up share capital of QSA is as follows:-

	No. of shares	Amount (SGD)
Issued and paid-up	100,002	100,002

The ordinary shares have no par value. There were no changes in the issued and paid-up share capital of QSA for the past three (3) years.

As at the LPD, QSA does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) Substantial Shareholder

QSA is our wholly-owned subsidiary.

(d) Subsidiary and Associate

QSA has a subsidiary QSA(M) and an associate QIS, the details of which are set out in Section 5.1.5 of this Prospectus above.

5. INFORMATION ON OUR GROUP (Cont'd)**5.2.2 KS****(a) Background, history and principal activities**

KS (201008509E) was incorporated in Singapore under the Singapore Companies Act on 21 April 2010 as a private limited liability company under the name of Kronicles IT Consulting Pte. Ltd. (which was later changed to KS on 18 October 2011). KS commenced its business operations on 21 April 2010 and is principally involved in managed services business providing a holistic comprehensive and automated daily backup targeted at medium-sized enterprises.

(b) Share Capital

There is no authorised share capital in KS. As at the LPD, the issued and paid-up share capital of KS is as follows:-

	No. of shares	Amount (SGD)
Issued and paid-up	50,000	50,000

The ordinary shares have no par value. There were no changes in the issued and paid-up share capital of KS for the past three (3) years.

There were no discounts, special terms or installment payment terms given in consideration of the above increases in the issued and paid-up share capital of KS.

As at the LPD, KS does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) Substantial Shareholder

KS is our wholly-owned subsidiary.

(d) Subsidiary and Associate

As at the LPD, KS does not have any subsidiary or associate.

5.2.3 KM**(a) Background, history and principal activities**

KM (986589-V) was incorporated in Malaysia under the Act on 13 April 2012 as a private limited liability company under the name of Kronicles (Malaysia) Sdn Bhd. KM commenced its business operations on 2 December 2013 and is principally involved in managed services business providing a holistic comprehensive and automated daily backup targeted at medium-sized enterprises.

(b) Share Capital

As at the LPD, the authorised and issued and paid-up share capital of KM are as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	100	1.00	100

5. INFORMATION ON OUR GROUP (Cont'd)

There were no changes in the issued and paid-up share capital of KM for the past three (3) years.

As at the LPD, KM does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) Substantial Shareholder

KM is our wholly-owned subsidiary.

(d) Subsidiary and Associate

As at the LPD, KM does not have any subsidiary or associate.

5.2.4 QSA(M)**(a) Background, history and principal activities**

QSA(M) (712572-P) was incorporated in Malaysia under the Act on 13 October 2005 as a private limited liability company under the name of ADIC South Asia Sdn Bhd (which was later changed to QSA(M) on 1 December 2006). QSA(M) commenced its business operations on 13 October 2005 and is principally involved in the provision of administrative and support services to its holding company, QSA since 2012.

(b) Share Capital

As at the LPD, the authorised and issued and paid-up share capital of QSA(M) are as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

There were no changes in the issued and paid-up share capital of QSA(M) for the past three (3) years.

As at the LPD, QSA(M) does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) Substantial Shareholders

QSA(M) is a wholly-owned subsidiary of QSA, our wholly-owned subsidiary.

(d) Subsidiary and Associate

As at the LPD, QSA(M) does not have any subsidiary or associate.

5.2.5 QIS**(a) Background, history and principal activities**

QIS (201201133M) was incorporated in Singapore under the Singapore Companies Act on 12 January 2012 as a private limited liability company. QIS commenced its business operations on 12 January 2012. Its principal activities are that of investment holding and infrastructure technology business providing data protection, hardware and software solutions to enterprises.

5. INFORMATION ON OUR GROUP (Cont'd)

(b) Share Capital

There is no authorised share capital in QIS. As at the LPD, the issued and paid-up share capital of QIS is as follows:-

	No. of shares	Amount (SGD)
Issued and paid-up	100	100

The ordinary shares have no par value. There have been no changes to the issued and paid-up share capital of QIS since incorporation.

As at the LPD, QIS does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) Substantial Shareholders

QIS is a 20% associate of QSA, our wholly-owned subsidiary. The remaining 80% shareholding in QIS is held by Quantum Storage (India) Limited, a company incorporated in British Virgin Islands.

(d) Subsidiary and Associate

QIS has a subsidiary QI, the details of which are set out in Section 5.1.5 of this Prospectus above. As at the LPD, QIS does not have any associate.

5.2.6 QI

(a) Background, history and principal activities

QI (U74900KA2012FTC065170) was incorporated in India under the Companies Act, 1956 on 2 August 2012 as a private limited liability company. QI commenced its business operations on 2 August 2012 and is principally involved in infrastructure technology business providing data protection, hardware and software solutions to enterprises.

(b) Share Capital

As at the LPD, the authorised and issued and paid-up share capital of QI are as follows:-

	No. of shares	Par value (INR)	Amount (INR)
Authorised	50,000	10	500,000
Issued and paid-up	10,000	10	100,000

There have been no changes to the issued and paid-up share capital of QI since incorporation.

As at the LPD, QI does not have any outstanding warrants, options, convertible securities and uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)

(c) Substantial Shareholder

QI is a wholly-owned subsidiary of QIS, an associate of QSA (our wholly-owned subsidiary).

(d) Subsidiary and Associate

As at the LPD, QI does not have any subsidiary or associate.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.3 LISTING SCHEME AND SGP

In conjunction with and as an integral part of our listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the ACE Market of Bursa Securities, the details of our Listing Scheme and SGP are as follows:-

(i) Public Issue

Our Company undertakes a public issue of 59,247,000 new Shares, at the Issue Price, representing 25% of our enlarged issued and paid-up share capital, payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

- (a) 4,739,500 new Kronologi Shares, representing approximately 2.0% of our enlarged issued and paid-up share capital, made available for application by the Malaysian Public via balloting;
- (b) 7,109,500 new Kronologi Shares, representing approximately 3.0% of our enlarged issued and paid-up share capital, reserved for our eligible Directors, employees and persons who have contributed to the success of our Group; and
- (c) 47,398,000 new Kronologi Shares, representing approximately 20.0% of our enlarged issued and paid-up share capital, by way of placement to identified investors.

All the Issue Shares shall rank equally in all respects with the existing issued and paid-up share capital of our Company, including the voting rights and rights to all dividends and distributions that may be declared, made or paid subsequent to the date of the allotment thereof.

Upon completion of the Public Issue, the issued and paid-up share capital of our Company will increase to RM23,698,800, comprising 236,988,000 Shares.

(ii) Listing

The admission and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM23,698,800, comprising 236,988,000 Shares on the ACE Market of Bursa Securities have been approved by Bursa Securities.

(iii) SGP

In conjunction with the Listing, our Company will also implement a SGP of up to 30% of the issued and paid-up share capital of Kronologi at any time during the existence of the SGP, to be granted to the eligible Directors and employees of our Company and our subsidiaries.

In implementing the SGP, the SGP committee may in its discretion decide that the Kronologi Shares to be granted and/or issued to eligible Directors and employees may be satisfied by way of:-

- (i) Issuance of new Kronologi Shares;
- (ii) Purchase of existing Kronologi Shares from the market by the trustee and the subsequent transfer of such shares by the trustee to the selected employees; or
- (iii) A combination of both issuance of new Kronologi Shares and purchase and transfer of existing Kronologi Shares from the market.

5. INFORMATION ON OUR GROUP (Cont'd)

In considering whether to issue new Kronologi Shares or to purchase and transfer existing Shares for the purpose of the SGP, the SGP committee will take into consideration, amongst others, factors such as the prevailing market price of the Shares, funding consideration and dilutive effects on our Company's capital base and future returns. The implementation of the SGP will be facilitated through the establishment of a trust to be administered by the trustee in accordance with a trust deed and shall, at all times, be under the direction of the SGP committee.

In determining the number of Kronologi Shares to be granted and/or issued to our eligible Directors and employees under the SGP, the following shall be taken into consideration:-

- (i) The performance of our Company and our subsidiaries in meeting certain financial targets to be determined by our Board and/or the SGP committee; and
- (ii) Our eligible Directors and employees meeting certain individual financial and/or performance targets to be determined by our Board and/or the SGP committee.

The SGP shall be in force for a duration of five (5) years. However, our Board at its discretion, upon the recommendation of the SGP committee, may extend the SGP for a further period of up to five (5) years or any other duration that is allowed by the relevant authorities.

In the event new Shares are issued pursuant to the SGP, such new Shares will, upon allotment and issue, rank equally in all respects with our existing issued and paid-up share capital, except that the new Shares will not be entitled to any dividend, right, allotment or other distribution, the entitlement date of which is prior to the date of allotment of the said Shares. The new Shares will be subject to all provision of our Memorandum and Articles of Association.

In the event existing Shares are purchased from the market and transferred pursuant to the SGP, such Shares will rank equally in all respects with our other existing issued Shares including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer.

The listing of and quotation for any new Share(s) to be issued pursuant to the SGP on the ACE Market of Bursa Securities have been approved by Bursa Securities.

For further information, please refer to Section 14 of this Prospectus.

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5. INFORMATION ON OUR GROUP (Cont'd)**5.4 LOCATION OF OPERATIONS**

The location of our Group's operational and administrative premises is as follows:-

Location	Description of property	Existing use	Approximate land / built-up area (sq ft)	Lessor	Annual rental
51, Changi Business Park Central 2 No. 09-12 The Signature Singapore 486066	Office Building	Office	5,453	MapleTree Facilities Services Pte. Ltd. for and on behalf of DBS Trustee Limited	SGD256,334 (equivalent to RM657,548)
#02-0210 Changi South Street 3 Singapore 486147	Warehouse	Warehouse	3,283	HSBC Institutional Trust Services (Singapore) Limited (as trustee of MapleTree Logistics Trust)	SGD70,930 (equivalent to RM181,950)
B705, Phileo Damansara 1 No. 9, Jalan 16/11 Off Jalan Damansara 46350 Petaling Jaya Malaysia	Office building	Office	2,494	KLS Realty Sdn Bhd	RM53,870
Unit A, 3rd Floor GOT2 Building 9/196 SoiRatchapracha 4 Ratchadapisek Road Chatuchak, Bangkok 10900 Thailand	Office building	Office	1,238	Kraivut Co.,Ltd.	THB483,000 (equivalent to RM48,608*)
Wisma Nugra Santana 14th Floor, Jalan Jenderal Sudirman Kav. 7-8 Jakarta 10220 Indonesia	Office Building	Office	1,395	PT. Pura Selokamas	IDR311,136,000 (equivalent to RM83,384 [^])

Notes:-

* Based on exchange rate of THB100 = RM10.0638 as at the LPD

[^] Based on exchange rate of IDR100 = RM0.0268 as at the LPD

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5. INFORMATION ON OUR GROUP (Cont'd)

5.5 KEY ACHIEVEMENTS / MILESTONES

The key achievements / milestones of our Group are as follows:-

Year	Month	Key Milestones
2002	November	Incorporation of our subsidiary, ADIC South Asia.
	December	Establishment of the strategic marketing partnership between ADIC South Asia and ADIC for a period of five (5) years.
2004	June	Regional expansion into Malaysia, Philippines, Thailand and Indonesia.
2006	November	Name change of our subsidiary from ADIC South Asia to QSA.
2007	November	Establishment of the strategic marketing partnership between QSA and Quantum Corporation for a period of five (5) years where "Quantum" branded backup, storage and recovery solutions were offered to End-User Customers in the SEA region (which includes Singapore, Malaysia, Indonesia, Philippines, Thailand, Cambodia and Vietnam).
2012	January	Mr. Pramotedham commenced management and operational involvement in our subsidiaries and associate.
	January	Regional expansion into India via associate, QIS.
	May	Joint introduction of our EDM managed services business offering i.e. Kronicles BaaS via our subsidiary, KS, with StarHub Limited (one of Singapore's leading information, communications and entertainment services provider).
	November	Auto-renewal of the strategic marketing partnership between QSA and Quantum Corporation for a period of one (1) year.
2013	August	Appointment of NCS Group (a major IT service provider and the IT arm of Singapore Telecom) as the first Platinum Reseller in SEA.
	October	Conceptualisation and development of our FABRiK framework.
	October	Incorporation of Kronologi Asia Sdn Bhd.
	November	Auto-renewal of the strategic marketing partnership between QSA and Quantum Corporation for a period of one (1) year.
2014	April	Renewal of the strategic marketing partnership between QSA and Quantum Corporation for a period of five (5) years.
	April	Introduction of our enhanced range of EDM managed services solutions under "Kronicles Assure" DPaaS brand name.
	April	Appointment of PT ECS Indo Jaya (part of the ECS Group, one of the largest IT distributors in Asia Pacific) as our distributor in Indonesia.
	April	Established collaboration with 1CARE Global Pte. Ltd. ("1CARE") where we bundle our "Kronicles Assure Endpoint" solutions with 1CARE's post warranty products for desktops and laptops.
	May	Kronologi obtained MSC-Malaysia status.
	June	Signed agreement with our strategic partner, StarHub Limited, to deliver our EDM managed services through StarHub's platform.
	June	Conversion of Kronologi Asia Sdn Bhd to a public limited company.

5. INFORMATION ON OUR GROUP (Cont'd)**5.6 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES**

Save as disclosed below, our Group did not incur any other material capital expenditure or investments and had no other divestitures for the past three (3) FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014:-

	Transaction value for the			
	<-----FYE 31 December----->			Six (6)-month FPE 30 June 2014 RM'000
	2011 RM'000	2012 RM'000	2013 RM'000	
Infrastructure technology equipment	-	6,732	1,327	2,510
Total capital expenditure	-	6,732	1,327	2,510

The above material capital expenditure was financed through internally generated funds and finance lease arrangement. Our Group incurs capital expenditure on a project basis, hence the amount of capital expenditure incurred every year has varied.

For the FYE 31 December 2012, our Group's capital expenditure were substantially higher as compared to the FYE 31 December 2011 and 2013 due to the cost incurred for the start up of our EDM managed services business, comprising EDM infrastructure technology equipment (e.g. servers and related components) and installation, testing and commissioning services. For the six (6)-month FPE 30 June 2014, our Group incurred RM2.510 million on infrastructure technology equipment for our EDM managed services business.

As at the LPD, there are no ongoing projects that involve material capital expenditure, investments and divestitures.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7 BUSINESS OVERVIEW**5.7.1 Our principal activities and products / services**

In today's technology-enabled world, most if not all enterprises and organisations use IT to automate and digitise their operations and thus have large amounts of digital data stored in various media including servers, desktops, laptops and external devices. For many of these organisations, the data is critical for their business and operations, especially for organisations that carry sensitive, confidential and mission critical data, and hence, it is highly important that the data is systematically protected through EDM solutions.

EDM refers to the practise of putting in place a set of policies, procedures and technology(s) to allow enterprises and organisations to backup and store important electronic or digital data as well as recover and restore this data in the case where the primary source of data becomes inaccessible. The objective to ensure data is systematically protected and easily recoverable becomes particularly compelling in the event of a disaster that could potentially destroy or damage an organisation's enterprise data. Disaster to an enterprise can occur because of destruction and/or damage to enterprise servers due to virus attacks, data corruption, computer thefts, fire, floods, earthquakes and other natural disasters, as well as serious structural damage to the servers.

Our subsidiaries and associate are involved in the provision of EDM solutions, specialising in data assurance and protection to ensure business continuity for our clients.

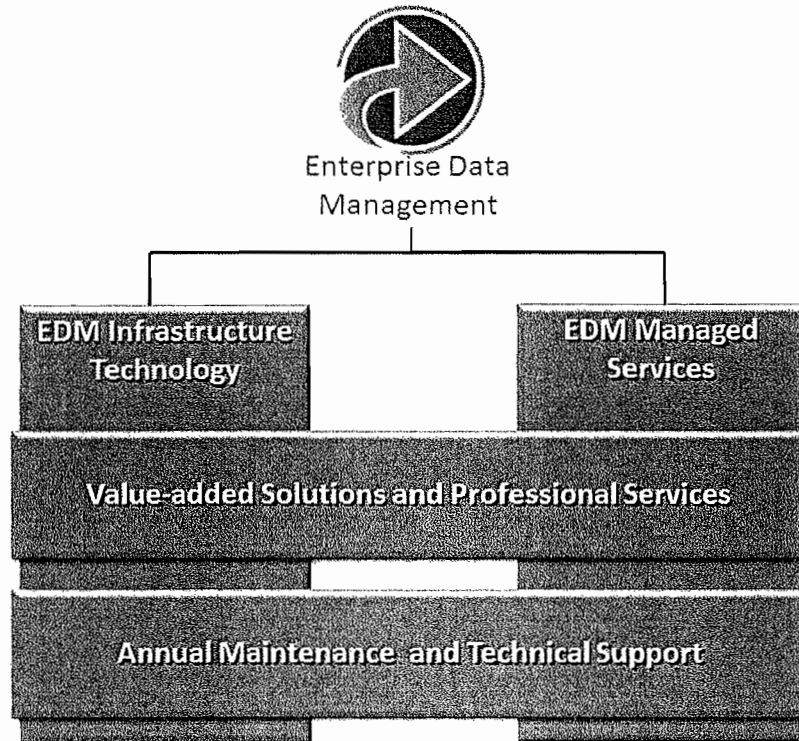
Our portfolio of products and services, which are delivered directly by our Group, provide our clients with the ability to achieve data assurance and protection through the systematic backup, storage and recovery of enterprise data to ensure business continuity, as follows:-

- On-site data backup and storage;
- Off-site backup and storage for long term archival;
- Data recovery and restoration;
- Problem escalation and resolution in the event of issues or errors during the backup process;
- 365 days, 24 hours a day, 7 days a week ("365/24/7") technical support; and
- Consultancy on process improvement for data assurance, data protection and disaster recovery.

The breakdown of our principal activities to deliver the above-mentioned are detailed as follows:-

- a) Provision of EDM infrastructure technology comprising hardware and software;
- b) Provision of EDM value-added solutions and professional services;
- c) Provision of EDM managed services; and
- d) Provision of annual maintenance and technical support in EDM solutions.

5. INFORMATION ON OUR GROUP (Cont'd)



(i) **Provision of EDM infrastructure technology comprising hardware and software**

We are principally involved in the provision of EDM infrastructure technology which comprises both hardware and software. EDM hardware refers to computer components used to record, store and retain digital data while EDM software supports the process of data backup, storage, recovery and restoration. There are two (2) types of storage:-

(a) **Primary storage**

Primary storage refers to the first tier storage where data is stored and immediately used by server applications. Primary storage may be internal or external and may include traditional hard disk as well as newer solid state disk or flash arrays.

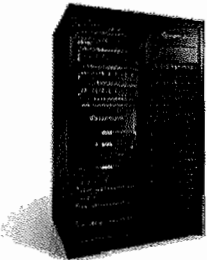
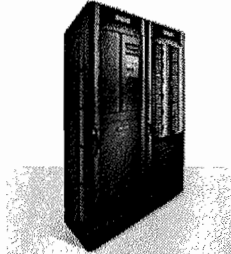


(b) **Secondary storage**

On the other hand, secondary storage complements primary storage and may include technologies like data deduplication to maximise storage capacity. Data deduplication technology refers to a specialised data compression technique which eliminates duplicate copies of data. Secondary storage is also known as backup storage and consists of higher capacity hard disk, tapes or other optical media. ***We predominantly offer secondary storage infrastructure to our customers.***

Under QSA's EDM infrastructure technology business, QSA exclusively market and sell EDM solutions from Quantum Corporation on a non-consignment basis. QSA has a strategic marketing agreement with Quantum Corporation that covers the SEA region (which includes Singapore, Malaysia, Indonesia, Philippines, Thailand, Vietnam and Cambodia).

5. INFORMATION ON OUR GROUP (Cont'd)

The EDM infrastructure technology which we sell and market are as follows:

Product category	Description	Specifications
<p>Disc Backup Systems</p> 	<p>Disc-based appliances with data deduplication technology.</p>	<p>Storage capacity: 1TB to 330 TB</p> <p>Performance: 1.5TB – 16.5 TB per hour</p>
<p>Automated Tape Libraries</p> 	<p>Storage device for holding tape drives. It contains many slots to hold the tape cartridges, a barcode reader to identify tape cartridges as well as a robotic arm to automate loading of tape cartridges.</p>	<p>Number of slots: 25 to 12,000+ slots</p> <p>Number of tape drives: 1 to 192 tape drives</p>
<p>Standalone Tape Drives</p> 	<p>External storage device used for data backup.</p>	<p>Storage Capacity: 800 GB to 6.25 TB</p>
<p>Storage Management Software</p> 	<p>Software for file sharing, protection and archival purposes.</p>	<ul style="list-style-type: none"> • Integrates seamlessly with varying types of hardware and software. • Ensures high performance and consistent throughput. • Can be used for large amounts of data and high performance equipment.

We enhance the overall EDM infrastructure technology by providing value-added solutions and professional services and maintenance and technical support, as detailed in Section 5.7.1(ii) and (iv) below. This is necessary in order to ensure that the EDM solutions are able to operate and deliver its desired outcome in the End-User Customers' IT environment.

5. INFORMATION ON OUR GROUP (Cont'd)

(ii) Provision of EDM value-added solutions and professional services

Our EDM infrastructure technology solutions need to be integrated to our End-User Customers' existing IT infrastructure, such as servers, network equipment and primary storage devices. To achieve this, we provide value-added solutions and professional services, which are delivered using a combination of products and services developed by our Group and products sourced from external third parties, to design, install, configure and implement our EDM infrastructure technology solutions in our End-User Customers' IT environment. Our value-added solutions and professional services also include after-sales service to our End-User Customers such as the following:-

- (a) periodic Health Checks;
- (b) capacity planning to help End-User Customers plan for data growth and anticipate capacity increases;
- (c) remote monitoring using an automated monitoring system to monitor the on-going status of the End-User Customers' system in order to identify and react to any system faults detected; and
- (d) disaster recovery service which is a consulting and advisory service that helps the End-User Customers plan and design their Disaster Recovery procedures.

We provide value-added solutions and professional services using our FABRIK framework. With a framework that predefines a set of implementation policies, protocols and processes, we ensure that our value-added solutions and professional services are delivered uniformly to all our End-User Customers. For a more detailed explanation of FABRIK, please refer to Section 5.7.8 of this Prospectus.

(iii) Provision of EDM managed services

We also offer Mid-market Companies with an alternative avenue to procure EDM solutions via our EDM managed services (offered by KS) without incurring substantial upfront capital investment costs.

EDM managed services is a comprehensive service that we provide to our customers for data assurance and operational continuity. The EDM managed services, which are delivered using a combination of products and services developed by our Group and products sourced from external third parties, comprise the backup, storage, recovery and restoration of enterprise data Health Checks, capacity planning, remote monitoring and disaster recovery service. Building upon our cumulative twelve (12) years of technical knowledge and industry experience, we offer EDM managed services, which is on an "as-needed" or rental basis where our pricing is based on a Subscription Model, providing our clients with a flexible alternative to conventional outright EDM solutions procurement. We deliver reliable and cost effective EDM solutions to our customers, either through on-site data management or remotely through the internet.

Some of the benefits which our End-User Customers can derive from this service are highlighted as follows:

- **Productivity improvement** – As EDM is outsourced to us, our End-User Customers are able to focus on operating their core business activities.
- **Access to expertise and advanced technology** – As we are specialists in EDM, our End-User Customers are able to leverage on our expertise in developing best practices procedures and policies.
- **Subscription Model** – Rather than investing heavily in IT resources such as servers or licensing software, our End-User Customers are able to use the

5. INFORMATION ON OUR GROUP (Cont'd)

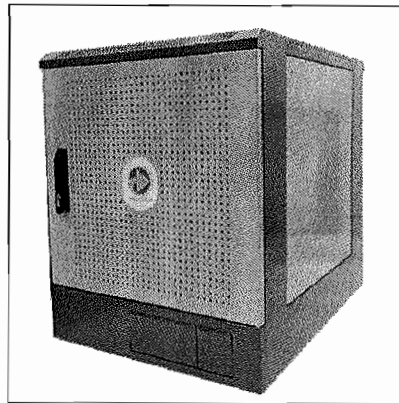
resources they need on an "as-needed" basis. We charge based on usage capacity, with varied plans according to the different types of services and capacity needed.

- **Flexibility and scalability** – EDM managed services are particularly well-suited to businesses which are growing and have dynamic computing needs, and as such may require the flexibility to scale their backup and storage capacities as needed.

In delivering EDM managed services, we also leverage on our proprietary FABRIK framework in order to ensure that our EDM managed services follow consistent design, development and implementation protocols. For a more detailed explanation of FABRIK, please refer to Section 5.7.8 of this Prospectus.

Our EDM managed services is delivered through the use of our proprietary EDM equipment called the POD. The POD is a proprietary, special purpose, closed-box appliance, and is the main component in the provisioning of on-site data backup and storage. As part of our EDM managed services, the POD is provided and located at our End-User Customers' premises. It is connected to our KS data centre located at our premises by an internet line. With the POD at our End-User Customers' premises, our command centre is able to remotely monitor the status of the scheduled data backup and storage processes. In the case of any failures that may be caused by hardware, software or processes, the command centre will be able to notify our End-User Customers so that appropriate activities can be activated. In addition, the POD provides End-User Customers with the ability to perform high speed, local recovery of their protected servers in case of any system failure or disaster.

Below is an illustration of the POD:-



In the event of data loss experienced by our EDM managed service End-User Customers, we have put in place a disaster recovery readiness exercise. The exercise is essentially to assist in the development of a set of procedures and processes which are designed for our End-User Customers to follow in preparing for data recovery and business continuity. We ensure that our End-User Customers are familiar with these procedures and processes by conducting dedicated training sessions on an annual basis. Through our partnership with data centre service providers, we are also able to provide short-term premises for the exercises to be carried out as part of the disaster recovery exercise.

