

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF CABNET HOLDINGS BERHAD ("CABNET" OR THE "COMPANY") DATED 28 APRIL 2017 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper / Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Prospectus directly from the Company, TA Securities Holdings Berhad ("**TA Securities**") or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, TA Securities and Cabnet take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction 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.

Close of Application

Applications will be accepted from 10.00 a.m. on 28 April 2017 and will close at 5.00 p.m. on 8 May 2017 or for such further period or periods as the Directors of Cabnet in their absolute discretion may decide.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.


CABNET HOLDINGS BERHAD

(Company No. 1121987-D)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 21,000,000 NEW ORDINARY SHARES IN CABNET HOLDINGS BERHAD (“CABNET SHARES”) AT AN ISSUE PRICE OF RM0.56 PER SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:-

- 7,000,000 CABNET SHARES FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 10,000,000 CABNET SHARES FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND
- 4,000,000 CABNET SHARES FOR APPLICATION BY THE ELIGIBLE DIRECTORS, KEY MANAGEMENT PERSONNEL AND EMPLOYEES OF CABNET HOLDINGS BERHAD AND ITS SUBSIDIARY COMPANIES (“GROUP”) AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP;

IN CONJUNCTION WITH THE LISTING OF CABNET HOLDINGS BERHAD ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT


TA SECURITIES HOLDINGS BERHAD

(Company No. 14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE 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.

PROSPECTUS



CABNET HOLDINGS BERHAD
(Company No. 1121987-D)
(Incorporated in Malaysia under the Companies Act, 1965)



(Company No. 1121987-D)
(Incorporated in Malaysia under the Companies Act, 1965)

HEADQUARTERS

No. 100, Jalan Ros Merah 2/17
Taman Johor Jaya
81100 Johor Bahru Johor, Malaysia.
T : +607-353 9008 F : +607-353 0146

IMPORTANT NOTICE

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 IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS, WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

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

STATEMENTS OF DISCLAIMER

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION MALAYSIA ("**SC**"). THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR 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 OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE SHARES (AS DEFINED HEREIN). ADMISSION TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SECURITIES. BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS, HAS ALSO BEEN LODGED WITH THE COMPANIES COMMISSION OF MALAYSIA WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

IMPORTANT NOTICE (CONT'D)

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, THIS 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 212(8) 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 THIS 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.

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 COUNTRY OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISER ON THE LAWS TO WHICH OUR IPO OR YOU ARE OR MIGHT BE SUBJECT TO. NEITHER US NOR OUR ADVISER NOR ANY OTHER ADVISERS IN RELATION TO OUR IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR OUR IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF OUR IPO AS STATED IN THIS PROSPECTUS AND THE APPLICATION FORMS (AS DEFINED HEREIN) AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECT TO. WE WILL FURTHER ASSUME THAT YOU HAD RECEIVED THIS PROSPECTUS AND ACCEPTED OUR IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

IMPORTANT NOTICE (CONT'D)

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

ELECTRONIC PROSPECTUS

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES WEBSITE AT <http://www.bursamalaysia.com>.

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

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) IS SUBJECT TO THE RISKS 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 (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT ABOUT THE VALIDITY OR THE INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR PRINCIPAL ADVISER OR THE ISSUING HOUSE, A PAPER / PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY 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 ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER / PRINTED COPY.

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

- I. WE AND OUR PRINCIPAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE AND OUR ADVISER ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT 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;

IMPORTANT NOTICE (CONT'D)

- II. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE AND OUR PRINCIPAL ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- III. ANY DATA, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER 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 WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:-

- I. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY 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 SERVERS 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 SERVERS 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 SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, 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 FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY 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 WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

IF THERE ARE ANY DISCREPANCIES OR INCONSISTENCIES BETWEEN THE ENGLISH AND BAHASA MALAYSIA VERSION OF THIS PROSPECTUS, THE ENGLISH VERSION SHALL PREVAIL.