Our EDM managed services are marketed through our "Kronicles Assure" DPaaS product suite. As our EDM managed services grow, we intend to expand our product suite in line with our future plans moving forward. Our "Kronicles Assure" product suite is as listed below:-

5. INFORMATION ON OUR GROUP (Cont'd)

Product category	Description	Specifications
Assure EndPoint		
Assure EndPoint Lite	Basic EDM managed services for desktops, laptops and mobile devices.	<ul style="list-style-type: none"> • Supports various operating systems. • Data is stored at our data centre. • Includes mobile data protection.
Assure EndPoint Corporate	Comprehensive EDM managed services for desktops, laptops and mobile devices.	<ul style="list-style-type: none"> • Supports various operating systems. • Data is stored on a POD at customer premises. • A copy of the data is replicated to our data centre. • Includes mobile data protection.
Assure Server		
Assure Server Lite	Basic EDM managed services for servers.	<ul style="list-style-type: none"> • Supports server operating systems and applications such as databases, email and virtual machines (which is a software-based emulation of a computer). • Data is stored at our data centre.
Assure Server Corporate	Comprehensive EDM managed services for servers.	<ul style="list-style-type: none"> • Supports server operating systems and applications such as databases, email and virtual machines (which is a software-based emulation of a computer). • Data is stored on a POD at customer premises. • A copy of the data is replicated to our data centre. • Includes disaster recovery exercise.
Assure Target		
Assure Target	EDM managed services for customers operating their own IT infrastructure.	<ul style="list-style-type: none"> • Data is stored at customer premises • Customer has the option for a copy of the data to be replicated to our data centre
Assure Target xSP	EDM managed services offered to customers of our data centre partners.	<ul style="list-style-type: none"> • Data is stored at our data centre partners' premises. • Customer has the option for a copy of the data to be replicated to our data centre.

Our EDM managed services are, presently, delivered in collaboration with our strategic partner, StarHub Limited, through StarHub Limited's platform. This platform is a highly secured, on-demand scalable service with carrier-grade connectivity, providing us with a reliable back-end infrastructure that is well-suited for our EDM managed services. StarHub Limited is currently also a reseller of our EDM managed services, where our EDM managed services is offered together with StarHub Limited's other services to its customers.

5. INFORMATION ON OUR GROUP (Cont'd)

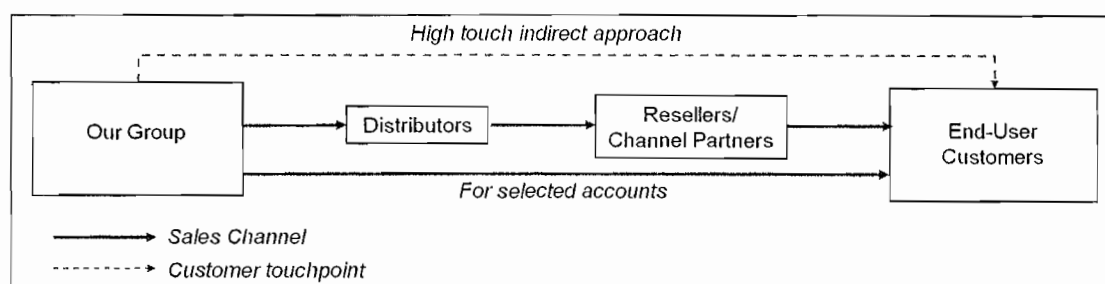
(iv) Provision of annual maintenance and technical support in EDM solutions

We have a team of professionals to provide maintenance and technical support services⁶ to our EDM infrastructure technology End-User Customers. We provide technical support for our existing End-User Customers in instances such as storage device failures with scheduled and unscheduled maintenance when problems are encountered. We also provide on-site technical support and product training to our End-User Customers. This is essentially a maintenance service that covers all components of our Group's EDM solutions. This service provides our End-User Customers with a 24x7 helpdesk support that they can use to report faults and request assistance for ad-hoc system break-downs. This is to ensure our End-User Customers are able to maximise the performance of their backup, storage and recovery capabilities.

5.7.2 Our Business Model

We have a business model described as a "high touch indirect" approach with our distributors, resellers/channel partners and the End-User Customers since 2012. The adoption of this approach is a strategic investment decision which we believe will differentiate our Company and strengthen our presence in the markets in which our EDM solutions are delivered by focusing on building strong and lasting relationships and enhancing the brand preference for our EDM solutions among our End-User Customers and resellers/channel partners. This ensures long term sustainability of our relationships with End-User Customers and positions us as a preferred and trusted business partner to our distributors and resellers/channel partners, thus enhancing our overall competitiveness in the market as an EDM solutions provider.

The diagram below illustrates the "high touch indirect" model:-



As mentioned above, we adopt a "high touch indirect" approach with the End-User Customers to ensure that we have direct relationships with them. We collaborate with our distributors and resellers/channel partners for their market reach, but we continue to maintain close contact with the End-User Customers to ensure we build long term sustainable business relationships with these customers. We hold regular seminars, meetings and customer conferences to update End-User Customers on our existing products and services as well as to showcase and discuss new product offerings. We also invite some of our End-User Customers to our product launches and press briefing sessions to keep them abreast of our developments. In addition, our marketing team proactively communicates with our End-User Customers via e-mails and product brochures, whilst our sales team keeps regular contact through face-to-face meetings and telephone calls.

⁶ We provide a standard but limited 30-day warranty if EDM infrastructure technology is sold on a stand-alone basis. However, our End-User Customers typically purchase EDM infrastructure technology together with maintenance contracts, which would include replacement and/or repair of parts or components that are defective or not operating in proper condition or acceptance of return of the defective products at our discretion. As at the LPD, there have been no major repair and/or replacement costs incurred by our Group in the past as we enter into corresponding back-to-back arrangement with Quantum Corporation which includes engineering support and parts replacement for every maintenance contract we enter into with our End-User Customers. As a result, no provision for repair and/or replacement cost is necessary.

5. INFORMATION ON OUR GROUP (Cont'd)

For the past three (3) FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014, 25.03%, 15.73%, 16.37% and 16.84% of our EDM infrastructure technology revenues respectively was generated directly from our End-User Customers whilst the remaining was via our distributors and resellers/channel partners. For EDM managed services, our entire revenue for the FYE 31 December 2012 to 2013 and six (6)-month FPE 30 June 2014 was generated directly from our End-User Customers.

Our typical sales process is as follows:-

- Our sales team collaborates with our distributors and resellers/channel partners to generate sales leads from End-User Customers. Sale leads for both EDM infrastructure technology and EDM managed services are generated through our sales team as well as via our distributors and resellers/channel partners.
- Our distributors and resellers/channel partners will also offer End-User Customers with other generic but necessary IT hardware and software required in the implementation of EDM solutions. It is a common practice in the IT industry for the resellers/channel partners to choose which distributor to fulfil the sales order. Resellers/channel partners typically choose to work with distributors that are able to provide one-stop services, i.e. the entire range of products and services required in a certain project, with the necessary payment arrangements. The payment arrangement provided by the distributors to the resellers/channel partners, in turn, minimises our credit risks and improves our cash flow since we have standard credit terms with the distributors.
- Upon securing the project, the resellers/channel partners would place the order with a distributor, who in turn would place the order for EDM solutions with our subsidiaries.
- Once the transaction has been processed, we deliver the EDM infrastructure to the End-User Customers directly from our warehouse or through our distributors' logistics channels.

Our technical team carries out the following:-

- (a) the installation and implementation and remains on-hand throughout the service level agreement period to provide maintenance and technical support; and
 - (b) other value-added solutions and professional services including the configuration and integration of our solutions with End-User Customers' computer systems. In line with our efforts of creating brand preference, we proactively collaborate with our distributors and resellers/channel partners to identify, anticipate and resolve any complex customer issues through regular project meetings in order to ensure positive customer experience.
- For EDM managed services, we will prepare and deliver the POD if required.
 - Our sales team carries out regular follow up calls and visits with the End-User Customers to nurture and maintain the relationships.
 - We continue to build business relationships with the End-User Customers in order to create brand preference. Brand preference is also created with our distributors and resellers/channel partners through our regular marketing and channel-enablement programmes where we provide training and conduct pre-sales and technical certification programmes for our distributors and resellers/channel partners.

Sales obtained from our EDM infrastructure technology business are transaction-based revenues. We also continue to secure repeat sales from End-User Customers in the event of upgrades or capacity expansions. Sales derived from our EDM managed services business sees recurrent revenue as it is based on a Subscription Model.

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.3 Our Principal Markets

Our EDM solutions are marketed and sold to customers in Malaysia, Singapore, Thailand, Philippines, Indonesia, India and other markets.

The breakdown of our sales revenue by our principal markets in the FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014 are as follows:-

Country	-----FYE 31 December----->						Six (6)-month <---FPE 30 June--->	
	2011		2012		2013		2014	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Singapore	16,873	49.91	23,301	61.76	28,416	60.66	20,989	69.77
Malaysia	3,508	10.38	4,739	12.56	7,746	16.54	3,235	10.75
Thailand	3,865	11.43	2,137	5.66	3,025	6.46	1,656	5.50
Others	9,558	28.28	7,554	20.02	7,656	16.34	4,205	13.98
Subtotal	33,804	100.00	37,731	100.00	46,843	100.00	30,085	100.00
Consolidation adjustment	(1,026)		(1,936)		(4,673)		(1,986)	
Consolidated revenue	32,778		35,795		42,170		28,099	

Our principal market is Singapore where we registered sales revenue of RM16.873 million in the FYE 31 December 2011, RM23.301 million in the FYE 31 December 2012, RM28.416 million in the FYE 31 December 2013 and RM20.989 million in the six (6)-month FPE 30 June 2014, accounting for 49.91%, 61.76%, 60.66% and 69.77% of total revenue respectively. Our sales in Malaysia registered steady growth from the FYE 31 December 2011 to 2013. Sales revenue in Malaysia amounted to RM3.508 million in the FYE 31 December 2011 and grew to RM4.739 million and RM7.746 million in the FYE 31 December 2012 and FYE 31 December 2013 respectively. Sales to other countries include Philippines, Indonesia and India.

5.7.4 Key types, sources and availability of supplies

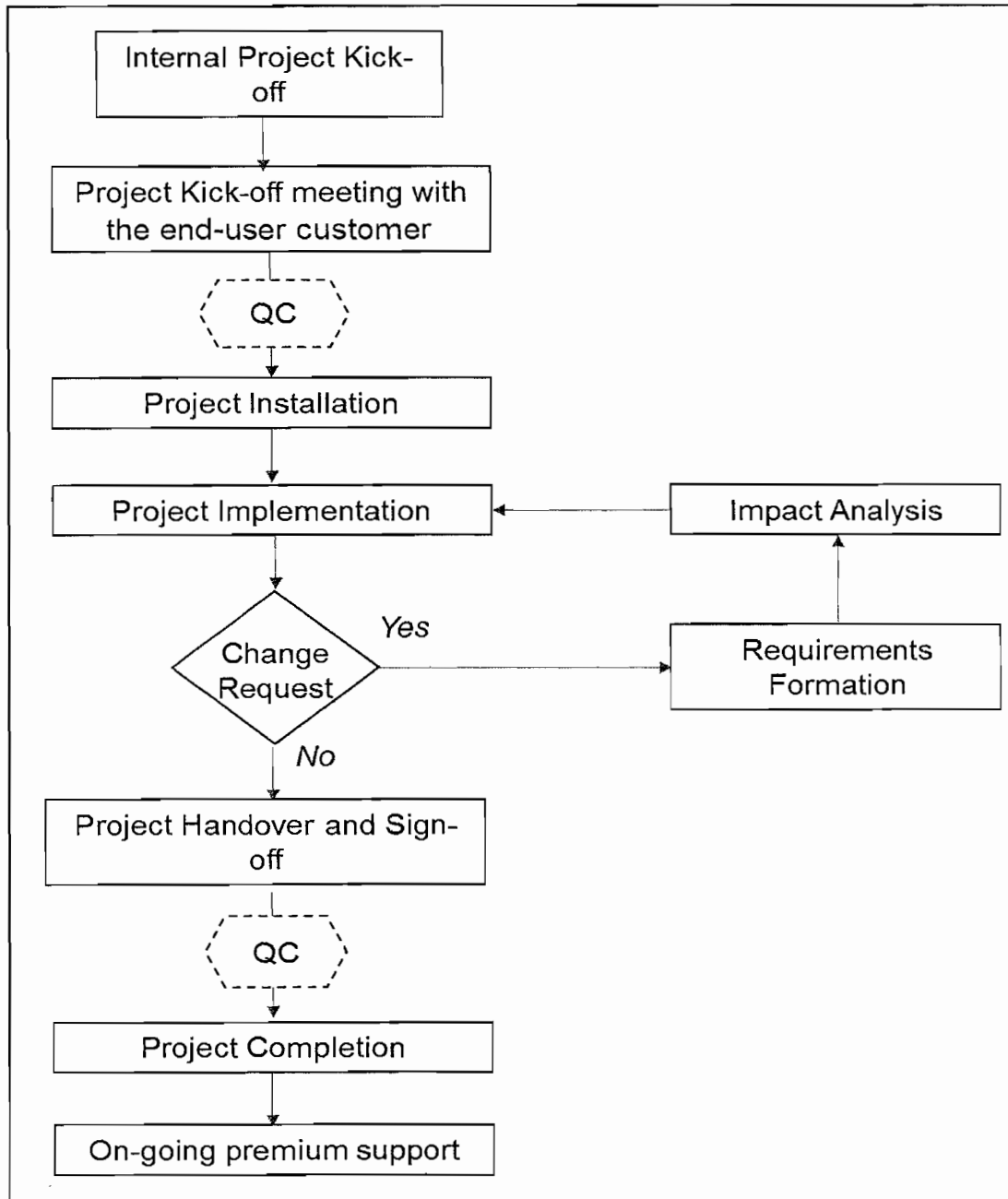
The key supplies for our EDM solutions business is EDM infrastructure technology (i.e. hardware and software). These include storage, servers, automated tape libraries, disc backup appliances and EDM software. For our EDM infrastructure technology business, our Group sources these equipment and supplies from Quantum Corporation. For our EDM managed services business, we source these equipment and supplies from various international third-party manufacturers such as Quantum Corporation, Hewlett Packard Company and Dell Inc. These supplies are easily and readily available at all times.

Other main resources of our Group comes from the intellect of our human capital as our core activities are in the implementation of EDM solutions, including EDM managed services, professional services and maintenance and technical support. We currently have sufficient human capital and we have not experienced any problems in hiring the required personnel. Furthermore, as Kronologi is a MSC-Malaysia status company, we believe we are well-positioned to continuously hire and nurture skilled knowledge workers and technology personnel.

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.5 Process flow

The overall process flow for the implementation of our EDM solutions is as depicted below:-



The following are illustrations of the process upon confirmation of a sales order:-

Internal kick-off meeting

As soon as a sales order for our EDM solutions is secured via our distributor and resellers/channel partner, the team in charge comprising sales and technical personnel will be called in for an internal kick-off meeting. At this stage, the sales team which had been responsible for closing the sales will brief the technical team on the requirements and design of the EDM solutions, which would have taken into account the End-User Customer's budget, schedule, specifications and other factors or constraints. Our technical team will then formulate an implementation plan for the customer, typically within one (1) week.

5. INFORMATION ON OUR GROUP (Cont'd)

Project kick-off meeting with the End-User Customer

Once we have decided and aligned our propositions internally, we will hold a kick-off meeting with the End-User Customer typically within one (1) to two (2) weeks, to finalise and sign-off on the project specifications and scope of work.

Project installation

Based on the approved specifications, the project team will prepare the Installation Layout Plan. The EDM infrastructure required, which includes hardware and software, is delivered to the End-User Customer's site, or prepared on our premises for our managed services business. At this stage, QC procedures are carried out on the hardware in order to ensure that it is in accordance with the specifications. The project installation typically takes between one (1) to eight (8) weeks.

Project implementation

Subsequently, the team will commence implementation of our EDM solutions, which will include providing our value-added solutions for the configuration and integration with the End-User Customers' existing IT infrastructure. The project implementation typically takes between one (1) to eight (8) weeks.

Changes in request

Should there be any changes in request from the End-User Customer, we will once again involve the sales team on the request raised in order for them to finalise commercial terms. Subsequently, our technical team will perform an impact analysis to gauge the changes in the request including impact on timelines, resources and equipment requirements.

Project completion

Upon completion of the project, QC procedures are once again put in place for the confirmation that the system has been well implemented. Once approved, a Certificate of Acceptance will be issued to the End-User Customer for sign-off within one (1) to two (2) weeks.

On-going premium support

After the project has been successfully implemented, we continue to provide on-going premium support ranging between 12 to 36 months, as an after sales service to our End-User Customers. In the case of our EDM infrastructure technology business, these on-going premium support services include value-added professional services such as capacity planning services, Health Checks, hardware and software issue diagnosis as well as on-going customer consultancy services for anticipation and avoidance of problems with our EDM infrastructure technology. We also offer these value-added services to our EDM managed services business End-User Customers along with our continuous remote monitoring of their data backup and storage activities.

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.6 Quality assurance and control procedure

The QC of our products are developed and maintained by our technical team. Our technical team has established and maintained an internal quality management system to ensure that our solutions and services are implemented through procedures and processes which allow us to monitor performance and control output quality. We adhere to the following quality assurance and control procedures:

(i) Pre-installation QC procedures

This QC procedure occurs just before project installation begins and after the EDM solutions (i.e. both EDM infrastructure technology and managed services) required for the installation and implementation process has been delivered. Pre-installation quality control procedures refer to procedures which ensures that the EDM solutions delivered are in accordance with the specifications and quantity ordered. Our technical team will also ensure that all hardware and software supplied by our vendors come with a warranty and/or a back-to-back return policy arrangement. This is to ensure that any products that are defective or do not comply with stated product specifications within the warranty period will be replaced by our vendors. In addition, our technical team also ensures that there is no damage to the physical packaging of the products before installing the EDM solutions. We may at our customer's request, conduct a "burn-in" test at our premise prior to delivery. A "burn-in" test typically involves the running of our EDM hardware for approximately 24 hours to ensure all components are functioning properly.

(ii) System handover quality control procedures

Upon installation, our technical team will perform an integration test. This test is performed to ensure compatibility of our EDM infrastructure technology with the End-User Customers' IT infrastructure. In the case of our EDM managed services, we also perform this test to ensure that the connection is successfully established between our customers' EDM infrastructure and our command centre.

Once our technical team has successfully implemented the EDM solutions, a User Acceptance Test ("UAT") is carried out with the client and the client will then sign-off the Certificate of Acceptance for acknowledgement that the EDM solutions have been successfully implemented.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7.7 R&D

We are constantly exploring and keeping up with the growth in computing technology and its applications. Our R&D activities are carried out by our technical team.

We recognise the importance of R&D to ensure we remain competitive and sustain our continuous growth. Our R&D direction is guided by the following objectives:-

- (i) Continuous development of relevant EDM solutions to meet evolving market trends, customer demands and emerging technologies to remain competitive and commercially relevant;
- (ii) Create marketable and cost effective EDM solutions; and
- (iii) Build on strength and competencies of existing solutions and domain knowledge in implementing current knowledge.

We aim to translate these objectives into the following R&D strategies:-

(i) Development and integration of new and existing technologies

The IT industry is characterized by rapid changes in technology and frequent introduction of new and more advanced solutions, changes in customers' demands and evolving industry standards. Hence, we are committed to developing and integrating the latest relevant technologies in order to maintain our competitive edge in the EDM industry.

Furthermore, we intend to ensure that our proprietary FABRiK framework is constantly enhanced as our technical knowledge and know-how in the industry continues to grow. This framework will continue to be used as a basis to design, develop and implement our EDM solutions. This will allow us to replicate our solutions rapidly and ensure consistent quality solutions.

(ii) Collaborating with external parties and forming strategic alliances

We collaborate and form strategic alliances in the area of R&D with other companies with the aim of enhancing our products and technologies and/or to develop new channels to market. For example, our partnership with StarHub Limited to deliver our EDM managed services through StarHub's platform.

In addition, we have also developed a partnership with 1CARE Global Pte. Ltd. ("1CARE") in Singapore where we bundle our "Kronicles Assure Endpoint" solutions with 1CARE's post warranty products for desktops and laptops. This partnership helps us market our "Kronicles Assure" product suite by placing them on the range of desktops and laptops sold with 1CARE's post warranty products.

(iii) Increasing R&D manpower, training and resources

We intend to employ additional experienced technical personnel. This would enable us to further enhance our ability to develop new solutions and shorten the product development cycle, and hence increasing the speed of introducing new solutions to the market. Continuous staff training and development would be emphasized to ensure technical personnel are kept abreast with latest developments in the industry.

5. INFORMATION ON OUR GROUP (Cont'd)

A summary of our R&D efforts are as listed below:

R&D Activity	Description	Year commenced research	Expected completion year
FABRiK framework	Integration of new tools and platforms into the framework	2013	On-going
Product enhancements and advancement	To develop new products, including AraaS and StaaS.	2014	2015
Management tools development	Development of new tools for IT infrastructure monitoring and management as well as security management	2013	On-going

Note: Our R&D activities and expected completion years are subject to changes in customer demands and evolving technologies in the IT industry.

We have incurred R&D expenses in the past, including expenses that have led to the development of our current products. From the FYE 31 December 2012 to 2013, our R&D expenses increased from RM0.887 million to RM1.003 million, which was 2.48% and 2.38% of our total revenue in the corresponding years. For the six (6)-month FPE 30 June 2014, the R&D expenses are 1.90% of our total revenue.

	<-----FYE 31 December----->						Six (6)-month FPE 30 June	
	2011		2012		2013		2014	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
R&D expenses	-	-	887	2.48	1,003	2.38	533	1.90
Total revenue	32,778	100.00	35,795	100.00	42,170	100.00	28,099	100.00

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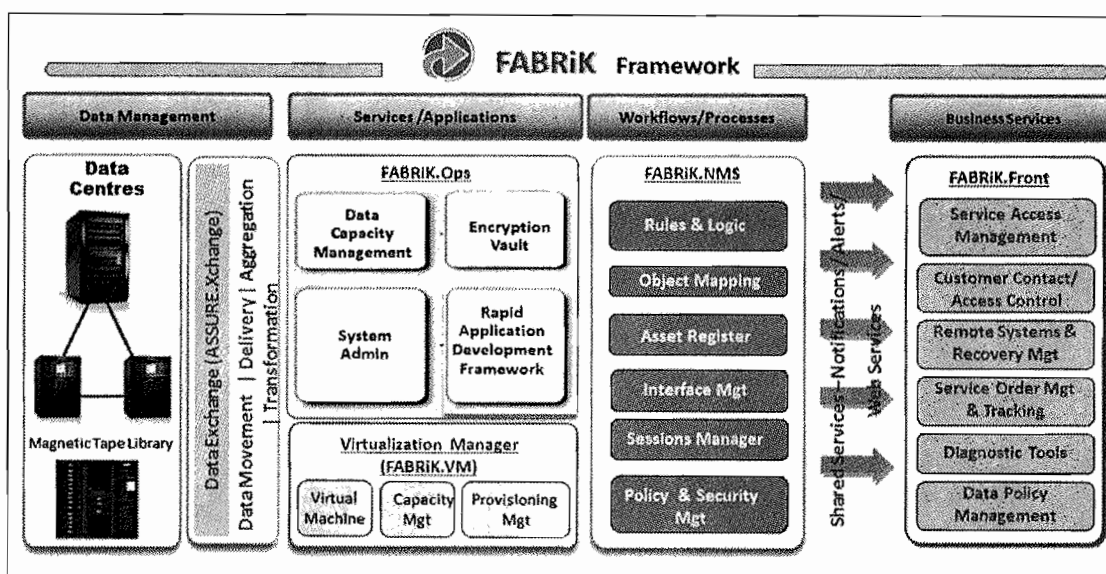
5. INFORMATION ON OUR GROUP (Cont'd)

5.7.8 Technology used

The technology that we apply in our daily operations and used in our Group's entire products and services delivery, has been encapsulated into one single framework, namely the FABRIK framework.

FABRIK framework is used to design, develop and implement our EDM solutions, and include technology blueprints, protocols and processes that enable us to deliver consistent quality solutions to our clients. This framework is built upon proven technologies, processes and procedures to deliver consistent outcomes and meet our business objectives.

This framework encompasses our core processes and know-how. These can essentially be categorised into four (4) pillars, as illustrated in the diagram below:-



(i) Data management

The data management pillar is a purpose-built gateway for data movement in order to ensure data is structured, aggregated and delivered to the right repository or storage location. This pillar consists of a communications and transport interface, a data transformation engine and a message routing engine which sends and routes messages.

(ii) Services / Applications

The services / applications pillar consist of data capacity management which monitors all storage capacity levels, usage, downtimes and scheduled and unscheduled maintenance to ensure all devices are working at optimum levels. This pillar also involves an encryption system to provide customers with the assurance that all data backup, data transportation and data protection procedures will be encrypted using 128-bit to 256-bit encryption methods. In addition, this pillar also oversees and manages virtualisation in terms of virtual machine interfaces, managing performance and capacity of virtual storage as well as communication with other back-end support systems.

(iii) Workflows / Processes

The workflow and process pillar comprises a network management system which entails rules and logic engines that determine the manner in which services will be subscribed, how customers will be engaged and how technical support will facilitate and troubleshoot End-User Customer issues.

5. INFORMATION ON OUR GROUP (Cont'd)

(iv) Business services

The business services pillar of the FABRiK framework consists of front-end business applications and data management applications. The front-end business applications are used to manage our EDM solutions in terms of service access management, customer contact and control, remote systems and recovery management as well as service order management and tracking.

Meanwhile, data management applications involve processes in backing up operational data which will happen at up to two (2) instances, namely on-site at the End-User Customers' premises and remotely at our data centre.

All of the above mentioned processes are based on the following technology components and attributes:-

- Open, robust and scalable Service Oriented Architecture – an open system ensures that future expansion can be carried out without re-engineering the whole solution platform;
- Graphical User Interface-driven environment – a user-friendly interface, to avoid dependency on specialist engineers;
- Multiple-technology accessible platform – operates in Windows, IBM, Sun-Java, Linux and Unix environments;
- Industry-proven programming tools – use of C++, Objective C, Java and PHP programming tools;
- Application Programme Interface – to consolidate the different communication protocols (e.g. Transmission Control Protocol/Internet Protocol, Extensible Markup Language) into a defined set of APIs and eliminate the need to re-programme;
- Multiple-channel technology adapters – to integrate and consolidate different service access channels such as desktop, laptops, smartphones and mobile tablets; and
- Application developer framework – a standard development environment to build add-on applications or solutions and reduce the need for complex programming knowledge.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7.9 Modes of marketing, distribution and sales

Our sales team is based at our headquarters in Singapore. We also have sales offices in Malaysia and business development teams based in Philippines, Indonesia and Thailand.

We generate sale leads for our EDM solutions through two (2) approaches, i.e. direct approach through our sales and marketing team and via our distributors and resellers/channel partners.

(i) Direct approach

The direct approach entails sales or marketing activities which are targeted directly at the End-User Customers.

Under the direct approach, our team has two (2) primary objectives i.e. to promote the sale of our EDM solutions and services to prospective End-User Customers, including global strategic customers, and to build and maintain business partnerships with resellers/channel partners in order to ensure the preference for our EDM solutions in the respective projects. The structure of our sales team, by country, is as follows:-

Country	Number of sales representatives as at the LPD
Singapore	9
Malaysia	3
Thailand	3
Indonesia	4
Philippines	2
Total	21

Save for our global strategic End-User Customers, where we process their sales orders directly, and several local End-User Customers in Singapore which our Group continues to sell directly to due to historical arrangements, any sales opportunity that is generated from our marketing activities will be forwarded to our distributors and resellers/channel partners for follow up.

(ii) Distributors and resellers/channel partners

Our distributors are primarily large, reputable and regional IT distributors who carry multiple brands of products and sell to the End-User Customers via their respective reseller networks. We have partnerships with IT distributors in Singapore, Malaysia, Philippines, Thailand and Indonesia. All sales generated, either through our sales team or by the distributors and their resellers, are executed on a non-consignment basis by the distributors. These distributors have a network of resellers to provide greater accessibility and wider market reach. By leveraging on the reseller networks of these distributors, we are able to increase our customer reach while incurring minimal costs.

Our resellers/channel partners are typically IT service providers, who promote, resell and integrate multiple products and solutions as part of their IT implementation projects. These are usually large and complex projects with multiple components including enterprise servers and computers, application software, network infrastructure, IT security and data management, involving numerous product and solution vendors.

We create brand preference for our EDM solutions by providing training to our distributors and resellers/channel partners on our suite of products. We also conduct certification programme for our resellers/channel partners. This enables them to anticipate, estimate and respond to End-User Customers' needs with appropriate and relevant solutions. We also provide our distributors and resellers/channel partners with

5. INFORMATION ON OUR GROUP (Cont'd)

back-office support functions to help them improve efficiencies and customer service levels.

We use public relations and marketing activities to create awareness of our EDM solutions as well as enhance our brand visibility in the market. In addition, these activities also provide us with significant opportunities to meet new customers. All of our leads generated by these activities are channelled to our distributors and resellers/channel partners, save for selected strategic End-User Customers.

Our recent activities include participation in events to increase the exposure of all of our EDM solutions amongst potential and prospective customers. We also increase our market presence through regular engagement with the media through press releases and press briefing sessions.

The following are examples of the major events that we have participated in/ organised over the last three (3) FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014:-

Year	Name of Event	Description of Event	Organiser
2014	Kronicles Assure Launch	Launch of new Kronicles managed services suite of products in Singapore jointly with StarHub Limited	Internal
2014	Press briefing session and customer conference	In conjunction with the appointment of PT ECS Indo Jaya as our distributor in Indonesia	Internal
2013	Broadcast Asia 2013	Regional tradeshow focusing on media and entertainment	Singapore Exhibition Services
2013	vForum Partners' Exchange	Partners' event to bring forth VMWare and Quantum EDM solutions	VMWare
2013	vForum Singapore	End-User Customers' event to showcase the best of breed VMWare and Quantum solutions	VMWare
2013	Kronicles Lunch Seminar at China Square	End-User Customers' event to talk about disaster recovery and the importance of backup. Also to showcase and discuss about what Kronicles can offer	Internal
2012	Kronicles Lunch Seminar at Raffles place	To help create awareness of the importance of virtual backup during lunch hour	Internal
2012	APAC Partners Conference Chengdu	Partners' conference for key partners in APAC	Quantum Corporation
2012	Get On vm seminar with Quantum (Thailand)	Showcasing the virtualisation solutions to the partners together with distributor, Get On Technology Co., Ltd.	Quantum Corporation
2012	Broadcast Asia 2012	Showcasing big data technology to media buyers	Quantum Corporation
2011	Symantec vision 2011	To showcase Quantum's solutions to Symantec partners	Symantec Corporation

Apart from building our brand reputation, such participation allows us to stay updated on relevant market trends and technical information as well as expand our business networking within the industry.

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.10 Approvals, major licences and permits obtained

Details of major business licences, permits and approvals applicable to our Group as at the LPD are as follows:-

Company	Description of licence/approval	Authority	Licence/ Reference no.	Date of issuance or commencement/ expiry	Major conditions imposed	Status of compliance
QSA(M)	A Licence for Trades, Business and Industries issued to the Company for the business situated at Unit 705, Blok B, Phileo Damansara 1, No. 9, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan.	Petaling Jaya City Council	L950000146696	Issue date: 9 December 2013 Validity: Commencement date: 1 January 2014 Valid until 31 December 2014*	Nil	N/A
KS	Services-Based Operator (Class) Licence Purpose: Store and Retrieve Value Added Network Services	Infocomm Development Authority of Singapore	C120607618	Lifetime	Nil	N/A
Kronologi	MSC-Malaysia status	MDeC	CS/3/80789(13b)	Issue date: 27 May 2014 Validity: Valid until and unless revoked	Please refer to Section 8.2 of this Prospectus	Please refer to Section 8.2 of this Prospectus

Note:-



* Will be renewed prior to the expiry of the licence.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7.11 Patents, trademarks and registrations

Save for the trademark of our logo, we do not hold any other patents, trademarks or registrations.

No.	Trademark	Applicant	Registration number / Application number	Class	Place of application	Status of trademark
1.		KS	T1212520G	42	Intellectual Property Office of Singapore	KS had on 1 May 2014 acquired trademark number T1212520G from KA.*
2.		Kronologi	2014058632	42	Intellectual Property Corporation of Malaysia	Application for registration of the trademark has been filed on 11 June 2014. Pending registration.
3.	Kronologi	Kronologi	2014058629	42	Intellectual Property Corporation of Malaysia	Application for registration of the trademark has been filed on 11 June 2014. Pending registration.

Note:-

* KS, a Singapore entity, was used to acquire the trademark from KA as KA is not part of our Group.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7.12 Contracts/arrangements on which our Group is highly dependent

As at the LPD, other than as set out below, there are no contract, arrangement, document or other matter on which our Group is highly dependent:-

A Strategic Marketing Agreement entered into between Quantum Storage (South Asia) Ltd. and Quantum Corporation on 14 November 2007 as amended on 8 May 2008, 29 April 2014 and 12 June 2014, (the "**Agreement**") for the appointment of Quantum Storage (South Asia) Ltd. as Quantum Corporation's exclusive reseller and marketer of its products in Singapore, Malaysia, Indonesia, Philippines, Thailand, Cambodia and Vietnam ("**the Territory**").

Pursuant to Amendment No. 1 to the Agreement dated 8 May 2008, QSA was included as a party to the Agreement and jointly shared in all of the rights granted to Quantum Storage (South Asia) Ltd in the Agreement dated 14 November 2007. Subsequently, pursuant to Amendment No. 2 to the Agreement dated 29 April 2014 the rights, title, interest and obligations of Quantum Storage (South Asia) Ltd. were assumed by QSA. As such, Quantum Storage (South Asia) Ltd. does not have any role and is no longer a party to the Agreement.

The term of this Agreement is for a period of five (5) years from 29 April 2014 and which term shall automatically be renewed annually thereafter unless either party of the Agreement provides notice of non-renewal not less than thirty (30) days prior to the end of any one-year term.

QSA may elect to subcontract with resellers and distributors so long as such other parties agree to abide by terms and conditions consistent with those contained in this Agreement. QSA will not, directly or through among others, sell, lease or otherwise transfer any product to a customer outside of the Territory or to a third party for sale or use outside of the Territory without the prior written consent of Quantum Corporation.

Either party may terminate the Agreement at any time without cause upon 90 days written notice, provided, however, that no such termination will affect any order previously accepted by Quantum Corporation. In the event Quantum Corporation elects to terminate the Agreement without cause, Quantum Corporation will repurchase all outstanding inventory and service pool product from QSA at market prices. Quantum Corporation may also terminate this Agreement in the event QSA enters into a definitive agreement resulting in a material corporate change transaction with an unrelated third party who is a competitor of Quantum Corporation, as determined by Quantum Corporation, effective as of receipt by QSA of the notice of termination.

Please also refer to Section 4.1.4 of this Prospectus for the risk factor of "We may be affected by adverse change of relationship with our strategic marketing partner" for further details.

5.7.13 Interruptions to business and operations

Our Group has not experienced any interruption in business which had a significant effect on operations during the twelve (12) months period prior to the date of this Prospectus.

5.7.14 Seasonality

We do not experience any material seasonality in our business as the demand for EDM solutions is not subject to seasonal fluctuations.

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.15 Major customers

Our Group's major customers which have contributed more than 10% of our total revenue for the past three (3) FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014 are as follows:-

Major Customers	Category	←-----FYE 31 December----->				Six (6)-month FPE 30 June		Length of business relationship (years)		
		2011 RM'000	%	2012 RM'000	%	2013 RM'000	%			
ACA Pacific Technology (S) Pte. Ltd.	Distributor	5,404.5	16.5	2,709.6	7.6	882.9	2.1	274.6	1.0	7
ECS Computers (Asia) Pte. Ltd.	Distributor	1,079.1	3.3	9,157.6	25.6	16,126.9	38.2	11,073.5	39.4	10
Get On Technology Co., Ltd.	Distributor	3,385.4	10.3	1,436.2	4.0	2,863.0	6.8	1,630.3	5.8	7
Ingram Micro Asia Ltd.	Distributor	3,782.1	11.5	6,473.5	18.1	3,646.2	8.6	665.6	2.4	10
Total			41.6		55.3		55.7		47.6	

Our key customers are made up of established IT distributors and resellers/channel partners with wide reseller and distribution networks, which we leverage on to gain access to End-User Customers. It is a common practice in the IT industry for the resellers/channel partners to choose which distributor to fulfil the sales order. Most often, the distributor is selected by the resellers/channel partners based on the widest range of product and service portfolio available as well as the most favourable financing arrangements.

We have been working with ECS Computers (Asia) Pte. Ltd. ("ECS") since 10 years ago and officially appointed ECS as our distributor in 2011 in view of the good working relationship formed with them. Although ECS was only recently introduced as an additional distributor in 2011, the revenue contribution from ECS has been increasing. This demonstrates that we are able to work with multiple distributors and therefore not dependent on any specific distributor. A list of our distributors and resellers/channel partners are set out in Section 5.1.3(ii) of this Prospectus.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.7.16 Major suppliers

Our Group's major suppliers which have contributed more than 10% of our total cost of sales for the past three (3) FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014 are as follows:-

Major Suppliers	←-----FYE 31 December----->				Six (6)-month FPE 30 June		Length of business relationship (years)
	2011 RM'000	%	2012 RM'000	%	2014 RM'000	%	
Quantum Corporation	15,237.6	73.6	17,709.4	94.2	11,242.6	58.7	7
Team3 Associate Pte. Ltd.	4,662.5	22.5	-	-	-	-	6
QIS	-	-	491.4	2.6	1,735.4	9.1	2

Quantum Corporation is our major supplier, contributing 73.6%, 94.2%, 62.8% and 58.7% of our total cost of sales in the FYE 31 December 2011 to 2013 and six (6)-month FPE 30 June 2014 respectively. Under QSA, we have a strategic marketing agreement with Quantum Corporation in the USA to exclusively distribute their full range of EDM infrastructure technology products in SEA covering Singapore, Malaysia, Indonesia, Philippines, Thailand, Vietnam and Cambodia. We have an interdependent relationship with Quantum Corporation, where we purchase all "Quantum" products from them, and they rely on us to market their products to End-User Customers via our distributors and resellers/channel partners. Quantum Corporation has been our supplier for more than seven (7) years and prior to that our products were supplied by ADIC since 2002. Subsequent thereto ADIC, in 2006, was acquired by Quantum Corporation. We have established a strong, trusted and mutually beneficial relationship with them.

In the FYE 31 December 2012, FYE 31 December 2013 and six (6)-month FPE 30 June 2014, we purchased hardware from our associate, QIS as part of our inventory management. Should we decide that it is operationally beneficial to our Group, we will seek prior shareholders' approval, where required, before embarking on any such future transactions.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.8 FUTURE PLANS, STRATEGIES AND PROSPECTS

5.8.1 Future plans and strategies

In order to maintain and enhance our competitive edge, our Group intends to deploy the following strategies as part of our future plans for the next three (3) years:-

(i) Expand our EDM infrastructure technology business and value added solutions business to new geographical markets

We have physical presence in Singapore and Malaysia through our subsidiaries in these countries, and in Philippines, Thailand and Indonesia through the presence of our business development representatives, as well as India through our associate, QIS. In the six (6)-month FPE 30 June 2014, 69.77% of our sales were generated from Singapore, with 26.25% generated from Malaysia, Thailand, Philippines and Indonesia.

To continue expanding our EDM infrastructure technology and value added solutions business, we intend to strengthen our presence in countries such as Vietnam, Sri Lanka and Myanmar, where we have secured some sales in the past, which may involve the setting up of local sales offices. Myanmar in particular, is a frontier IT market which has started to develop with new opportunities since the opening up of its economy in the last few years. Our dealings with our distributors and End-User Customers in these markets thus far have been carried out on an ad-hoc basis without any market development or investment. Thus, we believe there are significant opportunities for growth if investments were made by setting up local presence in these emerging countries. Nonetheless, we are currently monitoring the political and economic development in Myanmar. Once we are of the view that the conditions for investment are more favourable, we will seek the appropriate consent to include Myanmar as one of the countries in our territory.

According to Smith Zander, the global EDM industry had an industry size of USD31.0 billion (RM109.2 billion) in 2009, and this grew by a CAGR of 5.8% to USD38.8 billion (RM123.0 billion) in 2013. Smith Zander forecasts the global EDM industry to grow by a further CAGR of 5.8% between 2014 and 2016 to reach approximately USD46.0 billion (RM145.8 billion) by 2016. Compared to worldwide growth, the EDM industry in SEA experienced higher growth with a CAGR of 7.1% between 2009 and 2013, growing from USD577.9 million (RM2.0 billion) in 2009 to approximately USD759.6 million (RM2.4 billion) in 2013. With the growing importance of digital data to enterprises, increasing volume of digital data, the emergence of internet-enabled computing and virtualisation technology, number of new businesses and enterprises established, coupled with favourable IT initiatives by the respective Governments in SEA, the EDM industry in SEA is forecast to grow at a CAGR of 7.3% between 2014 and 2016 to reach USD937.3 million (RM3.0 billion) in 2016. *(Source: IMR report by Smith Zander)*

By expanding our presence to new markets with significant growth opportunities, we aim to increase our revenue sources to enhance our Group's overall profitability.

(ii) Progressive introduction of EDM managed services in SEA

In line with our plan to grow our EDM managed services business, we plan to launch our EDM managed services, under the brand "Kronicles Assure", progressively in our existing markets in the SEA region. We launched these services in Singapore in 2012 and in a short time, we have had positive and encouraging response from the market, where our revenue contribution from EDM managed services business have grown from 0.85% in the FYE 31 December 2012 to 5.68% in the six (6)-month FPE 30 June 2014, and we expect that it will continue to grow further as more End-User Customers adopt EDM managed services due to its flexible and lower cost Subscription Model.

5. INFORMATION ON OUR GROUP (Cont'd)

We believe that there are substantial opportunities in EDM managed services among Mid-market Companies in SEA, due to the relatively large upfront investment costs required for conventional EDM solutions.

EDM managed services is leading a shift in the way EDM is performed today. With continuous digitalisation occurring worldwide, the demand for EDM solutions is no longer limited to large corporations and international organisations, but will also rise from Mid-market Companies. As a large majority of enterprises in the SEA market consist of Mid-market Companies, the benefits of EDM managed services would appeal to the SEA market. Although the EDM managed services industry is a nascent industry in SEA, the SEA market is already receptive to the managed IT services industry, witnessed by its CAGR of 9.4% over the period between 2011 (USD16.7 billion or RM51.1 billion) and 2013 (USD20.0 billion or RM63.4 billion). Smith Zander forecasts the managed IT services industry in SEA to continue to grow from USD21.9 billion (RM69.4 billion) in 2014 to USD26.6 billion (RM84.3 billion) in 2016 at a CAGR of 10.2%, and part of this growth is expected to be attributed to the growth in EDM managed services. (*Source: IMR report by Smith Zander*)

As such, we believe that managed IT services will be a key driver in our Group's regional growth and expansion.

We aim to roll-out the expansion of our EDM managed services business in two (2) waves over the next few years. The following are the details of our plans in each wave:-

Wave 1: We plan to first expand into Malaysia as we have carried out pilot testing and secured customers in this market. We intend to launch Wave 1 by 2015.

Wave 2: Thereafter, we plan to expand our solutions and services into Thailand and Indonesia by 2016 and Philippines by 2017.

To this end, we intend to intensify the marketing and promotional activities for our EDM managed services throughout the SEA region, in order to create awareness for these solutions as well as to educate the market on the benefits and advantages of EDM managed services. We believe that this initiative will provide us with levers for future growth, as we see managed IT services as the way forward for many Mid-market Companies. Our conventional EDM infrastructure technology business will continue to provide us with a steady and growing earnings base, while EDM managed services is expected to elevate our Group into the next phase of growth.

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5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Expand our suite of solutions through the introduction of complementary technologies and services

While our present suite of technology solutions are fairly extensive and provides significant coverage to ensure business continuity for any client organisation, we intend to expand our suite of solutions to include other complementary data management technologies.

We are planning to introduce new EDM managed services solutions to the market, such as AraaS and StaaS, which are extensions of the EDM managed services that complement our current "Kronicles Assure" range of managed services portfolio. We plan to launch these new EDM managed services solutions over the next 24 months, depending on our assessment on the readiness of the market.

We believe that the expansion of our suite of solutions will enable us to become an even more complete EDM player, which will allow us to become more competitive in both the local and regional markets. This will be important as we seek to grow our business further, as we will be able to offer a wider range of solutions to our clients.

5.8.2 Prospects

Our Board is of the view that our Group will enjoy positive and promising growth and favourable prospects in the long-term premised on the following:-

- (i) Our competitive strengths as follows:-
 - (a) Resilient market presence through our direct relationships with End-User Customers;
 - (b) Well-established value network of distributors, resellers/channel partners and End-User Customers in the SEA region;
 - (c) Strong technical expertise, with the FABRiK framework as our technology blueprint;
 - (d) Proven and profitable business operations across SEA;
 - (e) Strong leadership in our experienced management team;
 - (f) Growth strategy (i.e. EDM managed services) that leverages on our extensive experience and core competency derived from our EDM infrastructure technology business; and
 - (g) MSC-Malaysia status, which enables us to reap the financial and non-financial incentives attached.

Further details of our competitive strengths are set out in Section 5.1.3 of this Prospectus.

- (ii) Our Group's future plans and strategies as set out in Section 5.8.1 of this Prospectus.
- (iii) The promising prospects of EDM industry as set out in Section 6 of this Prospectus.

6. INDUSTRY OVERVIEW AND OUTLOOK

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)
Level 23, Premier Suite, One Mont' Kiara,
1 Jalan Kiara, Mont' Kiara,
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T +603 2785 6822
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SMITH ZANDER

14 NOV 2014

The Board of Directors
KRONOLOGI ASIA BERHAD
Unit 705, Block B
Phileo Damansara 1
No.9, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan

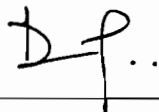
Dear Sirs,

Executive Summary of the Independent Market Research Report on the Enterprise Data Management Industry, Managed IT Services Industry and Enterprise Data Management Managed Services Industry in relation to:

- I **Public issue of 59,247,000 new ordinary shares of RM0.10 each Kronologi Asia Berhad; and**
- II **Listing of and quotation for the entire issued and paid-up share capital of Kronologi Asia Berhad on the ACE Market of Bursa Malaysia Securities Berhad**

This Executive Summary of the Independent Market Research Report on the Enterprise Data Management Industry, Managed IT Services Industry and Enterprise Data Management Managed Services Industry is prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus of KRONOLOGI ASIA BERHAD.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

1 INTRODUCTION AND BACKGROUND TO ENTERPRISE DATA MANAGEMENT

There is increasing integration of Information Technology (IT) solutions as part of mission critical processes for Government operations and enterprises, creating a complex environment of interdependencies.

Governments and business enterprises are hosting increasingly large volumes of digital data in their servers, which include personnel information, proprietary knowledge and sensitive data. The growth in data stored is generally fuelled by the increasing capacity of storage media and growing importance of IT in the business environment. Additionally, the usage of mobile devices such as smart phones, notebooks and tablets that extend the boundary of the organisation's network perimeter is also increasing substantially and these devices may also hold valuable organisational information. Currently in Malaysia, there are more than 3,000 Government application forms and documents that have been digitised and made available online, which is in line with the Government's goal for zero counter services by 2020.

The amount of digital information created and replicated globally was estimated to be approximately 1,800 exabytes or 1.8 trillion gigabytes in 2011. In just a span of two (2) years, the digital information available worldwide increased by 56.0% to an estimated 2,800 exabytes or 2.8 trillion gigabytes. It is projected that with the continuous proliferation of devices such as computers, smartphones and tablets, and increased Internet access within emerging markets, the digital universe will reach a digital information size of approximately 40,000 exabytes or 40 trillion gigabytes by 2020, growing at a Compound Annual Growth Rate (CAGR) of about 46.0%.¹

With increasing information being stored digitally, enterprises and Governments are susceptible to occurrences of electronic data loss, which could be caused by a multitude of factors including computer hard drive failure, software corruption and damage to the storage media caused by disasters and other unforeseen circumstances such as floods, fire and virus attacks. The incidences of data loss globally has increased by 40.0% since 2011², thus, indicating that it is essential for these data to be systematically protected in order to ensure business continuity as data is critical for enterprises and organisations to operate. As an illustration of the importance of data for business continuity, approximately 90.0% of enterprises that lost their data centre for 10 days or more during the event of a disaster filed for bankruptcy in less than a year and 50.0% of enterprises without data management policies and procedures put in place filed for bankruptcy immediately during the event of a disaster³.

SMITH ZANDER defines enterprise data management as the practice of putting in place a set of policies, procedures and technology(s) to allow enterprises and organisations to backup and store important data as well as recover and restore these data in the case where the primary source of data is inaccessible. The objective to ensure data is systematically protected and easily recoverable becomes particularly compelling in the event of a disaster that could potentially destroy or damage an organisation's ability to operate as a going concern due to the heavy reliance on IT systems. This could include destruction and damage to enterprise servers due to fire, floods, earthquakes and other natural disasters, as well as serious structural damages to the servers.

Digital data in enterprises are stored in two categories of storage devices, i.e. primary storage and secondary storage. Primary storage refers to first tier storage where data is stored and immediately used by server applications. Primary storage may be internal or external and may include traditional hard disc as well as newer solid state discs or flash arrays. Secondary storage, also known as backup storage, complements primary storage by providing backup copies of data in primary storage. Secondary storage typically consists of higher capacity hard discs, tapes or other optical media and may include technologies like data deduplication to maximise storage capacity. Data deduplication technology refers to a specialised

¹ Extracted from the Independent Market Research Report by SMITH ZANDER

² Extracted from the Independent Market Research Report by SMITH ZANDER

³ Extracted from the Independent Market Research Report by SMITH ZANDER

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

SMITH ZANDER

data compression technique which eliminates duplicate copies of data. **Enterprise data management refers to secondary storage only.**

The enterprise data management industry can be segmented into enterprise data management solution developers, distributors and resellers, and enterprise data management managed service providers. Enterprise data management solution developers develop data management hardware such as physical tape infrastructure and optical storage devices, and the solutions or software which enables data management to take place. Enterprise data management solution developers are generally large industry players which dominate the industry and can either distribute directly to the clients or end-users, or through a distributor which would have their own network of resellers. Generally, in cases where the solution developers sell directly to the clients or end-users, the value-added services provided such as installation, implementation, technical support, annual maintenance and other after-sales services are directly managed by these solution developers. These solution developers will typically also integrate their solutions with other third party IT supporting solutions which are necessary in the implementation of the enterprise data management solutions. Alternatively, distributors and/or resellers may undertake the provision of most of these value-added services in cases where the sales of hardware and solutions were generated by them and there is less complexity in the value-added services carried out.