INDICATIVE TIMELINE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities are set out below:-

Events	Tentative date / time
Issuance of Prospectus / Opening date of the application for our IPO	28 April 2017 / 10.00 a.m.
Closing date of the applications for our IPO	8 May 2017 / 5.00 p.m.
Balloting of the applications for our IPO	11 May 2017
Allotment of our IPO Shares to successful applicants	18 May 2017
Listing on the ACE Market of Bursa Securities	22 May 2017

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

THE APPLICATION WILL CLOSE AT THE DATE STATED ABOVE OR SUCH LATER DATE AS OUR DIRECTORS AND PROMOTERS TOGETHER WITH OUR UNDERWRITER AT THEIR ABSOLUTE DISCRETION. WE WILL NOT ACCEPT ANY LATE APPLICATIONS.

IF THE CLOSING DATE AND TIME OF THE APPLICATION FOR OUR IPO ARE EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT OF OUR IPO SHARES AND THE LISTING OF OUR COMPANY WILL BE EXTENDED ACCORDINGLY. ANY EXTENSION OF THE ABOVEMENTIONED DATES WILL BE ANNOUNCED BY WAY OF ADVERTISEMENT IN A WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA DAILY NEWSPAPERS IN MALAYSIA.

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DEFINITIONS

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:-

COMPANIES WITHIN OUR GROUP:

"Cabnet" or "Company"	:	Cabnet Holdings Berhad (1121987-D)
"Cabnet Group" or "Group"	:	Cabnet and its subsidiary companies, namely Cabnet Systems, Cabnet Technology, Cabnet Penang and ITWin
"Cabnet Penang"	:	Cabnet Systems (Penang) Sdn Bhd (784875-H)
"Cabnet Systems"	:	Cabnet Systems (M) Sdn Bhd (355065-V)
"Cabnet Technology"	:	Cabnet Technology Sdn Bhd (419166-U)
"ITWin"	:	ITWin Technology Sdn Bhd (458399-K)

GENERAL:

"Acquisition of Cabnet Systems"	:	The acquisition by Cabnet of the entire issued share capital of Cabnet Systems from the Vendors of Cabnet Systems for a total purchase consideration of RM8,999,998 satisfied via the issuance of 89,999,980 new Cabnet Shares to the Vendors of Cabnet Systems which was completed on 1 September 2015
"Acquisition of ITWin"	:	The acquisition by Cabnet of the remaining 49.0% of equity interest in ITWin not already held by Cabnet Systems from the Vendors of ITWin for a total purchase consideration of RM1,280,000 satisfied via the issuance of 6,550,000 new Cabnet Shares and cash consideration of RM625,000 to the Vendors of ITWin which was completed on 2 September 2015
"Act"	:	Companies Act, 2016 as amended from time to time and any re-enactment thereof
"ADA"	:	Authorised Depository Agent
"Application"	:	Application for the subscription or purchase of the IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form(s)"	:	The printed application form(s) for the application for the IPO Shares
"ATM"	:	Automated Teller Machine
"Auditors" or "Reporting Accountants" or "Crowe Horwath"	:	Messrs Crowe Horwath (AF 1018)
"Board"	:	Our Board of Directors
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"Cabnet Share(s)" or "Share(s)"	:	Ordinary share(s) in Cabnet

DEFINITIONS (CONT'D)