Enterprise data management managed services is an upcoming cost-effective alternative avenue for clients or end-users to procure data management services. Clients or end-users now have the option to access data management services through a third-party managed services agency. Industry players in enterprise data management managed services typically manage the entire data management process on behalf of the client or end-user, from implementing a set of policies, procedures and the relevant technology to managing storage, recovery and restoration of critical operational information through best practices. Nevertheless, there are also instances in which enterprise data management managed service providers reach out to end-user customers through distributors and resellers. (Further details on enterprise data management managed services will be illustrated in Chapter 7 of this Executive Summary).

The respective sales processes of enterprise data management and enterprise data management managed services are essentially the same, as they are carried out in one of two ways:-

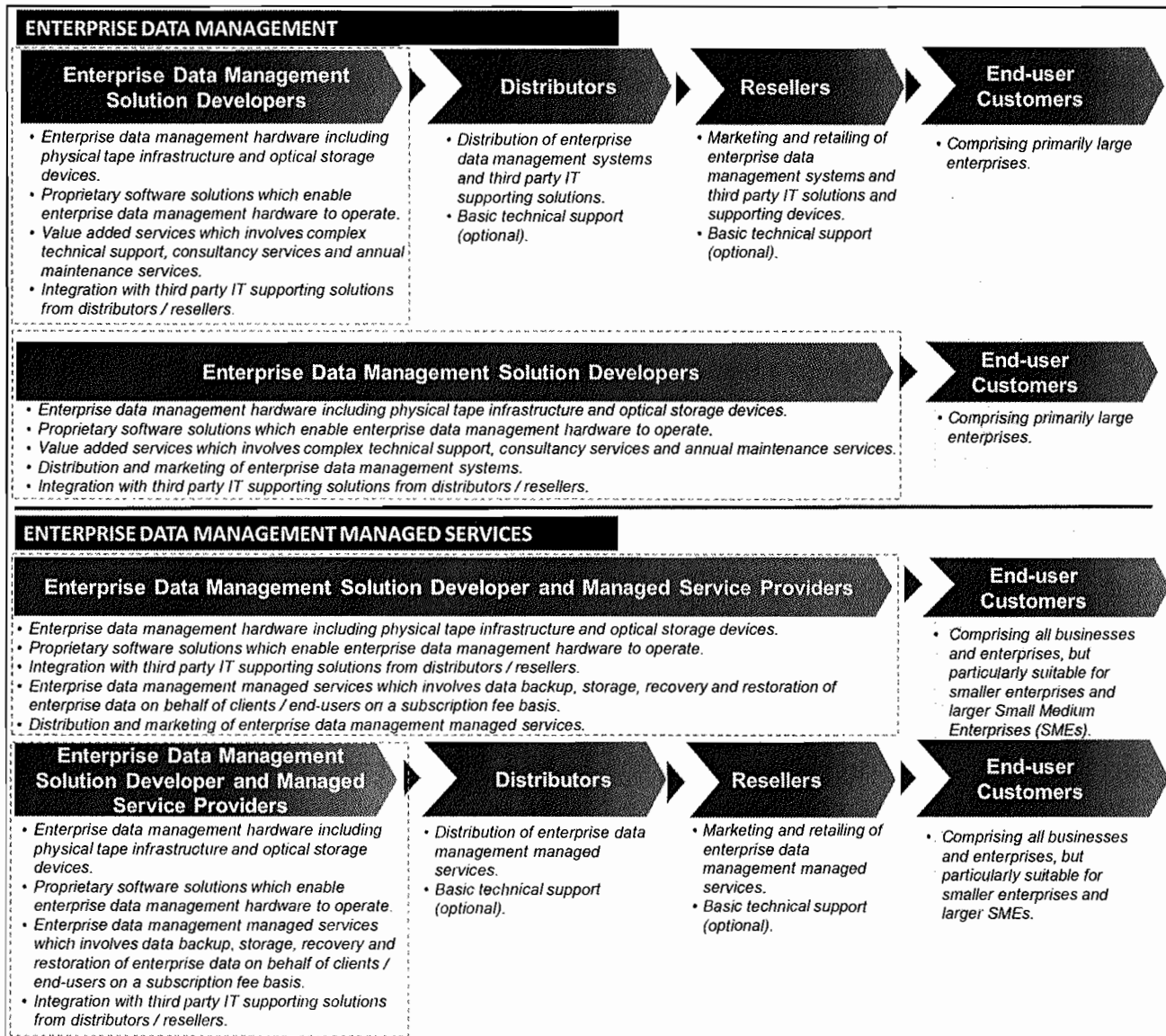
- (a) Enterprise data management solution developers sell directly to distributors who sell to resellers. Resellers (or channel partners) sell to end-user customers.
- (b) For certain customers, enterprise data management solution developers sell directly to the end-user customers.

The key difference in the after-sales process of enterprise data management and enterprise data management managed services is that for enterprise data management managed services, the enterprise data management solution developer manages the backup, storage and recovery of the end-user customers' data on behalf of the customers, from a remote location via the internet. For enterprise data management, the backup, storage and recovery are handled by the end-user customers' internal IT staff.

As for after-sales technical support in terms of hardware and software failure and other technical-related issues, for both enterprise data management and enterprise data management managed services, complex technical support will be provided directly by the enterprise data management solution developer while basic technical support may be provided by the distributors and/or resellers.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Segmentation of the Enterprise Data Management Industry



Note:

----- Industry segment where Kronologi Asia Berhad competes in

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

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6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

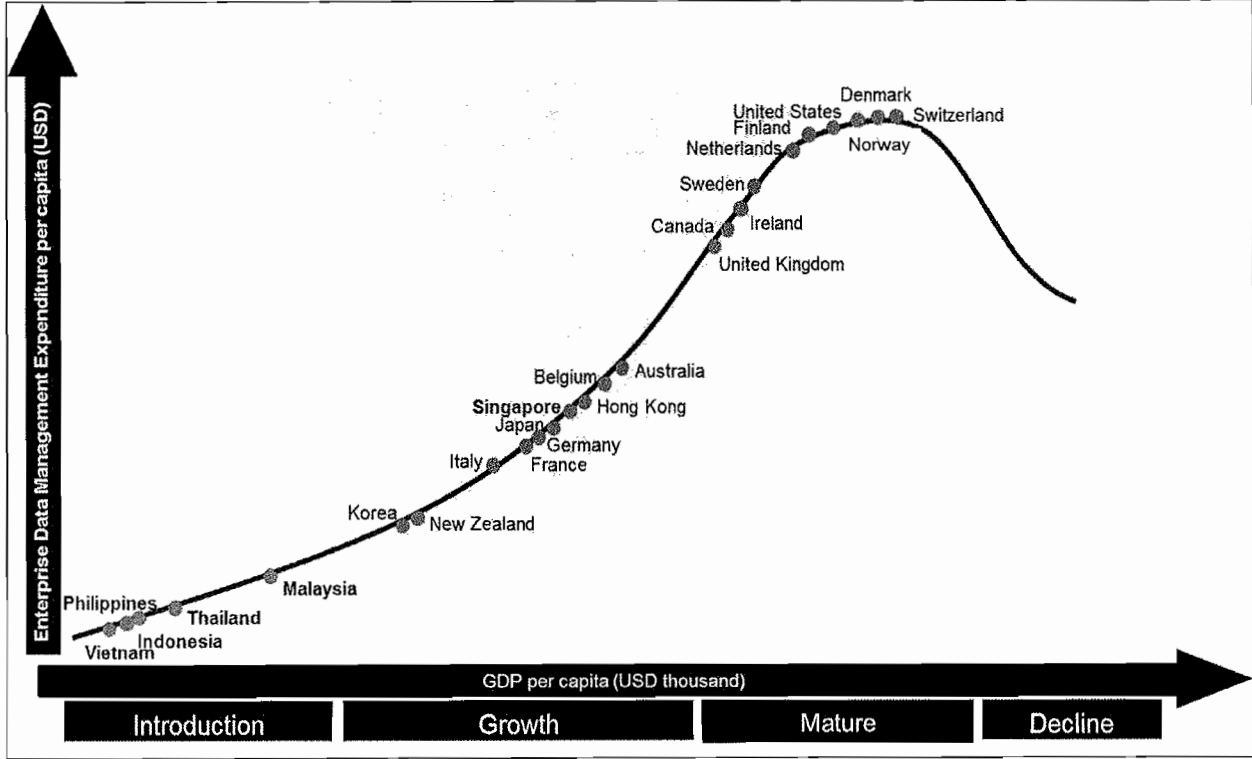
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2 OVERVIEW OF THE GLOBAL ENTERPRISE DATA MANAGEMENT INDUSTRY

The development of the enterprise data management industry differs in each country, depending on the present stage of its market lifecycle. There are typically four (4) stages in a market lifecycle, i.e. introduction, growth, mature and decline. The enterprise data management industry in the developing South East Asia (SEA) countries, namely Malaysia, Thailand, Indonesia, Philippines and Vietnam are still in its introduction stage. Storage processes and technologies were introduced here later than in countries where the markets are more mature, though these technologies are evolving rapidly to keep up with global technological advancements. Owing to the later adoption of technologies in these countries, the enterprise data management industry is still very much nascent and has significant potential for growth. Meanwhile, the enterprise data management industry in more developed countries such as Singapore, Hong Kong, Japan, Germany and Australia are in the growth stage. In these countries, the enterprise data management industry is no longer new to the market and thus, has a relatively more established market. In other developed nations including the United States, the United Kingdom, Canada and Denmark, the enterprise data management industry is at its mature stage and thus, these countries are the largest and most established markets for enterprise data management presently.

With the enterprise data management industry at its introduction stage in many countries in SEA, such as in Malaysia, Thailand, Indonesia, Philippines and Vietnam, there are significant growth opportunities in these markets as they move up the market lifecycle into the growth and maturity stages.

Market Lifecycle of Enterprise Data Management (Global)



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The enterprise data management industry can be quantified by the devices utilised for the purposes of data backup and secondary storage, which includes external disc-based and tape-based storage systems. External disc-based and tape-based storage systems are the devices utilised for the purposes of data backup and secondary storage and includes software and server node engines to perform data backup

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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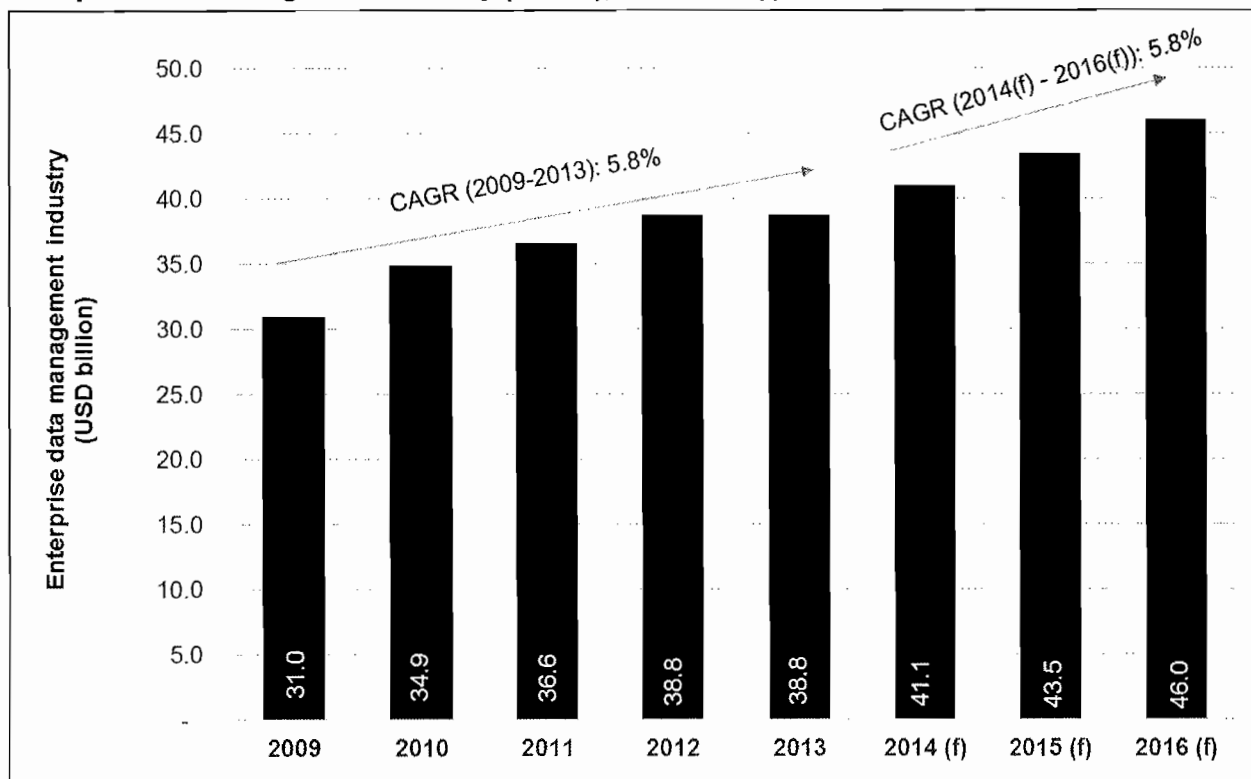
and replication using technologies such as deduplication, compression, encryption, remote replication and support interfaces.

The industry size for enterprise data management can be measured in terms of revenues of major industry players in the global environment which manufacture and develop enterprise data management solutions, such as EMC Corporation, IBM Corporation, Hewlett-Packard Company, Symantec Corporation, Quantum Corporation and Oracle Corporation. Overall, the global enterprise data management industry has been growing at a CAGR of 5.8% over the last five (5) years, from 2009 to 2013.

Between 2009 and 2013, the global enterprise data management industry grew from about USD31.0 billion (RM109.2 billion) to about USD38.8 billion (RM123.0 billion). Moving forward, the global enterprise data management industry is expected to grow by a further CAGR of 5.8% from approximately USD41.1 billion (RM130.3 billion) in 2014 to approximately USD46.0 billion (RM145.8 billion) in 2016.

Demand for enterprise data management has been boosted in light of the increasing number of enterprises and increasing requirements for storage capacity. The growth in the number of enterprises can be attributed to the developing economies from the Asia Pacific region, in particular. Additionally, requirements for storage capacity is also increasing amongst enterprises due to the growing importance of IT in the business environment, the increase in the usage of devices such as computers, smartphones and tablets as well as the decreasing cost for IT equipment and storage media.

Enterprise Data Management Industry (Global), 2009-2016 (f)



Year	Industry Size	
	USD billion	RM billion
2009	31.0	109.2
2010	34.9	112.0
2011	36.6	111.9
2012	38.8	119.4
2013	38.8	123.0

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Year	Industry Size	
	USD billion	RM billion
2014 (f)	41.1	130.3
2015 (f)	43.5	137.9
2016 (f)	46.0	145.8
CAGR (2009-2013)	5.8%	
CAGR (2014-2016)	5.8%	

Notes:

- Exchange rates from USD to RM between 2009 and 2013 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia:
2009 : USD1 = RM3.5236
2010 : USD1 = RM3.2105
2011 : USD1 = RM3.0572
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2013 : USD1 = RM3.1700
- Exchange rates from USD to RM between 2014 and 2016 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia for 2013 at USD1 = RM3.1700

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

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3 ANALYSIS OF ENTERPRISE DATA MANAGEMENT IN SOUTH EAST ASIA

Introduction

The SEA market comprises emerging and developing countries ranging from economies which are at an earlier stage of development to economies which have shown significant growth in the past decade. These countries include Singapore, Malaysia, Indonesia, Vietnam, Thailand and Philippines. The SEA economy has been illustrating healthy growth over the years and is expected to continue to grow rapidly at a projected average of 5.5% real gross domestic product (GDP) growth over the next three (3) years.

Owing to the fact that the large enterprise data management companies originated from the United States, Japan and China, the SEA market is largely dependent on these large manufacturers in providing enterprise data management solutions. Although the SEA market adopted the enterprise data management technology relatively later than North America and the more advanced Asia Pacific countries such as Japan and Korea, the enterprise data management industry in SEA has been expanding, indicating opportunity for further growth.

Key Demand Conditions: Growth Drivers

Extremely High Importance of Digital Data to Businesses and Enterprises

Over the last 10 to 15 years, an increasing number of enterprises and Governments have begun to adopt IT solutions in their business operations. This is fuelled by the efficiency in terms of costs and productivity which IT solutions offer to enterprises and Governments. To resist the integration of their operations with IT solutions could impact their profit margins and productivity rates relative to industry standards. Thus, in order to remain competitive, most enterprises and Governments have integrated IT solutions into their operations. As such, critical business operations for production, finance, human resource and procurement departments are presently largely dependent on IT solutions and software applications in their day-to-day operations.

Moving forward, it is expected that the number of enterprises and Governments with operations integrated with IT solutions will only increase further. This will in turn benefit the enterprise data management industry as with the increase of dependence on IT solutions for business operations, larger volumes of critical digital data will be stored and would require proper systematic recording and data backup to account for the need to restore and recover lost data.

Increasing Volume of Digital Data

As operations within Government and enterprises become increasingly integrated with IT solutions, a growing volume of digital data is stored or hosted in the servers. As the emerging SEA economies develop and grow, a growing number of enterprises are registered, consequently leading to an increase in volume of digital information stored.

The amount of digital information created and replicated globally was estimated to be approximately 1,800 exabytes or 1.8 trillion gigabytes in 2011. In just a span of two (2) years, the digital information available worldwide increased by 56.0% to an estimated 2,800 exabytes or 2.8 trillion gigabytes. It is projected that with the continuous proliferation of devices such as computers, smartphones and tablets, and increased Internet access within emerging markets, the digital universe will reach a digital information size of

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)**SMITH ZANDER**

approximately 40,000 exabytes (i.e. 40 trillion gigabytes or 40 zettabytes by 2020, growing at a CAGR of about 46.0%.⁴

To put these quantities into context, the measurement of digital data is shown in the table below.

Bit (b)	1 or 0
Byte (B)	8 bits
Kilobyte (KB)	1,000 bytes
Megabyte (MB)	1,000 KB
Gigabyte (GB)	1,000 MB
Terabyte (TB)	1,000 GB
Petabyte (PB)	1,000 TB
Exabyte (EB)	1,000 PB
Zettabyte (ZB)	1,000 EB

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The percentage of emerging markets' digital space relative to the global universe is estimated to be approximately 20.0% with most of the growth in digital information generated from these markets.

Among the main causes of increase in storage capacity is the decline in IT equipment costs, including storage media costs. For instance, the cost of hard disc drives which were approximately USD35-50 per gigabyte in the 1990s had declined to USD5-10 per gigabyte in just 10 years. At the end of the following decade, the cost of hard disc drives fell to an average of USD1 per gigabyte and this has, and will, continue to decrease further. With the decreasing costs of storage media, enterprises are expected to be more inclined to utilise larger storage space for digital data, thus leading to the increase in capacity available in storage media.

Apart from costs of storage capacity, the proliferation of devices such as computers, smartphones and tablets has driven the upgrading of existing technologies and the emergence of new technologies as manufacturers and developers have to stay competitive in the IT environment in order to remain relevant in the market. An example of new technologies driving the growth of enterprise data management is "big data" storage, which is expected to lead technology innovation. "Big data" refers to the technology of managing and processing large data sets within a short time frame, which otherwise cannot be performed by commonly used software tools. With the emergence of "big data", storage capacity usage is expected to grow leading to an increase in the demand for enterprise data management.

The growing storage capacity usage is an indicator that there will be continuous demand for enterprise data management services amongst both existing and new users. Thus, this is expected to continue to support and boost demand for enterprise data management.

Growing Number of Businesses and Enterprises

The number of newly registered businesses in the SEA market has displayed positive trends, albeit at a moderate pace. In particular, SEA countries with growth potential, such as Indonesia, Malaysia and Singapore have generally seen a steady rate of newly registered businesses from 2007 to 2012, with an average increase of 6.9% each year.

⁴ *Extracted from the Independent Market Research Report by SMITH ZANDER*

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

For example, according to latest available data by World Bank, in selected major SEA countries, comprising Indonesia, Malaysia, Philippines, Thailand, Singapore, and Republic of Korea, a total of 182,878 new businesses were registered in 2007, and the registered number of new businesses grew by 39.9% to 255,847 in 2012.

Most businesses and enterprises will require data storage and backup to ensure that data is recoverable in the event of disasters or data corruption, and the growing number of businesses translates to greater demand for data storage and backup. As such, the large number of businesses being registered each year provides opportunities for increased demand for enterprise data management in the SEA market.

Favourable Government Initiatives for the IT Sector

Many countries in the SEA market have recognised the importance of IT in spurring the development of a nation by driving efficiency and reducing excessive costs. As such, many Governments have launched national initiatives to encourage improvement in IT infrastructure and provide subsidies to enterprises in relation to IT solutions. In driving the integration of IT in Government and enterprises' operations, the enterprise data management industry would benefit from these initiatives taken in the IT sector as more digital data is required to be stored and hosted.

Below are some of the initiatives taken by selected SEA countries:

Malaysia

The Government of Malaysia has embraced the IT sector as a key driver for socio-economic growth. As such, the Government has identified several plans and programmes in driving the industry forward and paving the way for adoption and integration of IT solutions by enterprises across the nation.

In the 10th Malaysia Plan (10MP), the Government has identified the IT sector as a National Key Economic Area (NKEA), targeting the contribution of IT to increase to 10.2% of GDP in 2015. The IT sector is expected to gain greater momentum, driven by the convergence of industries due to digitalisation. Among the key strategies to be adopted to propel the sector is to aggressively promote the use of IT in all industries in parallel with the development of the IT sector. Under this NKEA, the "Get Malaysian Business Online" (GMBO) drive was launched with the aim to assist enterprises (particularly SMEs) to have internet access, and under Budget 2013 the GMBO included an incentive grant of RM1,000 per successful applicant. Apart from that, the EPP also aims to support Government and healthcare sectors in the improving delivery of public services and information sharing. In 2013, about 70.3% of Government services are available online and the EPP targets to ensure the utilisation of My Government portal through 150,000 logins by end of 2014. Meanwhile, the "1Gov*Net" project under this NKEA was launched to upgrade internet connectivity at more than 4,000 health facilities in order to encourage information sharing. Specifically, enterprise data management will grow in line with the development of critical software applications for customer relations management, enterprise resource planning, supply chain management, human resource management, and financial and accounting management for enterprises, as digitalisation is increasingly encouraged by the Government of Malaysia.

Singapore

The Singapore Government has proactively implemented IT strategies since the 1980s in order to develop Singapore as a leading global digital distribution and trading centre to further boost and enhance the competitiveness of its economy. In line with this vision, the Government of Singapore has established Infocomm Development Authority of Singapore (IDA) specifically to develop the IT sector. Initiatives taken through IDA spread across various sectors including education, financial services, healthcare, trade and logistics, hospitality and tourism as well as the public sector.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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In light of positioning Singapore as a trusted gateway to the emerging Asian market and innovative hub for financial services, IDA has implemented several programmes including the Corporate Financial Information Exchange which leverages IT solutions in enterprise financial reporting and i-Wealth Management which encourages the IT sector to enable online collaboration and data aggregation to increase the efficiency and enhance delivery of wealth management systems.

Furthermore, IDA has also transitioned its Government-wide system into the digital space to reduce waste, achieve efficiency and reduce costs. To fast-track adoption, the Government of Singapore has established portals dedicated to public sector agencies with a common database. The digitalisation of information increases the volume of digital data and this bodes well for the enterprise data management industry.

In addition, the Government of Singapore has also extended the Productivity and Innovation Credit (PIC) scheme under the Singapore Budget 2014. Under this scheme, businesses can enjoy up to 400.0% tax deductions and/or 60.0% cash payout for investment in innovation and productivity improvements till 2018. Among the six (6) qualifying activities under PIC is the acquisition and leasing of PIC IT and automation equipment which includes equipment for inventory management, record management and knowledge management. Such incentives will directly grow demand for storage technology which would give rise to the enterprise data management industry.

Philippines

The Government of Philippines, through the Information and Communications Technology Office, intends to further enhance the development of IT in the country, using the Philippine Digital Strategy 2011-2016 (PDS). The PDS focuses on the nation as a whole, with four (4) strategic thrusts aimed at the Government, its citizens and enterprises. As the Philippines moves towards the era of e-Government and e-Governance, the Government of Philippines will promote and increase the use of ICT in their administration, allowing a more innovative, transparent and efficient Government, thereby improving the country's competitiveness. In 2012, Philippines ranked 88th⁵ in its e-Government services as compared to other global markets, and the Government of Philippines targets for Philippines to be among the top 50 countries in terms of its e-Government services by 2016. Furthermore, among the strategic thrusts of the PDS are the IT industry and business innovation for national development. As the Philippines' awareness of the importance of IT in many industries and companies increases, the Government of Philippines will start to assist smaller companies without the resources to integrate IT into their workplace.

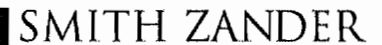
As both the Government of Philippines and enterprises begin to incorporate the use of IT in their workplace, more information, consisting of private and confidential data, are being stored electronically, leading to the need for enterprise data management to cater for the growth in the volume of electronic data.

Thailand

The Government of Thailand introduced "Smart Thailand 2020" which is aimed at increasing its citizen's standard of living towards Information and Communication Technology (ICT) for sustainable growth of the nation. The four (4) "Smart" strategies encompass smart network, smart government, smart business and smart people. These strategies are supported by the "ICT SHIFT the Future of Thailand" strategies which benefits six (6) aspects of the country, i.e. quality of life, education, industry and business, energy and environment, Thai entrepreneurship as well as the creative industry. Strategies under the quality of life aspect for "ICT SHIFT the Future of Thailand" include the development of e-Government services to provide the public with easy access to Government services and the development of telecommunications and communications for the public. The education aspect includes the development of a knowledge management database for the public, while the industry and business aspect include the digitalisation of supply chain networks to encourage product effectiveness. The energy and environment aspect includes the adjusting and adapting of ICT to improve current Government working procedures through the adoption

⁵ Based on United Nations e-Government survey

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)



of teleconference service systems, paperless business solutions, and data storage and backup solutions. Meanwhile, the Thai entrepreneurship aspect includes building channels to create international and local opportunities for trading and supporting the use of ICT technology to connect raw material resources, labour, and knowledge and technology resources, while the creative industry aspect includes building channels to connect innovative Thai entrepreneurs.

By increasing and upgrading the IT infrastructure and educating its citizens about IT, both its citizens and the Government will be able to incorporate ICT into their daily life, businesses and Government administration, whilst encouraging the ICT sector to boost their international competitiveness. As the country adapts to the use of ICT in more applications, there will be an increase in demand for enterprise data management to keep up with the volume of digital data being transmitted in order to ensure data recovery in the case of data loss.

Vietnam

The Socialist Republic of Vietnam plans to restructure its economy in view of achieving the status of an industrialised country by 2020. The Strategy for Science and Technology Development for the period between 2011 and 2020 intends to develop science and technology to an advanced and modern level when compared to SEA standards. Some of its tasks are to continue promoting ICT so that its contribution to GDP will reach 8-10% before 2020, in order to encourage researchers to master various IT fields, encourage businesses to invest in technological activities, to develop a new e-government system, and to provide online services in Vietnam. The Government of Vietnam aims to ensure that science and technology contributes to a significant part of the economic growth of the economy, thus targeting transaction value of the science and technology market to increase by about 15-17% annually.

As the nation increases the incorporation of ICT in more applications, there will be an increase in demand for enterprise data management to keep up with the volume of digital data being produced.

Indonesia

Indonesia's Master Plan for the Acceleration and Expansion of Indonesia's Economic Development, better known by its abbreviation MP3EI, was adopted with a vision of Indonesia becoming amongst the top ten (10) largest economies in the world from a GDP per capita of USD3,000 to US15,000 by 2025. In 2013, the ICT spending in Indonesia reached USD32.8 billion, and this is expected to grow in line with the economic development of the country. Although infrastructure and industrial investments have taken most of the limelight, one of the key strategies of this plan is to strengthen national and international connectivity by improving ICT networks to facilitate all economic and Government activities. This strategy is supported through some of the plans including the development of national internet exchange at growth centres and the utilisation of ICT to facilitate trading activities at regional ports. As Indonesia begins to facilitate the use of ICT, enterprise data management will grow in line to provide for the increased volumes of digital information.

Myanmar

The Government of Myanmar has developed an ICT Master Plan under the Framework for Economic and Social Reform to grow the ICT industry in the country and strengthen its competitiveness by promoting ICT and knowledge management. Among some of the efforts under this ICT Master Plan include the development of an e-Government national portal, in which the Government of Myanmar has formed a steering committee to undertake and oversee its development and implementation. With the increasing use of ICT in the country, an increasing amount of digital data is expected to be created and thus, this would lead to a greater need for enterprise data management solutions. Furthermore, the Government of Myanmar is also in the midst of liberalising its telecommunications sector in light of growing the industry. The Government intends to privatise the state owned Myanmar Post and Telecommunications and foreign

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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investors have also been invited to bid for national telecommunications licenses in order to increase the competitiveness of the industry. As the ICT industry develops in the Myanmar, it is expected that the enterprise data management industry will follow suit.

Emergence of Internet-enabled Applications

The emergence of virtualisation or internet-enabled computing has given rise to increased demand for enterprise data management solutions, particularly for enterprise data management managed services, as internet-enabled computing shifts the storage of data from the clients or end-users, in this case mostly smaller or mid-sized companies, to the managed service providers. With internet technology, all computing resources such as software, platforms, infrastructure, data and processing capacity can be obtained whenever required from service providers. Applications such as Google Docs, Google AppEngine, Dropbox, Windows Azure and Office365 are some of the popular services today which enterprises utilise to share software applications such as word processing, spreadsheets and presentations on an internet platform. These applications are typically hosted by a managed service provider and thus, the onus now falls on the service providers to ensure data protection and business continuity of their clients or end-users. As internet-enabled computing is presently a rapidly growing market in SEA and has a wide target reach which includes smaller or mid-sized companies, this would consequently lead to increased demand for enterprise data management solutions to support the services they offer, boosting industry growth.

Market Growth, Outlook and Prospects

The enterprise data management industry in SEA is still in its early growth stage and thus, has significant room for growth as compared to the global landscape which is a mature industry. In 2013, the SEA enterprise data management industry comprised approximately 2.0% of the global enterprise data management industry.

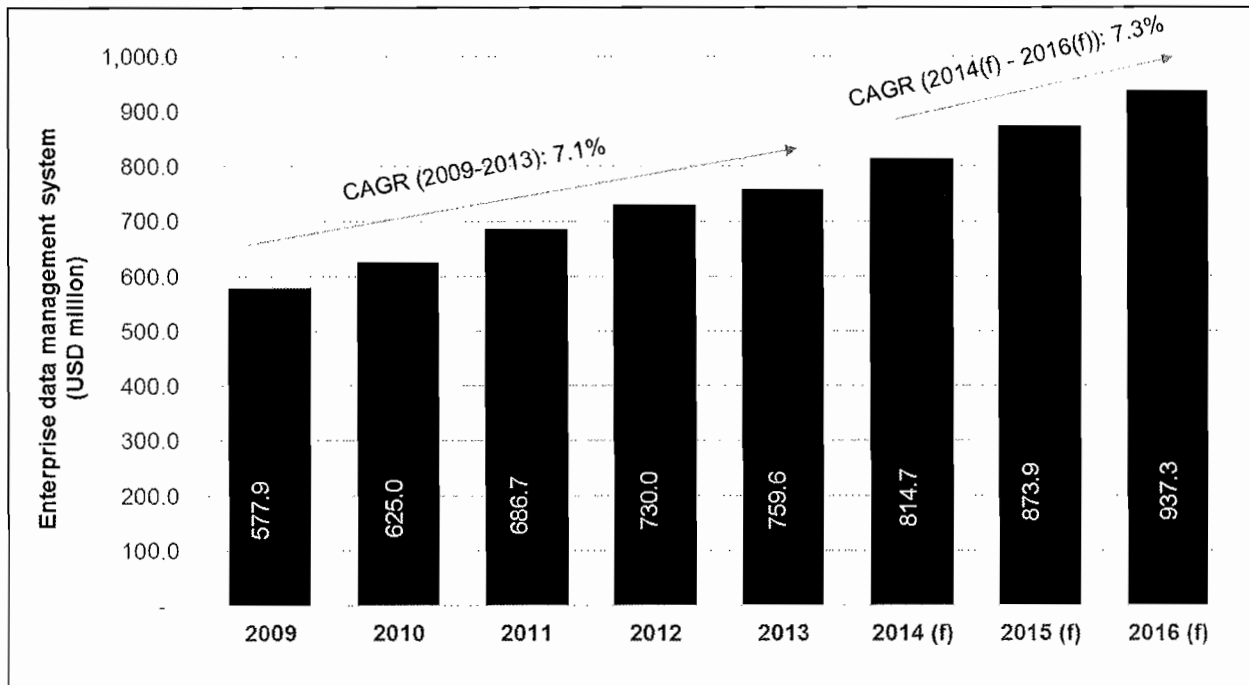
The industry size for enterprise data management can be measured in terms of revenues from major industry players in the SEA landscape which mostly comprise local franchisees representing major global companies which manufactures and develops enterprise data management solutions, such as EMC Corporation, IBM Corporation, Hewlett-Packard Company, Symantec Corporation, Quantum Corporation and Oracle Corporation. The enterprise data management industry in SEA illustrated a healthy CAGR of 7.1% between 2009 and 2013, growing from USD577.9 million (RM2.0 billion) in 2009 to approximately USD759.6 million (RM2.4 billion) in 2013.

As the number of newly incorporated enterprises continue to grow in line with the growing population and economies in the SEA market coupled with favorable Government IT initiatives, the enterprise data management industry in SEA is expected to continue to illustrate healthy growth rates in the future. The enterprise data management industry in SEA is forecast to grow from USD814.7 million (RM2.6 billion) in 2014 to USD937.3 million (RM3.0 billion) in 2016 at a CAGR of 7.3%.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Enterprise Data Management Industry (SEA), 2009 – 2016 (f)



Year	Industry Size	
	USD million	RM billion
2009	577.9	2.0
2010	625.0	2.0
2011	686.7	2.1
2012	730.0	2.2
2013	759.6	2.4
2014 (f)	814.7	2.6
2015 (f)	873.9	2.8
2016 (f)	937.3	3.0
CAGR (2009-2013)	7.1%	
CAGR (2014-2016)	7.3%	

Notes:

- Exchange rates from USD to RM between 2009 and 2013 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia at the following rates:
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Source: Extracted from the Independent Market Research Report by SMITH ZANDER

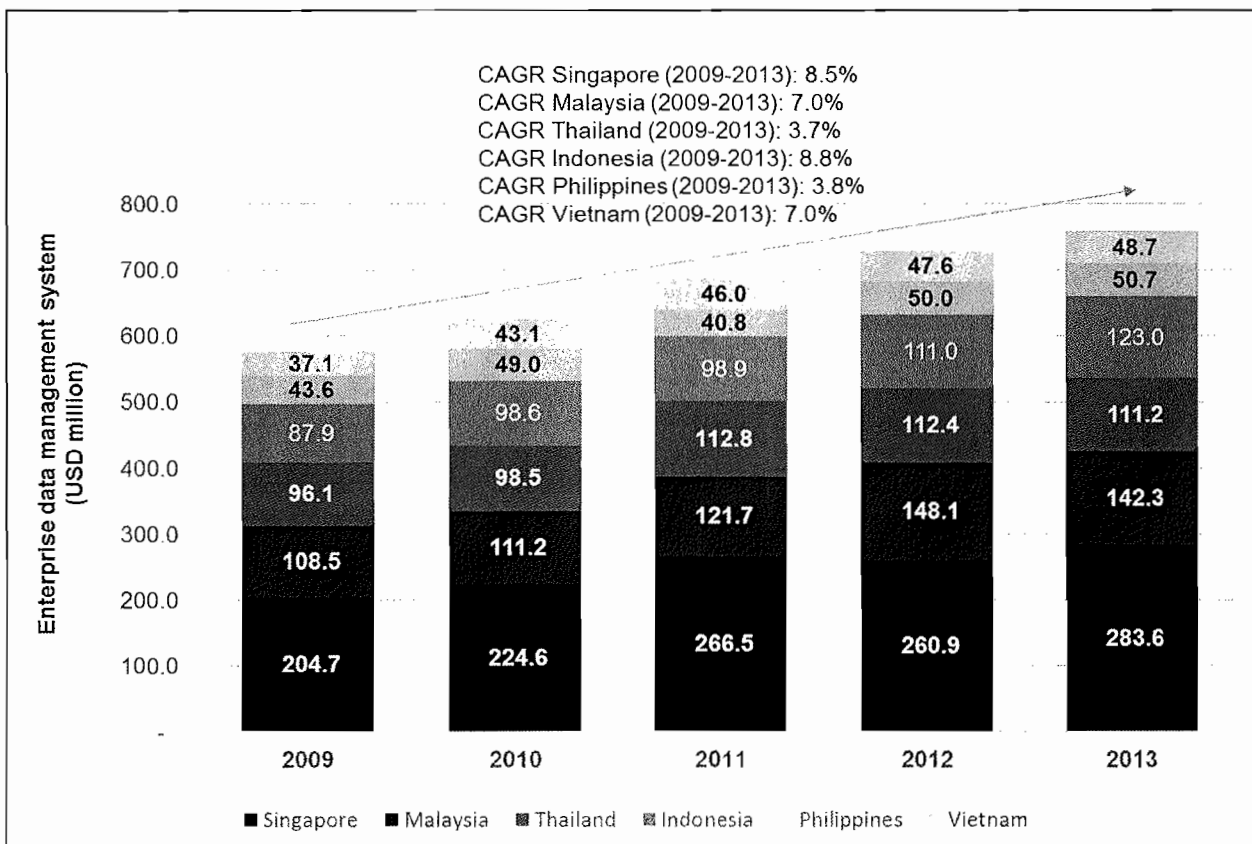
6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Singapore and Malaysia are the major contributors to the industry size as they collectively comprise approximately 56.0% of the total enterprise data management industry in SEA. Nevertheless, other SEA countries, namely Indonesia and Vietnam experienced strong CAGRs of about 7.0% to 9.0% between 2009 and 2013 though they were smaller in size relative to Singapore and Malaysia.

Between 2009 and 2013, Singapore grew at a healthy CAGR of 8.5% from USD204.7 million (RM721.3 million⁶) in 2009 to USD283.6 million (RM899.0 million⁷) in 2013. Malaysia, Indonesia and Vietnam also illustrated strong CAGRs of 7.0%, 8.8% and 7.0% respectively between the years 2009 and 2013. Malaysia grew from USD108.5 million (RM382.3 million⁶) in 2009 to USD142.3 million (RM451.1 million⁷) in 2013 while Indonesia grew from USD87.9 million (RM309.7 million⁶) in 2009 to USD123.0 million (RM389.9 million⁷) in 2013. Vietnam grew from USD37.1 million (RM130.7 million⁶) in 2009 to USD48.7 million (RM154.4 million⁷) in 2013.

Meanwhile, Thailand and Philippines also grew at a CAGR of 3.7% and 3.8%, respectively, though at a slower pace as compared to the other SEA countries. Thailand's enterprise data management industry grew from USD96.1 million (RM338.6 million⁶) in 2009 to USD111.2 million (RM352.5 million⁷) in 2013. Philippines, on the other hand, had a smaller industry size of USD43.6 million (RM153.6 million⁶) in 2009, which grew to USD50.7 million (RM160.7 million⁷) in 2013.

Geographical Breakdown of the Enterprise Data Management Industry (SEA), 2009-2013



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

⁶ Exchange rates for 2009 was converted based on annual average exchange rates extracted from Bank Negara Malaysia at USD1 = RM3.5236

⁷ Exchange rates for 2013 was converted based on annual average exchange rates extracted from Bank Negara Malaysia at USD1 = RM3.1700

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Key Supply Conditions and Dependencies**Alliances and Partnerships with Enterprise Data Management Principals and Vendors**

One of the success factors for enterprise data management companies in SEA is in their partnerships, either by way of joint ventures, collaborations, franchise agreements or equity partnerships, with principals and vendors for the purchase and use of third party data management products. These data management products, comprising both hardware and software, are used by the enterprise data management players where they couple their proprietary value-added solutions with these third party products. Enterprise data management companies in SEA that have more established partnerships with principals and vendors are typically more sustainable in the market, as they have greater control over the reliability of supply of data management products.

Availability of Hardware and Software

The hardware and basic operating software required for enterprise data management in SEA, such as servers, computers and other physical storage equipment are available through data management principals and vendors. In the enterprise data management industry, principals and vendors are typically global data management companies, and includes the likes of EMC Corporation, IBM Corporation, Hewlett-Packard Company, Symantec Corporation, Quantum Corporation and Oracle Corporation. Hence, data management hardware and basic operating software used in SEA is generally imported from these principals and vendors.

However, the value-added software and solutions required for this industry, which is required to customise, configure, implement and maintain solutions and services provided to a customer, are usually developed in-house by the enterprise data management companies, or local franchisees of the principals and vendors, in SEA. The locally developed value-added software and solutions are considered the technology value-add provided by the local players in SEA.

Human Capital

In the enterprise data management industry, it is necessary to hire a team comprising IT personnel with the required technical skills and capabilities to develop and implement the solutions. Generally, the SEA market, such as in Malaysia, Singapore and the Philippines has not seen a shortage of supply of skilled personnel with backgrounds in IT.

Number of IT Graduates (SEA), 2010-2012

Countries	Number of IT Graduates		
	2010	2011	2012
Malaysia	22,280	17,856	26,527
Singapore	4,984	5,059	5,104
Philippines	45,830	49,913	54,113

Note:

Data is as at 2012 in order to be consistent with the latest publicly available information for the countries above.

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Barriers to Entry

Globally, the enterprise data management industry is an oligopoly, where the industry is specialised and consolidated, consisting of a handful of large, global multinational players, including major players such as EMC Corporation, IBM Corporation, Hewlett-Packard Company, Symantec Corporation, Quantum Corporation and Oracle Corporation. In the various regions across the world, including in SEA, the landscape is mirrored, with most of the same large, global multinational players present in most regions either through their operating subsidiaries or in strategic partnerships with local companies.

The oligopolistic nature of the enterprise data management industry is a result of a number of factors. Firstly, the specialised nature of enterprise data management, where it is a subset of the overall IT industry, has resulted in the development of specialised policies, procedures and technologies which only the incumbent players, and their subsidiaries and partners, have access to and are able to deploy efficiently. These specialised policies, procedures and technologies are unique to the enterprise data management industry players and cannot be used interchangeably between companies, which sets apart the enterprise data management industry players, including their subsidiaries and local partners, from other generic IT companies. Secondly, due to it being a niche industry, industry consolidation has taken place, where the smaller players have either merged or have been acquired by the larger players, primarily to achieve greater economies of scale. This oligopolistic nature of the industry has created high barriers to entry for any potential newcomers and these barriers to entry are described below:

Access to Technology

The enterprise data management industry is a niche, specialised industry, where the incumbent players, who are mostly large, multinational companies, have developed policies, procedures and technologies for effective and successful deployment of enterprise data management solutions to their customers. Policies and procedures are important in enterprise data management as it defines in detail the processes and protocols for comprehensive and effective management of enterprise data. Technologies are critical as it enables the proper backup, storage and recovery of enterprise data, especially with the exponential growth in digital data today. These include data compression and data deduplication technologies, where specific techniques and algorithms are used to optimise data storage space and speed up data recovery processes. Over the years, the incumbent industry players have developed, upgraded and improved on their proprietary technologies. In regions and/or countries where these players have operating subsidiaries and/or local partners, these companies will have access to these policies, procedures and technologies as well.

Any potential entrants to the industry must have, or must have access to, equivalent policies, procedures and technologies to be able to compete in the industry. As these policies, procedures and technologies have been developed and improved over a substantial period of time, it will prove difficult for any new entrant to immediately have these prerequisites for successful penetration into the industry.

Established Distribution Channels and Access to End-user Customers

In the enterprise data management industry, incumbent players, including their subsidiaries and local partners, have through many years of operations, built up strong distribution networks comprising distributors and channel partners, which provide these industry players with reach and access to end-user customers. Many of these distribution networks have been established over years of relationship building, based on foundations of trust and commitment. The distributors and channel partners are usually large, reputable companies with their respective established network of resellers. Through these networks and relationships, the incumbent industry players, including their subsidiaries and local partners, have developed strong market presence.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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A potential newcomer in the industry will not have existing distributor and channel partner relationships to leverage on, and building and developing these relationships takes many years as experienced by the incumbent players. Without these relationships and network of distributors and channel partners, a new entrant will have minimal market presence and limited access to end-user customers.

Proven Track Record and Industry Reputation

The current success and sustainability of incumbent industry players are built on their proven track record and reputation among distributors, channel partners and end-user customers. As mentioned above, it is imperative for industry players to have strong, established distribution channels in the enterprise data management industry, and equally important for these players to continuously grow their distribution channels. The growth of these channels is thus driven by the track record and reputation of the industry players, where the chances of signing up partnerships with new reputable distributors or channel partners increases for industry players with proven success. In addition, as the enterprise data management industry is a niche and specialised industry, the incumbent industry players and their subsidiaries and local partners, will likely have recognisable brands in the market, for example, EMC, Quantum, IBM and HP. This brand equity will similarly enhance the industry reputation of the incumbent players including their subsidiaries and local partners.

Any potential new entrant is unlikely to have proven credentials in the enterprise data management industry, thus making it more difficult to establish distribution channels and market presence. In addition, without the backing of a strong global brand in enterprise data management, new entrants will find it particularly challenging to win new customers.

Product / Service Substitution

Enterprise data management is essential to enterprises as it secures critical information for business and operational continuity through the implementation of a set of policies, procedures and technology(s) for data backup and protection, and as such there is no available product substitute for enterprise data management. It is therefore a matter of a business decision whether an enterprise chooses to implement enterprise data management. Without the implementation of enterprise data management, enterprises still have the option to backup their digital data through storing hard copies, or storing data in storage devices such as external hard drives and removable discs. Nevertheless, these methods do not ensure that lost data can be easily recovered and restored, and are also not effective when managing large volumes of data.

Enterprise data management managed services presents enterprises with an effective cost-saving option to utilise computing resources as a service, as opposed to purchasing hardware and software to be installed on-premise. Enterprise data management managed services is viewed as a technological revolution that has led to a shift in the way IT solutions are managed and implemented today. As such, managed IT services effectively serves as an alternative to the existing practice of owning enterprise data management infrastructure technology.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Reliance and Vulnerability to Imports

The enterprise data management industry in SEA is largely dependent on foreign markets, particularly in the United States and other more developed Asia Pacific countries such as Japan, as it procures most of its data management hardware and basic operating software from large manufacturers and developers from these countries. Nevertheless, while enterprise data management hardware and basic operating software are imported, its value-added solutions which include customisation, configuration, implementation, maintenance and monitoring are mostly performed by local franchisees or companies representing the major global companies in the SEA countries.

Relevant Laws and Regulations

Save for the laws and regulations generally applicable to all companies carrying out business activities in SEA countries, there are no special or industry-specific laws and regulations governing the enterprise data management industry.

Competitive Landscape

The global enterprise data management industry is a niche, specialised and consolidated segment within the broader IT industry, and hence is largely dominated by a handful of large global industry players. A majority of these industry players originated from, and are based, in the United States, and these include general IT vendors such as IBM Corporation and Hewlett Packard Company, or specialised storage players such as EMC Corporation and Quantum Corporation. Others among these small group of competitors include Oracle Corporation and Symantec Corporation. Fujitsu Limited is among the major enterprise data management players in Asia.

The competitive landscape in SEA is likewise dominated by the major global industry players, who typically establish operating companies in individual countries within SEA or develop partnerships with local companies. The operating companies in the individual SEA countries are, in most cases, carried out in partnership with local shareholders. These operating companies and/or local companies are typically bound by some form of marketing, franchise or licensing agreement.

Based on the above, the enterprise data management industry is regarded to be oligopolistic in nature, which among other factors, is defined as an industry where there are only a handful of incumbent players, the barriers to entry are high and industry players tend to compete on terms other than price.

Key Industry Players

Global Competitive Landscape

The global enterprise data management industry is largely dominated by a handful of large global industry players which comprise specialized enterprise data management industry players, global IT vendors as well as other specialised IT industry players which offer enterprise data management solutions. Details of some of these global industry players are as follows:

Industry Player	Headquarters	Principal Activities
Specialised Enterprise Data Management Industry Players		
EMC Corporation	United States	Specialises in enterprise data management solutions, in primary and secondary data storage
Quantum Corporation	United States	Specialises in enterprise data management solutions, with a focus on secondary data storage

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Industry Player	Headquarters	Principal Activities
Global IT Vendors Offering Enterprise Data Management Solutions		
Fujitsu Limited	Japan	Provides a full range of IT solutions such as hardware, software and services, including an enterprise data management business (primary and secondary data storage)
Hewlett-Packard Company	United States	Provides a full range of IT solutions such as hardware, software and services, including an enterprise data management business (primary and secondary data storage)
IBM Corporation	United States	Provides a full range of IT solutions such as hardware, software and services, including an enterprise data management business (primary and secondary data storage)
Other Specialised IT Industry Players		
Oracle Corporation	United States	Traditionally a specialist in enterprise resource planning (ERP) but has diversified to a wider range of IT solutions including enterprise data management
Symantec Corporation	United States	Traditionally a specialist in IT security products and services but has diversified to a wider range of IT solutions including enterprise data management

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

SEA Competitive Landscape

The competitive landscape in SEA is dominated by local operating companies of the major global industry players. The table below illustrates the presence of selected key global industry players in SEA:

Industry Player	Local Presence	Local Representative
EMC Corporation	Malaysia	EMC Computer Systems (Malaysia) Sdn Bhd
	Singapore	EMC Computer Systems (South Asia) Pte Ltd
	Indonesia	PT EMC Information Systems
	Philippines	EMC Computer Systems Philippines, Incorporated
	Thailand	EMC Information Systems (Thailand) Ltd
	Vietnam	Represented by EMC Computer Systems (South Asia) Pte Ltd
Fujitsu Limited	Malaysia	Fujitsu (Malaysia) Sdn Bhd
	Singapore	Fujitsu Asia Pte Ltd
	Indonesia	Pt Fujitsu Indonesia
	Vietnam	Fujitsu Computer Products of Vietnam Incorporated
	Philippines	Fujitsu Philippines Incorporated
	Thailand	Fujitsu System Business (Thailand) Ltd
Hewlett-Packard Company	Malaysia	Hewlett-Packard (M) Sdn Bhd
	Singapore	Hewlett-Packard Asia Pacific Pte Ltd
	Indonesia	PT Hewlett-Packard Indonesia
	Vietnam	Hewlett-Packard Vietnam Ltd
	Philippines	Hewlett-Packard Philippines Corporation
	Thailand	Hewlett-Packard (Thailand) Ltd

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Industry Player	Local Presence	Local Representative
IBM Corporation	Malaysia	IBM Malaysia Sdn Bhd
	Singapore	IBM Singapore Pte Ltd
	Indonesia	PT IBM Indonesia
	Vietnam	IBM Vietnam Co Ltd
	Philippines	IBM Philippines Ltd
	Thailand	IBM Thailand Co Ltd
Oracle Corporation	Malaysia	Oracle Corporation Malaysia Sdn Bhd
	Singapore	Oracle Corporation Singapore Pte Ltd
	Indonesia	PT Oracle Indonesia
	Vietnam	Oracle Vietnam Pte Ltd
	Philippines	Oracle (Philippines) Corporation
	Thailand	Oracle Corporation (Thailand) Co Ltd
Quantum Corporation	Malaysia	Quantum Storage (South Asia) Sdn Bhd
	Singapore	Quantum Storage (South Asia) Pte Ltd
	Indonesia	Represented by Quantum Storage (South Asia) Pte Ltd
	Philippines	Represented by Quantum Storage (South Asia) Pte Ltd
	Thailand	Represented by Quantum Storage (South Asia) Pte Ltd
Symantec Corporation	Malaysia	Symantec (Malaysia) Corporation Sdn Bhd
	Singapore	Symantec Asia Pacific Pte Ltd
	Indonesia	PT Symantec Indonesia
	Vietnam	Symantec Corporation (representative office)
	Philippines	Symantec Corporation (representative office)
	Thailand	Symantec (Thailand) Limited

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

For instance, EMC Corporation is present in Singapore, Malaysia, Indonesia, Thailand, and Philippines through EMC Computer Systems (South Asia) Pte Ltd, EMC Computer Systems (Malaysia) Sdn Bhd, PT EMC Information Systems, EMC Information Systems (Thailand) Ltd, EMC Computer Systems Philippines, Incorporated respectively, while Vietnam is represented by the Singapore-based EMC Computer Systems (South Asia) Pte Ltd.

Meanwhile, Fujitsu Limited is also present in all of these countries through its local representatives, namely Fujitsu (Malaysia) Sdn Bhd, Fujitsu Asia Pte Ltd, PT Fujitsu Indonesia, Fujitsu Computer Products of Vietnam Incorporated, Fujitsu Philippines Incorporated and Fujitsu System Business (Thailand) Ltd.

This is also evident in Hewlett-Packard Company where it is present in SEA through Hewlett-Packard (M) Sdn Bhd, Hewlett-Packard Asia Pacific Pte Ltd, PT Hewlett-Packard Indonesia, Hewlett-Packard Vietnam Ltd, Hewlett-Packard Philippines Corporation and Hewlett-Packard (Thailand) Ltd.

IBM Corporation is also present in Malaysia, Singapore, Indonesia, Thailand and Philippines through IBM Malaysia Sdn Bhd, IBM Singapore Pte Ltd, PT IBM Indonesia, IBM Vietnam Co Ltd, IBM Philippines Ltd and IBM Thailand Co Ltd.

Similarly, Oracle Corporation is present in the SEA countries through Oracle Corporation Malaysia Sdn Bhd, Oracle Corporation Singapore Pte Ltd, PT Oracle Indonesia, Oracle Vietnam Pte Ltd, Oracle (Philippines) Corporation and Oracle Corporation (Thailand) Co Ltd.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Quantum Corporation also has local presence in Malaysia and Singapore through Quantum Storage (South Asia) Sdn Bhd and Quantum Storage (South Asia) Pte Ltd, while Indonesia, Philippines and Thailand are represented by the Singapore-based Quantum Storage (South Asia) Pte Ltd.

Symantec Corporation, on the other hand, has local presence in Malaysia, Singapore, Indonesia and Thailand through Symantec (Malaysia) Sdn Bhd, Symantec Asia Pacific Pte Ltd, PT Symantec Indonesia and Symantec (Thailand) Limited. However, in Vietnam and Philippines, it is represented by its parent company, Symantec Corporation.

The specialised and consolidated nature of the enterprise data management industry, where only a small group of large multinational players dominate the global industry, has created high barriers to entry into the industry. All incumbent industry players, including their operating companies and local partners in SEA, are established companies with decades of experience and track record behind them. These are companies who have proven technologies in backup, storage and recovery solutions, and through their operating companies, have developed strong market presence in the countries in which they operate, including having built long term relationships with their distributors and end-user customers. Hence, it is an industry that will prove difficult to penetrate for any new potential entrants. Additionally, the individual operating companies and local partners in the SEA countries remain in relatively strong bargaining positions in the industry due to their invaluable market presence through their relationships with the distributors and end-user customers.

Market Share in the SEA Market

The enterprise data management industry in SEA was approximately USD759.6 million (RM2.4 billion) in 2013. Based on this industry size, Kronologi Asia Berhad is estimated to have registered a market share of 1.8% in SEA based on its revenues of RM42.6 million from enterprise data management solutions in the financial year end (FYE) 31 December 2013.

Kronologi Asia Berhad's market share in Singapore, where it is based, was 3.0% computed from its segmental revenue of RM26.5 million from enterprise data management solutions in Singapore in the FYE 31 December 2013 and an enterprise data management market size of USD283.6 million (RM899.0 million) in Singapore in 2013.

4 INTRODUCTION AND BACKGROUND TO MANAGED IT SERVICES

Managed IT services refers to the service of managing IT solutions on behalf of a client or end-user by a third party service provider. Managed IT services are typically carried out by specialists utilising a combination of in-house best practice solutions and technical know-how with third party IT solutions. Managed IT service providers generally work with third party hardware and software application developers who provide readily-available products and/or solutions. These off-the-shelf hardware and software solutions are integrated with the value-added services provided by managed IT service providers to become a comprehensive IT solution for the client or end-user. A key setup for a managed service provider is an operations centre where the central engine for monitoring, analysing and managing of clients or end-users' IT infrastructure is located.

Managed IT services is an alternative avenue for clients or end-users to procure IT solutions. The option of accessing IT solutions through managed IT service providers allows clients or end-users to have the flexibility in creating and distributing computing resources on an "as-needed" basis or subscription fee model where the usage pricing is based on a subscription fee model. In other words, the concept of managed IT services allows clients or end-users to increase capacity for IT solutions almost immediately without needing to invest in additional hardware infrastructure, training IT personnel or licensing new software.

Key aspects of managed IT services are:

- **Productivity improvement** – As functions relating to the respective IT solutions are outsourced to the relevant managed IT service provider, clients and end-users can focus on operating its core functions or core business activities and this enables productivity to increase.
- **Access to expertise and advanced technology:** Managed IT service providers are typically specialists for the respective IT solutions and thus, they are able to leverage on their expertise in developing best practices procedures and policies to monitor and manage the procedures in a systematic manner. Apart from that, most managed IT service providers will also utilise advanced third party hardware and software technologies in order to enhance total operational performance.
- **Subscription fee model** – Rather than investing heavily in IT resources such as servers or licensing software, clients and users are able to use the resources they need on an "as-needed" basis. Many managed service providers charge based on usage capacity, with varied plans or subscription fee model according to the different types of IT services. Managed IT service providers may also choose to follow a consumer model and charge a fixed per-user fee.
- **Flexibility and scalability** – Freed from the need to install IT resources such as servers, power and test appliances, clients and users can start up, increase or downsize their IT operations almost immediately by leveraging on the IT resources available with managed IT service providers. This makes managed IT services particularly well-suited to businesses which are growing and have dynamic computing needs, such as short-term product test environments, seasonal businesses, business continuity plans, or intentions for mergers or acquisitions.

Managed IT service providers are typically specialists in a particular IT field, offering specialised managed services and solutions. Among some of the types of IT solutions which are offered and managed through managed IT service providers are listed as follows:

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Managed IT services – typical solution offerings

IT Solution	Description	Role of Managed IT Service Providers
Enterprise data management	IT solutions for data backup, storage, restoration and recovery	Best practices/process for managing and monitoring data backup, storage, recovery and restoration. Clients or end-users may choose to purchase their own infrastructure such as servers and other backup storage devices, or “rent” or use these resources on a subscription fee model.
IT resources and infrastructure management	IT hardware and infrastructure utilised for day-to-day operations in an organisation such as desktop computers and servers	Managing IT resources and infrastructure on a scheduled basis to ensure smooth day-to-day operations and to minimise hardware failure.
Network and communication IT solutions	Network solutions and infrastructure systems which allow connectivity to the Internet and telecommunication services	Managing and monitoring IT resources used for connectivity to ensure continuous accessibility to the Internet and telecommunications with minimal disruptions. Clients or end-users may choose to procure their own IT infrastructure or “rent” or use resources on a subscription fee model.
Security and protection solutions	IT solutions and applications which prevent and protects critical data from cyber and malware attacks	Management and maintenance of data security systems and monitoring of any security breaches.

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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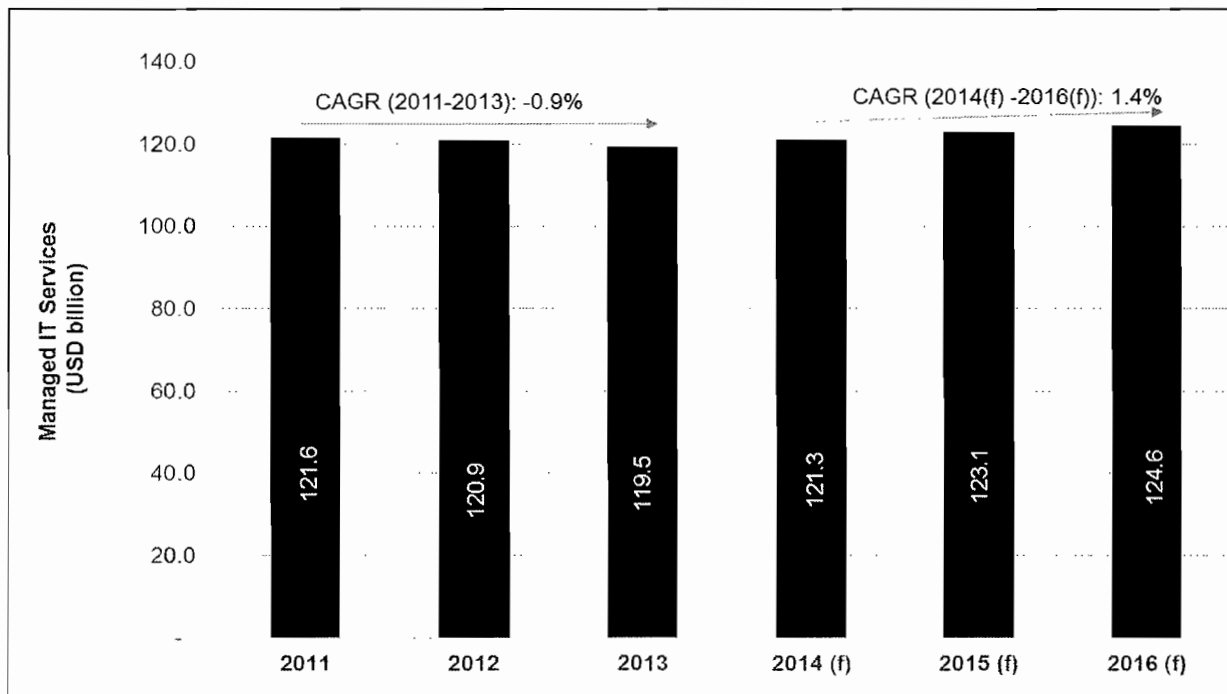
5 OVERVIEW OF THE GLOBAL MANAGED IT SERVICES INDUSTRY

Market Growth, Outlook and Prospects

The managed IT services industry can be quantified by all of the managed IT services procured including IT resources and infrastructure management services, network and communication IT solutions, security and protection solutions as well as enterprise data management managed services. The industry size for managed IT services is measured in terms of revenues derived from industry players.

Overall, the global managed IT services industry is stable, being sustained by the growth in developing economies from the Asia Pacific region, in particular. The managed IT services industry was estimated to be about USD121.6 billion (RM371.8 billion) in 2011 and USD119.5 billion (RM378.8 billion) in 2013. Between 2014 and 2016, the managed IT services industry is forecast to continue to sustain from USD121.3 billion (RM384.5 billion) in 2014 to USD124.6 billion (RM395.0 billion) in 2016, at a CAGR of 1.4%.

Managed IT Services (Global), 2011 – 2016 (f)



Year	Industry Size	
	USD billion	RM billion
2011	121.6	371.8
2012	120.9	372.2
2013	119.5	378.8
2014 (f)	121.3	384.5
2015 (f)	123.1	390.2
2016 (f)	124.6	395.0
CAGR (2011-2013)	(0.9)%	
CAGR (2014-2016)	1.4%	

6. **INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)**

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Notes:

1. *Exchange rates from USD to RM between 2011 and 2013 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia:
2011 : USD1 = RM3.0572
2012 : USD1 = RM3.0785
2013 : USD1 = RM3.1700*
2. *Exchange rates from USD to RM between 2014 and 2016 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia for 2013 at USD1 = RM3.1700*

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

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6 ANALYSIS OF MANAGED IT SERVICES IN SEA

Introduction

The managed IT services industry in SEA has developed in tandem with the global managed IT services industry, whereby the development and growth of the SEA economies has spurred the advancement of the local managed IT services industry. The managed IT services industry in SEA on the whole, is fairly well established, especially in relation to IT resource and infrastructure management. Other managed IT services such as enterprise data management and security and protection solutions are relatively new in SEA, with companies only having recently begun entering this space approximately in the last five (5) years. Nevertheless, many companies have acknowledged the potential of managed IT services, especially with the large number of smaller enterprises and SMEs in the region.

As managed IT services is a growing market in SEA, particularly in the areas of enterprise data management and security and protection solutions, there is significant untapped opportunities in the region.

Key Demand Conditions: Growth Drivers

Reduction of High Upfront Capital Investments

Adoption of managed IT services allows clients and end-users to shift from capital to operational expenditure, thereby helping these organisations to be more competitive through substantially lower upfront capital costs. Managed IT services eliminates the need for heavy upfront investments as organisations are able to procure new IT infrastructure and solutions and add computing capabilities without incurring risky large capital expenditures. This then provides significant benefits to clients or end-users, and consequently drives the demand for managed IT services.

Promotion of Operational Efficiency

Managed IT services allows clients and end-users to focus on their core functions or core business activities. It eliminates the time and resources dedicated to the maintenance and management of IT solutions, or additional time and resources spent on these activities by personnel not dedicated to the tasks. As a result, clients and end-users are able to streamline their operations and focus on the operating of their core business activities in the most effective and efficient manner possible. In addition, enterprises can also reduce their operational costs as resources spent on these tasks are paid on a subscription fee model and thus, eliminating the need to invest more than required to provision for future expansion. Furthermore, as managed IT service providers are specialists in the management and maintenance of the relevant IT solution, the tasks of managing and monitoring IT solutions are performed based on best practices and systematic policies and provisions.

As more and more enterprises understand and realise the benefits of managed IT services, the uptake of managed IT services is expected to drive industry growth.

Growing Number of Businesses and Enterprises

The number of newly registered businesses in the SEA market has displayed positive trends, albeit at a moderate pace. In particular, SEA countries with growth potential, such as Indonesia, Malaysia and Singapore have generally seen a steady rate of newly registered businesses from 2007 to 2012, with an average increase of 6.9% each year.

For example, according to latest available data by World Bank, in selected major SEA countries, comprising Indonesia, Malaysia, Philippines, Thailand, Singapore, and Republic of Korea, a total of 182,878 new

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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businesses were registered in 2007, and the registered number of new businesses grew by 39.9% to 255,847 in 2012.

Most enterprises in the present will integrate their critical business operations with IT solutions to promote operational efficiency. As such, the large number of businesses being registered each year provides opportunities for increased demand for managed IT services in the SEA market.

Favourable Government Initiatives for the IT Sector

Many countries in the SEA market have recognised the importance of IT in spurring the development of a nation by driving efficiency and reducing excessive costs. As such, many Governments have launched national initiatives to encourage improvement in IT infrastructure and provide subsidies to enterprises in relation to IT solutions. In driving the integration of IT in Government and enterprises' operations, the managed IT services industry would benefit from these initiatives taken in the IT sector. As demand for IT solutions increase, managed IT service providers need only work on shifting the mindset of enterprises from investing heavily on hardware and software to be installed on-premise, to procuring computing resources as a service.

Below are some of the initiatives taken by selected SEA countries:

Malaysia

The Government of Malaysia has embraced the IT sector as a key driver for socio-economic growth. As such, the Government has identified several plans and programmes in driving the industry forward and paving the way for adoption and integration of IT solutions by enterprises across the nation.

In the 10th Malaysia Plan (10MP), the Government has identified the IT sector as a National Key Economic Area (NKEA) which will receive much focus during the Plan period, targeting the contribution of IT to increase to 10.2% of GDP in 2015. The IT sector is expected to gain greater momentum, driven by the convergence of industries due to digitalisation. Among the key strategies to be adopted to propel the sector is to aggressively promote the use of IT in all industries in parallel with the development of the IT sector. Under this NKEA, the "Get Malaysian Business Online" (GMBO) drive was launched with the aim to assist enterprises (particularly SMEs) to have internet access, and under Budget 2013 the GMBO included an incentive grant of RM1,000 per successful applicant. Apart from that, the EPP also aims to support Government and healthcare sectors in the improving delivery of public services and information sharing. In 2013, about 70.3% of Government services are available online and the EPP targets to ensure the utilisation of My Government portal through 150,000 logins by end of 2014. Meanwhile, the "1Gov*Net" project under this NKEA was launched to upgrade internet connectivity at more than 4,000 health facilities in order to encourage information sharing. Specifically, managed IT services will grow in line with the development of critical software applications for customer relations management, enterprise resource planning, supply-chain management, human resource management, and financial and accounting management for enterprises, as digitalisation is increasingly encouraged by the Government of Malaysia.

Singapore

The Singapore Government has proactively implemented IT strategies since the 1980s in order to develop Singapore as a leading global digital distribution and trading centre to further boost and enhance the competitiveness of its economy. In line with this vision, the Government of Singapore has established Infocomm Development Authority of Singapore (IDA) specifically to develop the IT sector. Its initiatives taken through IDA spread across various sectors including education, financial services, healthcare, trade and logistics, hospitality and tourism as well as the public sector.

In light of positioning Singapore as a trusted gateway to the emerging Asian market and innovative hub for financial services, IDA has implemented several programmes including the Corporate Financial Information

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Exchange which leverages IT solutions in enterprise financial reporting and i-Wealth Management which encourages the IT sector to enable online collaboration and data aggregation to increase the efficiency and enhance delivery of wealth management systems.

In addition, the Government of Singapore has also extended the Productivity and Innovation Credit (PIC) scheme under the Singapore Budget 2014. Under this scheme, businesses can enjoy up to 400% tax deductions and/or 60% cash payout for investment in innovation and productivity improvements till 2018. Among the six (6) qualifying activities under PIC is the acquisition and leasing of PIC IT and automation equipment which includes equipment for the deployment of cloud-based services, namely networking infrastructure as well as for record management, knowledge management and inventory management. As these equipment are crucial equipment in the managed IT services industry, this incentive is expected to lead to a growth in the managed IT services industry.

Philippines

The Philippines Government, through the Information and Communications Technology Office intends to further enhance the development of IT in the country, using the Philippine Digital Strategy 2011-2016 (PDS). The PDS focuses on the nation as a whole, with four (4) strategic thrusts aiming at the Government, its citizens and enterprises. As the Philippines move towards the era of e-Government and e-Governance, the Government of Philippines will promote and increase the use of ICT in their administration, allowing a more innovative, transparent and efficient Government, thereby improving the country's competitiveness. In 2012, Philippines ranked 88th in its e-Government services as compared to other global markets, and the Government of Philippines targets for Philippines to be among the top 50 countries in terms of its e-Government services by 2016. Furthermore, among the strategic thrusts of the PDS are the IT industry and business innovation for national development. As the Philippines' awareness of the importance of IT in many industries and companies increases, the Government of Philippines will start to assist smaller companies without the resources to integrate IT into their workplace.

As both the Government of Philippines and enterprises begin to incorporate the use of IT in their workplace, this will lead to the need for managed IT services to cater for the growth in the industry.

Thailand

The Government of Thailand introduced "Smart Thailand 2020" which is aimed at increasing its citizen's standard of living towards ICT for sustainable growth of the nation. The four (4) "Smart" strategies encompass smart network, smart government, smart business and smart people. These strategies are supported by the "ICT SHIFT the Future of Thailand" policy. This policy will support the realisation of the "Smart" strategies by implementing procedures. These strategies are supported by the "ICT SHIFT the Future of Thailand" strategies which benefits six (6) aspects of the country, i.e. quality of life, education, industry and business, energy and environment, Thai entrepreneurship as well as the creative industry. Strategies under the quality of life aspect for "ICT SHIFT the Future of Thailand" include the development of e-Government services to provide the public with easy access to Government services and the development of telecommunications and communications for the public. The education aspect includes the development of a knowledge management database for the public, while the industry and business aspect include the digitalisation of supply chain networks to encourage product effectiveness. The energy and environment aspect includes the adjusting and adapting of ICT to improve current Government working procedures through the adoption of teleconference service systems, paperless business solutions, and data storage and backup solutions. Meanwhile, the Thai entrepreneurship aspect includes building channels to create international and local opportunities for trading and supporting the use of ICT technology to connect raw material resources, labour, and knowledge and technology resources, while the creative industry aspect includes building channels to connect innovative Thai entrepreneurs.

⁸ Based on United Nations e-Government survey

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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By increasing and upgrading the IT infrastructure and educating its citizens about IT, both its citizens and the Government will be able to incorporate ICT into their daily life, businesses and Government administration, whilst encouraging the ICT sector to boost their international competitiveness. As the country adapts to the use of ICT in more applications, there will be an increase in demand for managed IT services.

Vietnam

The Socialist Republic of Vietnam plans to restructure its economy in view of achieving the status of an industrialised country by 2020. The Strategy for Science and Technology Development for the period between 2011 and 2020 was constructed to develop science and technology to an advanced and modern level when compared to SEA standards. Some of its tasks are to continue promoting ICT so that its contribution to GDP will reach 8-10%, in order to encourage researchers to master various IT fields, to encourage businesses to invest in technological activities, to develop a new e-government system, and to provide online services in Vietnam. The Government of Vietnam aims to ensure that science and technology contributes to a significant part of the economic growth of the economy, thus targeting transaction value of the science and technology market to increase by about 15-17% annually.

As the nation increases the incorporation of ICT in more applications, there will be an increase in demand for managed IT services.

Indonesia

Indonesia's Master Plan for the Acceleration and Expansion of Indonesia's Economic Development, better known by its abbreviation MP3EI, was adopted with a vision of Indonesia becoming amongst the top ten (10) largest economies in the world from a GDP per capita of USD3,000 to US15,000 by 2025. In 2013, the ICT spending in Indonesia reached USD32.8 billion, and this is expected to grow in line with the economic development of the country. Although infrastructure and industrial investments have taken most of the limelight, one of the key strategies of this plan is to strengthen national and international connectivity by improving ICT networks to facilitate all economic and Government activities. This strategy is supported through some of the plans including the development of national internet exchange at growth centers and the utilisation of ICT to facilitate trading activities at regional ports. As Indonesia begins to facilitate the use of ICT, managed IT services will grow in line.

Myanmar

The Government of Myanmar has developed an ICT Master Plan under the Framework for Economic and Social Reform to grow the ICT industry in the country and strengthen its competitiveness by promoting ICT and knowledge management. Among some of the efforts under this ICT Master Plan include the development of an e-Government national portal, in which the Government of Myanmar has formed a steering committee to undertake and oversee its development and implementation. Furthermore, the Government of Myanmar is also in the midst of liberalising its telecommunications sector in light of growing the industry. The Government intends to privatise the state owned Myanmar Post and Telecommunications and foreign investors have also been invited to bid for national telecommunications licenses in order to increase the competitiveness of the industry. As the ICT industry develops in the Myanmar, it is expected that this the managed IT services industry will follow suit.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Emergence of Internet-enabled Computing and Virtualisation Technology

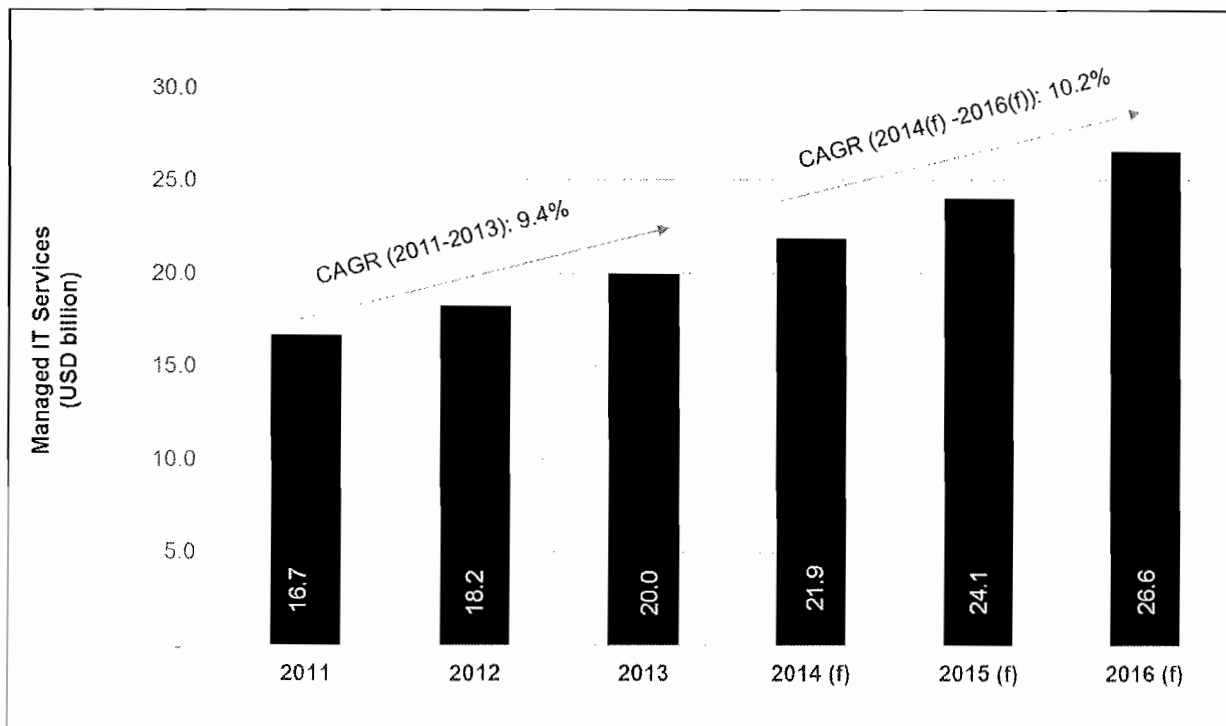
The evolution of internet-enabled computing and virtualisation technology has also transpired growth for the managed IT services industry. This technology enables remote monitoring and management of IT solutions, allowing managed IT services to provide its services to clients or end-users in a more efficient and shorter time period. Apart from that, the flexibility and scalability of IT resources which internet-enabled computing and virtualisation technology enables today is another driving factor for end-users to procure managed IT services. It is expected that with the managed IT service providers will be able to leverage on the ever evolving advancement of the internet-enabled computing and virtualisation technology to offer its end-users with value-added advantages.

Market Growth, Outlook and Prospects

Similar to the global managed IT services industry, the managed IT services industry in SEA comprises, among others, IT resources and infrastructure management services, network and communication IT solutions, security and protection solutions as well as enterprise data management managed services. The managed IT services industry in SEA illustrated healthy growth rates over the period 2011 to 2013, growing from USD16.7 billion (RM51.1 billion) in 2011 to approximately USD20.0 billion (RM63.4 billion) in 2013 at a CAGR of 9.4%.

With the growth in the number of established enterprises and in line with the growing population and economies in the SEA market and favorable Government IT initiatives, managed IT services will continue to attract the attention of businesses, including both smaller enterprises and SMEs. In addition, managed IT services is expected to continue to gain traction with the increase in awareness on the advantages of managed IT services such as the reduction of high upfront capital investments and higher operational efficiency. As such, the managed IT services industry in SEA is forecast to grow at a CAGR of 10.2% from USD21.9 billion (RM69.4 billion) in 2014 to USD26.6 billion (RM84.3 billion) in 2016.

Managed IT Services (SEA), 2011 – 2016 (f)



6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Year	Industry Size	
	USD billion	RM billion
2011	16.7	51.1
2012	18.2	56.0
2013	20.0	63.4
2014 (f)	21.9	69.4
2015 (f)	24.1	76.4
2016 (f)	26.6	84.3
CAGR (2011-2013)	9.4%	
CAGR (2014-2016)	10.2%	

Notes:

- Exchange rates from USD to RM between 2011 and 2013 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia:
2011 : USD1 = RM3.0572
2012 : USD1 = RM3.0785
2013 : USD1 = RM3.1700
- Exchange rates from USD to RM between 2014 and 2016 were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia for 2013 at USD1 = RM3.1700

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Key Supply Conditions and Dependencies**Availability of Hardware and Software Applications**

The hardware and basic operating software required for managed IT services in SEA, such as servers, computers, storage devices and software solutions are readily available from IT vendors. In the enterprise data management industry, principals and vendors are typically global data management companies, and include the likes of EMC Corporation, Hewlett-Packard Company, IBM Corporation and Quantum Corporation. Hence, data management hardware and basic operating software used in SEA is generally imported from these principals and vendors.

However, the value-added software and solutions required for this industry, which is required to customise, configure, implement and maintain solutions and services provided to a customer, are usually developed in-house by the enterprise data management companies, or local representatives of the principals and vendors, in SEA. The locally developed value-added software and solutions are considered the technology value-add provided by the local players in SEA.

The hardware required for managed IT services in SEA, such as servers, computers and other physical equipment are easily available through local IT distributors and vendors. The software required for the industry is generally classified into two categories: generic third party software required as basic operating systems, and proprietary software solutions used to customise, configure, implement and maintain solutions and services provided to a customer. Third party software is readily available through the many existing IT vendors, while proprietary software solutions are typically developed in-house by the managed IT service providers.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Human capital

In the managed IT services industry, it is necessary to hire a team comprising personnel with the required technical skills and capabilities to develop and implement the technology. Generally, the SEA market, such as in Malaysia, Singapore and the Philippines has not seen a shortage of supply of skilled personnel with backgrounds in IT.

Number of IT Graduates (SEA), 2010-2012

Countries	Number of IT Graduates		
	2010	2011	2012
Malaysia	22,280	17,856	26,527
Singapore	4,984	5,059	5,104
Philippines	45,830	49,913	54,113

Note:

Data is as at 2012 in order to be consistent with the latest publicly available information for the countries above.

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Product / Service Substitution

Managed IT services is viewed as a technological revolution that has led to a shift in the way IT solutions are implemented and managed today. By adopting managed IT services, end-users are presented with an effective cost-saving option to utilise computing resources as a service, as opposed to purchasing hardware and software to be installed on-premise. As such, managed IT services effectively serves as an alternative to the existing practice of owning IT resources and infrastructure.

Reliance and Vulnerability to Imports

The managed IT services industry in the SEA market is not reliant on imports, with most client and end-users procuring IT services from local service providers. The industry is a service-based industry and requires the necessary hardware, software and skilled personnel that enables industry players to develop and offer these services to local clients and end-users. Generally, the industry is not vulnerable to imports as the required third party hardware and software are readily available in SEA through local vendors and suppliers as well as technology partners.

Relevant Laws and Regulations

Some of the laws and regulations which apply to industry players operating in the managed IT services industry in SEA include:

Guidelines in Relation to Data Protection

Although each country has separate laws and regulations pertaining to data protection, in general the objectives of such regulations are similar, with the aim to regulate the processing of personal data by data users in commercial transactions, and to safeguard the interests and rights of individuals or data subjects. As such, these such regulations apply to anyone who processes personal data of an individual in commercial transactions. The consequences of breaching such regulations are typically severe. Aside from the negative publicity, penalties for non-compliance with these regulations usually include fines for companies and/or fines and imprisonment for directors and officers of the company, though the extent to the penalties varies amongst countries.

Such regulations are termed differently in different SEA countries. While in Malaysia and Singapore this regulation is referred to as the "Personal Data Protection Act", Indonesia terms this regulation as "Data Protection Regulation".

Guidelines in Relation to the Management of IT Environment

To strengthen and enhance the level of IT management in banking institutions, the national banks of Malaysia, Bank Negara Malaysia and the Monetary Authority of Singapore has issued guidelines for these purposes. These guidelines place the responsibility on the Board and senior management of enterprises for implementing good IT governance and risk management practices. The guidelines set the minimum requirements on system security, system development and operations in an IT environment to ensure appropriate controls are in place to safeguard the institution's systems, data and information. To ensure timely resumption of critical IT operations in the event of a disaster, banking institutions are required to establish an appropriate business resumption and contingency plan. The implementation of the requirements and best practices would enable the institutions to minimise the risks associated with service interruptions, unauthorised access to customers' information, fraud and loss of customers' confidence.

With these guidelines in place, the onus falls on the banking institutions to either ensure that the appropriate measures and controls are put in place or appoint a managed IT service provider capable of managing disaster recovery and ensuring business continuity.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

7 ENTERPRISE DATA MANAGEMENT MANAGED SERVICES: OPPORTUNITY ANALYSIS IN SEA

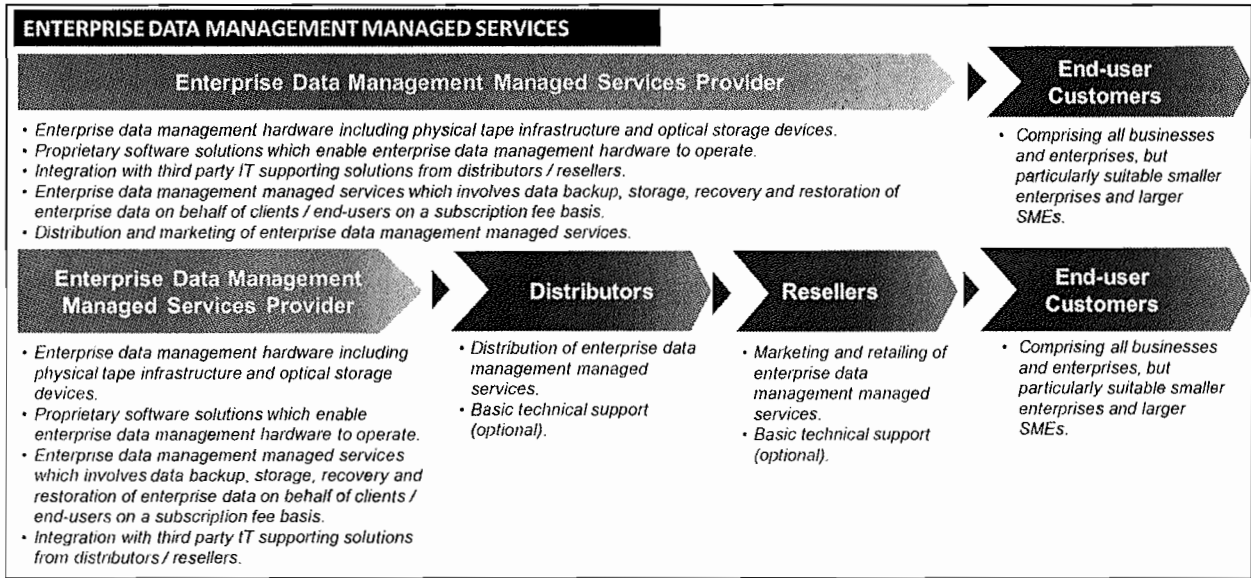
Data Storage, Protection and Recovery within a Managed IT Service Model

Enterprise data management managed services is leading a shift in the way enterprise data management is performed today. Traditionally, in most enterprises, hardware and software such as servers and storage devices require high investments, periodic upgrading and dedicated IT personnel, but often suffer from excess capacity. Thus, existing data management solutions may be ridden with inefficiencies due to low utilisation rates of resources.

Similar to any other managed IT service model, the introduction of the managed IT service model in enterprise data management allows clients or end-users to procure data management solutions in a flexible and scalable manner. Consumers and enterprises now have an option to access enterprise data management resources extensively through a subscription fee model. The concept allows users to almost immediately increase capacity and store data, as well as receive services to recover and restore data in the event of data corruption or disaster, without needing to invest in additional infrastructure or IT personnel. The enterprise data management service model also promotes the same benefits which the managed IT services model offers, which are operational efficiency and productivity improvement, access to expertise and advanced technology as well as flexibility and scalability.

Typically, enterprise data management managed service providers replace enterprise data management solutions providers as well as distributors and resellers in providing clients or end-users with a comprehensive set of data management solutions. Most data management service providers procure their data management hardware devices from established third party manufacturers or developers and integrates these solutions with their in-house technical expertise to provide data storage, protection and recovery services to clients or end-users directly. As this is a relatively low cost option for enterprises to procure enterprise data management solutions, enterprise data management managed services is suited for all types of businesses, including smaller enterprises and SMEs.

An Illustration of the Enterprise Data Management Managed Services Industry



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Enterprise data management service providers may deliver services to clients in a number of service delivery models, among them include:

- Managed monitoring
- Hosted monitoring

Managed Monitoring

Managed monitoring is a method of service delivery for real-time managed services whereby the network setup and equipment are built and owned by the client and resides on the client's premise. The enterprise data management managed service provider is engaged to manage and monitor the client's data protection and assurance services either remotely, or through assigning on-site personnel. This configuration is typical of high security requirements such as by Government organisations or financial institutions where sensitive data resides within the network.

Hosted monitoring

Hosted monitoring is defined as the shared or dedicated real-time enterprise data management managed services delivered on equipment housed on the service provider's premises and are fully managed by the service provider. The client is not required to buy, install and/or maintain any storage equipment and is able to enjoy similar functions as those with storage equipment installed on its own premises. The advantages of a hosted solution is that an organisation is not required to invest in expensive equipment and incur high maintenance/upgrading costs, instead they may take advantage of a monthly subscription or usage fee imposed by the enterprise data management managed service provider for the services delivered remotely.

Competitive Landscape

The competitive landscape for the enterprise data management managed services industry is similar to that of the enterprise data management industry.

The competitive landscape of the global enterprise data management managed services industry consists of the same global enterprise data management industry players such as EMC Corporation, IBM Corporation, Hewlett-Packard Company, Symantec Corporation, Quantum Corporation and Oracle Corporation. Many of these incumbent industry players have expanded from traditional enterprise data management services to enterprise data management managed services, driven largely by growth in internet bandwidth and in internet-enabled computing and virtualisation technology. These existing industry players have a competitive advantage in enterprise data management managed services as they have proven technologies, are able to leverage on their existing distribution channels and customer base, as well as have established branding in the enterprise data management industry.

In SEA, the competitive landscape of the enterprise data management managed services industry consists mainly of local operating companies of these global industry players or local companies which have formed partnerships with these global enterprise data management industry players. These local operating companies and local partners are able to leverage on the established branding of the global industry players as well as receive product and technology support.

While managed IT services is regarded as a competitive industry due to its mature market lifecycle, the enterprise data management managed services industry remains a niche, specialised industry and thus, is considered to be an emerging industry with growth potential.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

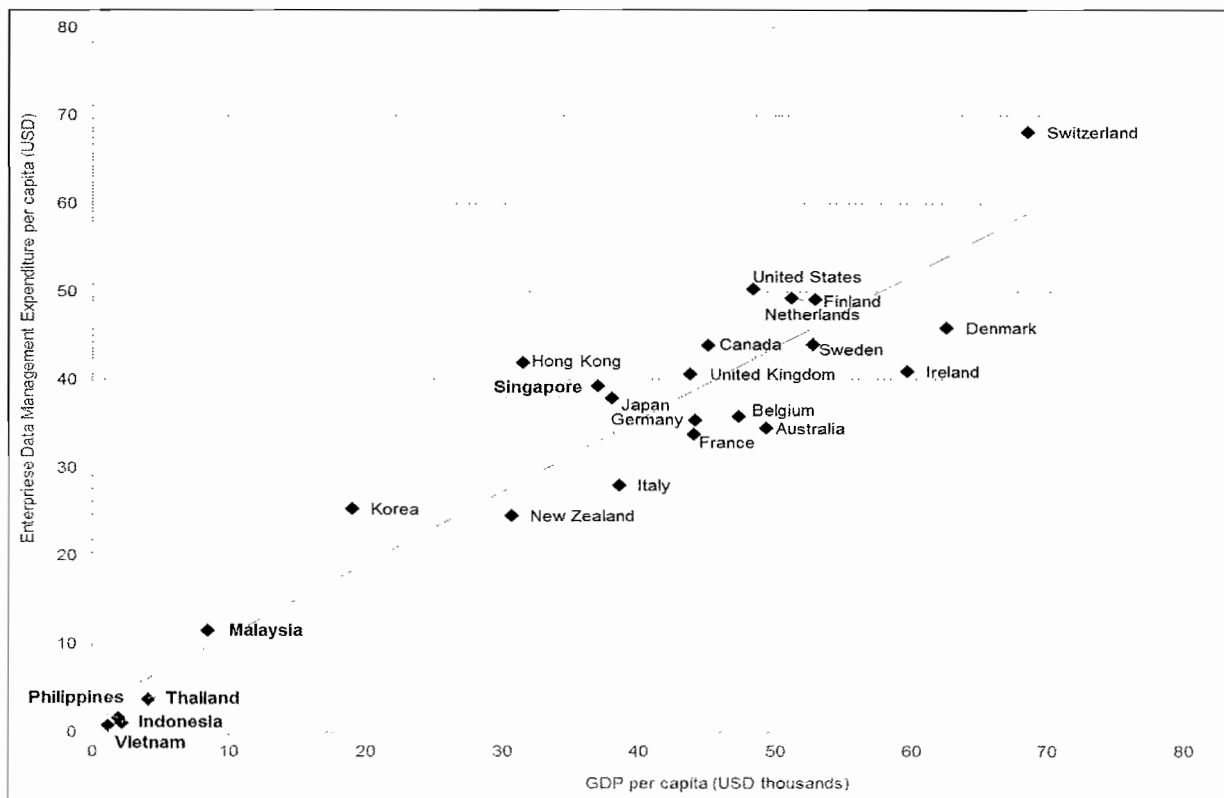
Opportunities, Outlook and Prospects in the SEA Market

Although the enterprise data management managed services industry is still a nascent industry, the enterprise data management industry itself is a relatively mature industry having been in existence since the 1950s. As an alternative avenue for end-users to procure comprehensive enterprise data management solutions, the enterprise data management managed services industry is expected to grow as the level of awareness on its advantages rises. Thus, in order to identify the growth opportunities for the enterprise data management managed services industry, it is important to understand the key factors that had led to the growth of the enterprise data management industry through assessing global trends.

Based on global trends, the per capita expenditure on enterprise data management solutions is correlated with the economic development of a country. The growth of the enterprise data management industry and its correlation to economic development can be seen across developed countries that exhibit relatively high GDP per capita, as well as in developing economies with lower GDP per capita. This correlation suggests higher adoption of enterprise data management services as economies develop and per capita income of a country rises.

Developed countries such as the United States, the United Kingdom, Canada, Finland, Switzerland, Singapore and Japan, among others, with GDP per capita in excess of USD30,000, recorded enterprise data management expenditures of between USD30 and USD50 per capita. On the other hand, developing countries including SEA countries such as Malaysia, Vietnam, Philippines and Thailand, with GDP per capita of USD10,000 and below, registered per capita expenditures on enterprise data management of approximately USD10 or less.

Relationship between Enterprise Data Management Expenditure per capita and GDP per capita (Selected Countries, Global)



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

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Countries with higher GDP per capita have more developed economies, which stems from high levels of business activities. Corporations and enterprises in these countries are generally larger in size and consequently, would have higher budget allocations for IT expenditure. Coupled with more developed IT industries, this increases the ability for corporations and enterprises to procure enterprise data management solutions, leading to more established markets for these services.

As the SEA economies develop, and drawing from the above correlation, the enterprise data management industry would inevitably grow in tandem. The key driver for growth in SEA, where enterprises and corporations may still have smaller IT budgets compared to their peers in the developed economies, is expected to be through enterprise data management managed services as the cost of entry is significantly lower, where substantial upfront investment cost is not required under a managed service delivery model. This will enable SEA countries such as Malaysia, Indonesia, Philippines, Thailand and Vietnam to narrow the gap between their expenditure on enterprise data management compared to that in the developed countries, subsequently promoting future growth in the enterprise data management industry in the SEA region.

Enterprise data management managed services can offer clients or end-users the benefits of low upfront capital expenditure and promote higher operational efficiency. With continuous digitalisation occurring worldwide, the demand for enterprise data management solutions is no longer limited to large corporations and international organisations, but will also rise from smaller enterprises and SMEs. As a large majority of enterprises in the SEA market consist of smaller enterprises and SMEs, the benefits of enterprise data management managed services would appeal to clients and end-users in SEA.

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8 PROSPECTS AND OUTLOOK FOR KRONOLOGI ASIA BERHAD

The global enterprise data management industry had an industry size of USD31.0 billion (RM109.2 billion) in 2009, and this grew to USD38.8 billion (RM123.0 billion) in 2013. The healthy CAGR of 5.8% illustrated by the global enterprise data management industry between 2009 and 2013 is driven by the increased volume of digital data, the importance of digital data to enterprises, growth in the number of enterprises, and the emergence of internet-enabled computing and virtualisation technology. The growth in the number of enterprises can be largely attributed to the developing economies from the Asia Pacific region in particular. Additionally, requirements for storage capacity is also increasing amongst enterprises due to the growing importance of IT in the business environment, an increase in usage of devices such as smartphones, tablets and computers as well as the decreasing cost for IT equipment and storage media. Supported by these key driving factors, the global enterprise data management industry is forecast to grow by a further CAGR of 5.8% between 2014 and 2016 to reach approximately USD46.0 billion (RM145.8 billion) by 2016.

Compared to worldwide growth, the enterprise data management industry in SEA experienced higher growth with a CAGR of 7.1% between 2009 and 2013, growing from USD577.9 million (RM2.0 billion) in 2009 to approximately USD759.6 million (RM2.4 billion) in 2013. The enterprise data management industry in SEA is still in its early growth stage and thus, has significant room for growth as compared to the global landscape which is a more mature industry. In 2013, the SEA enterprise data management industry consisted of approximately 2.0% of the global enterprise data management industry. Nevertheless, with the increasing number of enterprises established coupled with favorable Government IT initiatives in the SEA market, the enterprise data management industry is forecast to grow at a CAGR of 7.3% between 2014 and 2016 to reach USD937.3 million (RM3.0 billion) in 2016. This is supported by the correlation between GDP per capita and per capita expenditure on enterprise data management solutions, where countries with higher GDP per capita have greater per capita expenditure on enterprise data management, and vice-versa. Countries in SEA, while presently still experiencing relatively low GDP per capita have immense economic growth potential, thus suggesting a long term upward trend in expenditure on enterprise data management.

Enterprise data management managed services is leading a shift in the way enterprise data management is performed today. As an alternative avenue for end-users to procure comprehensive enterprise data management solutions, enterprise data management managed services is expected to drive overall growth in the enterprise data management industry, as the level of awareness on its benefits and advantages rises with increased education and promotion by industry players. Enterprise data management managed services can offer clients or end-users the benefits of low upfront capital expenditure and promote higher operational efficiency. With continuous digitalisation occurring worldwide, the demand for enterprise data management solutions is no longer limited to large corporations and international organisations, but will also rise from smaller enterprises and SMEs. As a large majority of enterprises in the SEA market consist of smaller enterprises and SMEs, the benefits of enterprise data management managed services would appeal to the SEA market. Although the enterprise data management managed services industry is a nascent industry, particularly in SEA, the SEA market is already receptive to the managed IT services industry, witnessed by its CAGR of 9.4% over the period between 2011 (USD16.7 billion or RM51.1 billion) and 2013 (USD20.0 billion or RM63.4 billion). The managed IT services industry is forecast to continue to grow to USD26.6 billion (RM84.3 billion) in 2016 at a CAGR of 10.2% between 2014 and 2016, and part of this growth is expected to be attributed to the growth in enterprise data management managed services.

Kronologi Asia Berhad, as one of the industry players in the enterprise data management industry, shows potential to reap the benefits of the growing industry. In 2013, Kronologi Asia Berhad's market share in SEA was 1.8% based on Kronologi Asia Berhad's proforma revenue in the FYE 31 December 2013. Meanwhile, Kronologi Asia Berhad's obtained a market share of 3.0% in Singapore, where it is based, based on its segmental revenue from enterprise data management solutions in Singapore in the FYE 31 December 2013. As the company is well-positioned to benefit from the opportunities arising from the growing SEA market, Kronologi Asia Berhad's future growth is expected to be positive.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT**7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDER****7.1.1 Promoters and substantial shareholder's shareholdings**

The details of our promoters and substantial shareholder and their shareholdings in our Company before (based on the Register of Members and Register of Substantial Shareholders as at the LPD) and after the IPO are as follows:-

Promoters and/or substantial shareholder	Nationality	Before the IPO			After the IPO		
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Piti Pramotedham	Singaporean	125,677,968	70.71	-	-	125,677,968	53.03
Teo Chong Meng Philip Dominic	Singaporean	-	-	-	-	250,000*	0.11

Note:-

* Assuming all pink form share allocation is fully taken up.

7.1.2 Profile of Promoters and substantial shareholder

The profiles of our Promoters and substantial shareholder, who are also our Directors and key management, are set out in Section 7.2.2 and Section 7.4.2 of this Prospectus.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

7.1.3 Changes in our Promoters' and substantial shareholders' shareholdings

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since incorporation to the LPD are as follows:-

Promoters and/or substantial shareholders	As at 25 October 2013 (Date of incorporation)				As at 16 January 2014			
	<-----Direct-----> No. of Shares	%	<-----Indirect-----> No. of Shares	%	<-----Direct-----> No. of Shares	%	<-----Indirect-----> No. of Shares	%
Piti Pramotedham	1	50.00	-	-	9,999	99.99	-	-
Teo Chong Meng Philip Dominic	-	-	-	-	-	-	-	-
Ooi Bee Chin*	1	50.00	-	-	1	0.01	-	-

As at the LPD

Promoters and/or substantial shareholders	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Piti Pramotedham	125,677,968	70.71	-	-
Teo Chong Meng Philip Dominic	-	-	-	-
Ooi Bee Chin*	-	-	-	-

Note:-

* First director and shareholder at the incorporation of Kronologi Asia Sdn Bhd and ceased as a shareholder and director since 25 February 2014.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

7.2 DIRECTORS

7.2.1 Our Board comprises the following members:-

Name	Age	Nationality	Date of Appointment	Designation
Piti Pramotedham	50	Singaporean	25 October 2013 (First Director)	Executive Chairman/ Group CEO
Teo Chong Meng Philip Dominic	47	Singaporean	5 June 2014	Executive Director/ CTO
Tan Wee Seng Gerard	60	Singaporean	5 June 2014	Senior Independent Non-Executive Director
John Chin Shoo Ted	62	Malaysian	5 June 2014	Independent Non- Executive Director
Lee Wai Cheong	47	Malaysian	5 June 2014	Independent Non- Executive Director

7.2.2 Profiles

The profiles of the Directors of our Group are as follows:-

Mr. Piti Pramotedham, Executive Chairman/ Group CEO

Mr. Pramotedham, a Singaporean, aged 50, is our Executive Chairman/ Group CEO since 5 June 2014. He is Kronologi Group's investor and founder/ first director of Kronologi on 25 October 2013 and currently leads the strategic business planning, development and operations of our Group. He has more than 25 years of experience in enterprise IT and enterprise risk management.

Mr. Pramotedham graduated from the National University of Singapore with a Bachelor of Engineering in 1988. Upon graduation, he began his career in the IT industry when he joined Hewlett Packard Pte. Ltd. ("HP") as an accounts executive in 1989. His first portfolio was in workstation district where he assisted to discover and develop three (3) of the largest HP commercial workstation accounts. He also established HP's presence in two large government accounts from a major competitor's stronghold. In 1991, he was in charge of SME Horizontal Accounts where he pioneered SME market segment selling through selective alliances with HP value-added resellers ("VARs") and independent software vendors ("ISVs"). In this role, he successfully recruited and developed two (2) new ISVs and was involved in developing and positioning HP in a multi-million dollar project for a new account. In 1992, he was appointed to manage HP's Dealer Management portfolio where he was responsible for improving and maintaining relationship with key HP business channel partners as well as introducing innovative sales incentive programs to increase sales.

Mr. Pramotedham left HP in 1993 and joined Computer Associates ("CA") Pte. Ltd. (Singapore) as Accounts Manager. He was responsible for developing new accounts for CA's new product lines as well as maintaining and growing the business of CA's key major accounts. During his two (2) years in this position, his commendable performance had resulted in his promotion to Country Manager in Singapore in 1995. In this new role, he personally developed major business opportunities with the Singapore government and successfully recruited NCS as a channel partner for Computer Associates Pte. Ltd.. He was accorded the Top Sales Manager for Asia Region Award in 1996.

In 1997, he assumed the role of Managing Director for Computer Associates Sdn Bhd (Malaysia) where he oversaw CA's operations in Malaysia. Mr. Pramotedham continued to develop and strengthen CA's channel partners and led the team to successfully establish several major accounts from CA's competitors, amongst others, universities,

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

telecommunications provider, oil and gas company and major banks. He also actively promoted CA's image through branding campaigns and marketing events, including partnerships with educational institutions. In addition, he was involved in establishing the Malaysia Missing Children Program with the government.

Following his successful stint in Malaysia, he was appointed as the Managing Director for Computer Associates International Limited (Hong Kong) in 1999. His portfolio was expanded in 2000 when he was also appointed as the Managing Director for Computer Associates Philippines. Amongst the notable achievements in this dual role include leading the sales and technical team in the transformation from a product sales approach to a solution sales approach and the integration process arising from the acquisition by CA of Platinum Technology group. Mr. Pramotedham continued to successfully establish major accounts in Hong Kong with major banks, large entertainment provider and telecommunications provider. He was also significantly involved in the negotiations and eventual strategic partnership via a joint venture company between CA and Cable and Wireless HKT (now known as Pacific Century Cyberworks, PCCW), which targeted to deliver integrated electronic business solutions via broadband network access.

Mr. Pramotedham then became the Managing Director of CA for SEA in 2000 and was responsible for CA's operations in Singapore, Malaysia, Thailand, Indonesia and Philippines. He drove an aggressive business expansion through the implementation of a multi layer partnership program in SEA which resulted in more than 40 new accounts. He also conceptualised and implemented a new value-added distributor ("VAD") model i.e. a distributor with additional function to identify, recruit, train and support new system integrators, in Singapore, Malaysia and Indonesia. In addition, he was CA's representative for the 5th MSC International Advisory Panel meeting which was chaired by the then Prime Minister Tun Dr Mahathir Mohamad.

In 2002, his portfolio as Managing Director increased to include responsibility for CA's operations in India. He was instrumental in growing India's operations and secured major accounts in several major banks and a government authority. He was also appointed and served as a Board member for C&S System Technology Pvt. Ltd., a joint venture company between CA and Satyam Computer Services. In addition, he assisted to establish CA's business expansion efforts into Bangladesh, Vietnam and Sri Lanka.

Mr. Pramotedham took up a new challenge in 2006 and joined Deloitte & Touche Singapore ("**Deloitte**") as Equity Partner and Lead Partner for the Enterprise Risk Services practice in SEA. He was subsequently also appointed as the Head of Risk Consulting Singapore in 2010. During his tenure at Deloitte, he was responsible for developing governance, risk management and compliance ("**GRC**") service lines, which involves implementing a complete solution covering both process improvement and IT technical solution, across SEA Deloitte member firms. He also established technology practice with key technology alliance e.g. CA, SAP, HP etc and successfully won new clients in SEA, such as a Singapore government ministry, a major bank in Malaysia and a computer services company in Thailand. He left Deloitte in 2011 and invested and founded Kronologi in 2013.

Alongside his successful career, Mr. Pramotedham was also an Inaugural Co-Chairman for Deloitte Global Centre for Corporate Governance, Chairman for Deloitte APAC Centre for Corporate Governance, Vice-Chairman of the Executive Committee of the Singapore Infocom Technology Federation (SiTF) as well as the inaugural Chairman of the SiTF Security Chapter.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Mr. Teo Chong Meng Philip Dominic, Executive Director/ CTO

Mr. Teo, a Singaporean, aged 47, is our Executive Director/ CTO. He is the pioneer employee in QSA. He leads and manages the overall technology development as well as oversees the daily operations of our Group. He was appointed to our Board on 5 June 2014.

Mr. Teo graduated with a Bachelor of Science in Computer Science from University of San Francisco, California, USA in 1987 and he holds a Graduate Diploma in Business Administration from Singapore Institute of Management. Upon graduation, he was in National Service for two (2) years. He began his career in 1991 when he joined SiS Technologies Pte. Ltd. as a Network Specialist and in 1993, he became a Consultant at Pilot Software Pte. Ltd. In 1994, he was a Regional Technical Consultant in Attachmate Asia Pte. Ltd. and in 1996, he joined Accton Technology Corp Pte. Ltd. as a Systems Network Engineer. He subsequently garnered experience in sales and marketing when he was appointed as a Sales Manager in 1997 and a Marketing Manager in 1998 at Accton Technology Corp Pte. Ltd. In 2002, he joined as a pioneer employee of QSA and was promoted to Regional Director, South Asia before assuming his present role as a CTO on 5 June 2014.

Mr. Teo has over 20 years of experience in storage solutions, software programming and network architecture. During his tenure in our Group, he has been instrumental in developing our Group's presence in SEA and India and had established sales and technical support offices across several countries in SEA including Malaysia, Indonesia and Thailand.

Mr. Tan Wee Seng Gerard, Senior Independent Non-Executive Director

Mr. Tan Wee Seng Gerard ("**Mr. Gerard Tan**"), a Singaporean, aged 60, is our Senior Independent Non-Executive Director. He was appointed to our Board on 5 June 2014. Mr. Gerard Tan qualified as a Chartered Accountant of The Institute of Chartered Accountants (England and Wales) in 1982 and is a Fellow of the Institute of Singapore Chartered Accountants.

Mr. Gerard Tan joined Coopers & Lybrand, Singapore upon graduating from the University of Singapore with a Bachelor of Accountancy (Hons) in 1978. He was then posted to Coopers & Lybrand, London, during which he furthered his studies and obtained his qualification as a Chartered Accountant. He subsequently became a trained IT auditor in 1982 and returned to Coopers & Lybrand, Singapore in the same year. In 1994, Mr. Gerard Tan was admitted as a Partner in Coopers & Lybrand, Singapore, and he continued as a Partner in PricewaterhouseCoopers, Singapore and PricewaterhouseCoopers Services, Singapore, after the merger between Pricewaterhouse and Coopers & Lybrand in 1999. He was appointed as a Director of PricewaterhouseCoopers Management Services Pte. Ltd. in 2008. In 2009, he continued to serve as a Partner of PricewaterhouseCoopers LLP and PricewaterhouseCoopers Services LLP, and appointed as a Director of PricewaterhouseCoopers Advisory Services Pte. Ltd. In 2010, he was also a Director of PricewaterhouseCoopers Business Advisory Services Pte. Ltd. Overall, Mr. Gerard Tan spent 34 years holding various leadership positions with Coopers & Lybrand and PricewaterhouseCoopers before retiring in 2012.

Mr. Gerard Tan's key experiences during his tenure with Coopers & Lybrand and PricewaterhouseCoopers has been in auditing, advising on financial and IT controls/security, risk assessments, technology due diligence reviews, third party assurance, internal audit services, business continuity planning and IT disaster recovery planning.

In 2005, he was awarded the Pingat Bakti Masyarakat or PBM (Public Service Medal) for his work at SUN-DAC, a non-profit organisation which provides programmes for individuals with intellectual disabilities. Presently, he is also an Independent Director and a member of the Audit Committee for Teckwah Industrial Corporation Ltd. since February 2013.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)**Mr. John Chin Shoo Ted, Independent Non-Executive Director**

Mr. John Chin Shoo Ted (“**Mr. Chin**”), a Malaysian, aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 5 June 2014. Mr. Chin graduated from Victoria University of Wellington, New Zealand with a Bachelor of Arts in Philosophy and Political Science in 1973 and Bachelor of Laws in 1976. He is also a certified personal, inter-personal and corporate Trainer under the Ministry of Human Resources, Malaysia.

Upon graduation, Mr. Chin joined private legal practice as a barrister and solicitor where his areas of focus were in conveyancing, criminal, contracts and company law. In 1998, he left private legal practice and was involved in various social welfare activities benefiting the rural communities. Some of the notable projects he has been involved include conducting field studies in rural Sarawak as well as in Indonesia, Philippines, India and Sri Lanka in relation to education, personal hygiene, agriculture and micro businesses; establishing three (3) centres for Habitat for Humanity in Kuching, Sabah and Kuala Lumpur; leading a team to build houses for the poor and homeless in Sri Lanka and also under the “Jimmy Carter Habitat for Humanity Building Blitz” in the Philippines; as well as leading a Sarawak-based initiative to rebuild villages in Sumatra, Indonesia which were affected by the tsunami from 2003 to 2004. Mr. Chin was also the first National Director of Habitat for Humanity, Malaysia and was also involved in environmentally friendly projects with the local Government in Kuching in relation to the conversion of organic waste into fertilizer.

Mr. Chin founded Transformation Centre Berhad, which is a community-based organisation undertaking leadership training projects in the areas of Governance, Marketplace, Arts, Education, Sports and Social-communal work in Kuching in 2010. He is presently also the Chairman of the Board of Eden on the Park Sdn Bhd, a company undertaking a project on an integrated retirement resort and residential care in Kuching.

Mr. Lee Wai Cheong, Independent Non-Executive Director

Mr. Lee Wai Cheong (“**Mr. Lee**”), a Malaysian, aged 47, is our Independent Non-Executive Director. He was appointed to our Board on 5 June 2014. Mr. Lee graduated with a Bachelor of Business Administration from the University of Toronto, Ontario, Canada in 1993. Mr. Lee has about 20 years of experience including leadership positions in companies supplying and implementing IT solutions in SEA.

Upon graduation in 1993, Mr. Lee began his career at Hewlett Packard (SEA division) as a Channel Manager and after several years was promoted to Regional Channel Director of the Solutions Reselling Organisation. In 1999, Mr. Lee joined Silicon Graphic Inc., as Regional Director where he led the SEA team in selling and marketing IT solutions. In 2001, he left and co-founded SED Sdn Bhd, a company involved in hardware distribution. Mr. Lee subsequently joined Patimas Berhad as Executive Vice President in 2004 and throughout his two (2) years tenure in Patimas Berhad, he led and managed nine (9) subsidiaries, handling a diverse IT portfolio. He joined Sandz Solutions Sdn Bhd in 2007 as Regional Managing Director where he was responsible for developing and executing strategic plans. In 2011, he became Sales Director of the Financial Services department in SAS Institute Malaysia. He joined Infor in 2013 and assumed his current position as Regional Vice President of the Financial Solutions Group (South Asia).

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)**7.2.3 Directors' shareholdings**

The direct and indirect shareholdings of our Directors before (based on the Register of Directors' Shareholdings as at the LPD) and after the IPO are as follows:-

Directors	Nationality	Before the IPO			After the IPO		
		Direct	Indirect	%	Direct	Indirect	%
		No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%
Piti Pramotedham	Singaporean	125,677,968	70.71	-	125,677,968	53.03	-
Teo Chong Meng Philip Dominic	Singaporean	-	-	-	250,000*	0.11	-
Tan Wee Seng Gerard	Singaporean	-	-	-	326,700*	0.14	-
John Chin Shoo Ted	Malaysian	-	-	-	326,700*	0.14	-
Lee Wai Cheong	Malaysian	-	-	-	326,700*	0.14	-

Note:-

* Assuming all pink form share allocations are fully taken up.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

7.2.4 Principal business activities and directorships in other corporations for the past five (5) years

Save as disclosed below, none of our Directors have any principal business activities and directorship in any other corporations for the past five (5) years preceding the LPD:-

Directors	Company	Position Held	Date Resigned	Principal Activities
Piti Pramotedham	Littlemore Innovation Labs Pte. Ltd.	Non-Executive Director	N/A	Other information technology and computer service activities
	Kronicles (Asia) Pte. Ltd., Singapore	Executive Director	N/A	Investment holding with a subsidiary that has ceased operations
	Kronicles (Philippines) Inc, Philippines	Non-Executive Director	N/A	Ceased operations since May 2014
	Deloitte & Touche LLP, Singapore	Partner	01.01.2012	Assurance, taxation and advisory services
	Deloitte & Touche Enterprise Risk Services Pte. Ltd., Singapore	Executive Director	31.12.2011	Business and risk advisory services
Teo Chong Meng Philip Dominic	Kronicles (Asia) Pte. Ltd., Singapore	Executive Director	N/A	Investment holding with a subsidiary that has ceased operations
	Kronicles (Philippines) Inc, Philippines	Non-Executive Director	N/A	Ceased operations since May 2014
Tan Wee Seng Gerard	Teckwah Industrial Corporation Ltd., Singapore	Non-Executive Director	N/A	Investment holding and information technology services for customised printing, packaging and supply chain management solutions
	PricewaterhouseCoopers LLP, Singapore	Partner	30.06.2012	Public Accounting Firm
	PricewaterhouseCoopers Services LLP, Singapore	Partner	30.06.2012	Provision of tax, business management and consultancy services
	PricewaterhouseCoopers Management Services Pte. Ltd., Singapore	Executive Director	29.05.2012	Provision of general management services
	PricewaterhouseCoopers Advisory Services Pte. Ltd., Singapore	Executive Director	29.05.2012	Provision of accounting and advisory services
	PricewaterhouseCoopers Business Advisory Services Pte. Ltd., Singapore	Executive Director	29.05.2012	Provision of accounting and advisory services

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Position Held	Date Resigned	Principal Activities
John Chin Shoo Ted	H.I.P. Corporation Sdn Bhd, Malaysia	Non-Executive Director	N/A	Restaurant operator
	Whatmatters Sdn Bhd, Malaysia	Non-Executive Director	N/A	Management consulting services
	Optimum-Eden Healthcare Sdn Bhd, Malaysia	Non-Executive Director	N/A	Aged care and facilities, apartments and resorts and franchisee
	Eden-Optimum Management Sdn Bhd, Malaysia	Non-Executive Director	N/A	Owner and management of apartments and resorts, owner and management of aged care facilities and owner and promotion of franchise
	Eden-On-The-Park Sdn Bhd, Malaysia	Executive Director	N/A	Operating an active retirement living resort and nursing care resort
	Saujanaprise Transformation Centre Sdn Bhd, Malaysia	Non-Executive Director	N/A	Property management company
	Transformation Centre Berhad, Malaysia	Executive Director	N/A	Culture of Christian care and concern, promote social environment of Christian care and concern, to formulate and undertake the work of developing various platforms to promote the Christian care and concern
	Gracevale Development Sdn Bhd, Malaysia	Non-Executive Director	22.02.2010	Property development
	Habitat For Humanity 2000 (Malaysia), Malaysia	Executive Director	12.05.2010	To assist poor persons in Malaysia to improve their housing conditions through the establishment of a non-profit revolving fund and take other necessary actions in furtherance of these object
	C.T.S.Network Sdn Bhd, Malaysia	Executive Director	17.02.2010	Organising seminars on theological issues, project management and livestock trading
Kristal Kilat (S) Sdn Bhd, Malaysia	Non-Executive Director	28.12.2009	Provision of project costing & management	

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Company	Position Held	Date Resigned	Principal Activities
Lee Wai Cheong	Mindcube Sdn Bhd, Malaysia	Executive Director	01.06.2011	Dealer of information technology equipment of all kinds and consultant for technology and development services

7.2.5 Involvement of our Executive Directors in other businesses/corporations

Save as disclosed in Section 7.2.4 of this Prospectus, our Executive Directors are not involved in other businesses / corporations. The involvements of our Executive Directors in other businesses / corporations are not expected to affect the operations of our Group as they are principally involved in the day-to-day operations of our Group. Their involvement in the aforesaid companies are minimal as the companies are mainly investment holding companies or have ceased operations, hence this would not be expected to affect their performance in our Group.

7.2.6 Directors' remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 31 December 2013 and 2014 are as follows:-

	Remuneration Band (RM'000)	
	FYE 31 December 2013	Proposed for FYE 31 December 2014
Piti Pramotedham	700 – 750	950 – 1,000
Teo Chong Meng Philip Dominic	700 – 750	750 – 800
Tan Wee Seng Gerard	-	0 – 50
John Chin Shoo Ted	-	0 – 50
Lee Wai Cheong	-	0 – 50

Save as disclosed above and Section 7.7 of this Prospectus, the issuance of Kronologi Shares by our Company as consideration pursuant to the Acquisitions to Mr. Pramotedham and dividends paid to our shareholders, no other amounts or benefits has been paid or intended to be paid to our Promoters, substantial shareholder or Directors within two (2) years preceding the date of this Prospectus. The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits of our Directors, must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

7.3 BOARD PRACTICES

7.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:-

Name	Designation	Date of expiration of the current term of office	Period served
Piti Pramotedham	Executive Chairman/ Group CEO	At the first Annual General Meeting	Since 25 October 2013
Teo Chong Meng Philip Dominic	Executive Director/ CTO	At the first Annual General Meeting	Since 5 June 2014
Tan Wee Seng Gerard	Senior Independent Non-Executive Director	At the first Annual General Meeting	Since 5 June 2014
John Chin Shoo Ted	Independent Non-Executive Director	At the first Annual General Meeting	Since 5 June 2014
Lee Wai Cheong	Independent Non-Executive Director	At the first Annual General Meeting	Since 5 June 2014

At the first Annual General Meeting of the Company, all the Directors shall retire from office and at the annual general meeting in every subsequent year, one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. Notwithstanding any provision to the contrary contained in the Memorandum and Articles of Association, an election of the Directors of the Company shall take place every year and all the Directors shall retire from office once at least in every three (3) years. A retiring Director shall be eligible for re-election.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

7.3.2 Audit Committee

Our Audit Committee was established on 5 June 2014 and its members are appointed by our Board. Our Audit Committee comprises the following members:-

Name	Designation	Directorship
Tan Wee Seng Gerard	Chairman	Senior Independent Non-Executive Director
John Chin Shoo Ted	Member	Independent Non-Executive Director
Lee Wai Cheong	Member	Independent Non-Executive Director

The main functions of the Audit Committee include inter-alia, the review of audit plans and audit reports with our external auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope, functions, competency and resources of the internal audit procedures, review of the financial statements, nomination of the external auditors and review of related party transactions.

7.3.3 Remuneration Committee

Our Remuneration Committee was established on 5 June 2014 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:-

Name	Designation	Directorship
John Chin Shoo Ted	Chairman	Independent Non-Executive Director
Tan Wee Seng Gerard	Member	Senior Independent Non-Executive Director
Piti Pramotedham	Member	Executive Chairman / Group CEO

The main functions of the Remuneration Committee include inter-alia, the recommendation to our Board regarding the remuneration and terms of employment of the Executive Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Board members and assisting our Board in ensuring the remuneration of the Executive Directors are reflective of the responsibility and commitment of the Directors concerned.

7.3.4 Nomination Committee

Our Nomination Committee was established on 5 June 2014 and its members are appointed by our Board. Our Nomination Committee comprises the following members:-

Name	Designation	Directorship
Tan Wee Seng Gerard	Chairman	Senior Independent Non-Executive Director
Lee Wai Cheong	Member	Independent Non-Executive Director
John Chin Shoo Ted	Member	Independent Non-Executive Director

The main functions of the Nomination Committee include inter-alia, the review of all nominations for the appointment or re-appointment of members of our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, and to ensure that all our Directors undergo appropriate introduction and training programmes.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)**7.4 KEY MANAGEMENT****7.4.1 Key management shareholdings**

The details of our key management and their direct and indirect shareholdings in our Company before (based on the Register of Members as at the LPD) and after the IPO are as follows:-

Key management	Designation	Nationality	Before the IPO			After the IPO				
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Piti Pramotedham	Executive Chairman/ Group CEO	Singaporean	125,677,968	70.71	-	-	125,677,968	53.03	-	-
Teo Chong Meng Philip Dominic	Executive Director/ CTO	Singaporean	-	-	-	-	250,000 [^]	0.11	-	-
Johnny Tan Poay Koon	Regional Sales Director	Singaporean	-	-	-	-	222,500 [^]	0.09	-	-
Chan Wei Khuen	Group Finance Manager	Malaysian	-	-	-	-	110,000 [^]	0.05	-	-
Lai Ching Thing	Finance Manager of QSA	Malaysian	-	-	-	-	147,500 [^]	0.06	-	-

Note:-

[^] Assuming all pink form share allocations are fully taken up.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

7.4.2 Profiles

The profiles of the key management of our Group are as follows:-

Mr. Piti Pramotedham

Please refer to Section 7.2.2 of this Prospectus for his profile.

Mr. Teo Chong Meng Philip Dominic

Please refer to Section 7.2.2 of this Prospectus for his profile.

Mr. Johnny Tan Poay Koon, Regional Sales Director

Mr. Johnny Tan Poay Koon ("**Mr. Johnny Tan**"), a Singaporean, aged 48, is our Regional Sales Director. He is responsible for leading the sales team and oversees all business development activities across the SEA region. He graduated with a Bachelor of Science in Computer Science from the National University of Singapore in 1993. Upon graduation, he joined Racal Electronics (S) Pte. Ltd. as a Sales Engineer and subsequently promoted to Regional Manager where he was responsible for sales throughout SEA. In 1997, he joined IBM Singapore Pte. Ltd. as a Sales Manager where he handled networking solutions for several large and notable organisations. He later joined 3Com Singapore Pte. Ltd. in 2000 as a Sales Manager and promoted to Business Development Manager for the Enterprise Division. In 2002, he joined EMC Singapore Pte. Ltd. as a Sales Manager and subsequently Storage Tek Singapore Pte. Ltd. as a Senior Accounts Manager. In 2004, he joined QSA as a Sales Manager and was promoted to his current position as Regional Sales Director for SEA in 2005.

Mr. Johnny Tan has over 20 years of sales experience in enterprise IT and data management. Over the last two (2) decades, he has built a strong network of clients across various industries in SEA including telecommunication, manufacturing, transport and logistics as well as the Government sector.

Mr. Chan Wei Khuen, GFM

Mr. Chan Wei Khuen ("**Mr. Chan**"), a Malaysian, aged 33, is our GFM where he oversees and coordinates the finance and accounting functions of our Group. He qualified as a Chartered Accountant of The Association of Chartered Certified Accountants' in 2009 and became a member of the Malaysia Institute of Accountants in 2013.

He began his career in 2002 as an Accounts Executive at Excelsec Management Services Sdn Bhd. He joined SH Tan & Partner and left as an Audit Senior Associate in 2003. He joined Baker Tilly Monteiro Heng (formerly known as Monteiro & Heng) in Kuala Lumpur as an Audit Senior Associate and left in 2007. Subsequently, he joined Mazars Malaysia (formerly known as Moores Rowland) and left as an Audit Manager in 2010. He later became Finance Manager at Central Asia Mineral and Exploration Ltd. in Mongolia in 2010 and in 2013, he was the GFM for DGB Asia Berhad (formerly known as DSC Solutions Berhad) before joining as our GFM in 2014. Mr. Chan brings with him over 12 years of experience in finance and accounting.

Ms. Lai Ching Thing, Finance Manager, QSA

Ms. Lai Ching Thing ("**Ms. Lai**"), a Malaysian, aged 33, is the Finance Manager of QSA where she manages and oversees the finance and accounting department of the QSA's business. She is an Affiliate of the Association of Chartered Certified Accountants' and became a member of the Institute of Singapore Chartered Accountants in 2013.

She began her career as an Audit Semi Senior at Adrian Yeo & Co in 2004. Prior to joining our Group, she was an Audit Senior at Baker Tilly TFW in Singapore in 2006. Ms.