"CAGR"	:	Compound annual growth rate
"CCM"	:	Companies Commission of Malaysia
"CDS"	:	Central Depository System
"CEE M&E"	:	CEE M&E Engineering Sdn Bhd (493516-P)
"CEE M&E Penang"	:	CEE M&E Engineering (PG) Sdn Bhd (985773-H)
"CIDB"	:	The Construction Industry Development Board of Malaysia
"CMSA"	:	Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
"Collaboration Agreement"	:	Collaboration Agreement entered into between our Company and NetPosa dated 15 March 2016, as supplemented, added and varied by the Supplemental Agreement, details of which are set out in Section 6.14 (ii) of this Prospectus
"Director(s)"	:	Either an executive director or a non-executive director of our Company
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Electronic Application"	Share	An application for the IPO Shares through Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended
"GDP"	:	Gross domestic product
"GP"	:	Gross profit
"GST"	:	Goods and services tax
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Smith Zander"	:	Smith Zander International Sdn Bhd (1058128-V), our Independent Market Researcher
"IMR Report"	:	The independent market research report dated 14 April 2017 prepared by Smith Zander, of which an Executive Summary is extracted for inclusion in this Prospectus
"Initial Public Offering" or "IPO"	:	Initial public offering of the IPO Shares
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) in the Internet Share Application
"Internet Application"	Share	An application for the IPO Shares through an Internet Participating Financial Institution
"IPO Share(s)"	:	New Cabnet Shares to be issued pursuant to the Public Issue
"Issue Price"	:	RM0.56 for each IPO Share
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

DEFINITIONS (CONT'D)

"Knowledge Worker"	:	As defined by MSC Malaysia Bill of Guarantees, an individual who holds one of the following:-
		(i) More than five (5) years professional experience in multimedia / ICT business or in a field that is a heavy user of multimedia; or
		(ii) A university degree (any discipline) or a diploma (multimedia / ICT business) from a technical college, plus more than two (2) years' professional experience in multimedia / ICT business or in a field that is a heavy user of multimedia; or
		(iii) A master degree or higher in any discipline.
"Listing"	:	Listing of and quotation for our entire enlarged issued share capital of RM22,660,000 comprising 130,000,000 Shares on the ACE Market of Bursa Securities
"Listing Requirements"	:	ACE Market Listing Requirements issued by Bursa Securities
"LPD"	:	1 April 2017, being the latest practicable date prior to the printing of this Prospectus
"LPIP Act"	:	Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
"Malaysian Public"	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	A day on which Bursa Securities is open for trading of securities
"MDEC"	:	Malaysia Digital Economy Corporation Sdn Bhd (389346-D)
"MFRS"	:	Malaysian Financial Reporting Standards
"MITI"	:	Ministry of International Trade and Industry, Malaysia
"MoF"	:	Ministry of Finance, Malaysia
"NetPosa" / "Pre-IPO Investor"	:	NetPosa Technologies (Hong Kong) Limited (registration no.: 2109017), a wholly-owned subsidiary of NetPosa China, being one of the substantial shareholders and sole pre-IPO investor of Cabnet
"NetPosa China"	:	NetPosa Technologies Ltd., the holding company of NetPosa
"NetPosa Investment"	:	Share Subscription and Share Sale, collectively
"NetPosa China's Products"	:	Software of the video monitoring solution supplied by NetPosa China, which includes Power Video Gateway, Power Video Application, Power Video Data and Power Video Investigation
"MSC"	:	Multimedia Super Corridor
"NA"	:	Net assets
"NTA"	:	Net tangible assets
"Official List"	:	A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities and not removed
"OSHA"	:	Occupational Safety and Health Act, 1994 as amended from time to time and any re-enactment thereof
"Participating Financial"	:	Participating financial institution(s) for Electronic Share Application as

DEFINITIONS (CONT'D)

Institution(s)	listed in Section 15 of this Prospectus
"PAT"	: Profit after taxation
"PBT"	: Profit before taxation
"PE Multiple"	: Price-to-earnings multiple
"Pink Form Allocations"	: 4,000,000 IPO Shares, representing 3.08% of our enlarged issued share capital at the Issue Price to be issued to the eligible Directors, key management personnel, employees of our Group and persons who have contributed to the success of our Group
"Placement Agent"	: TA Securities
"PRC"	: People's Republic of China
"Principal Adviser" or "Sponsor"	: TA Securities
"Promoters"	: Tay Hong Sing and Tan Boon Siang, collectively
"Prospectus"	: This prospectus dated 28 April 2017
"Public"	: All persons or members of the public but excluding our Directors, substantial shareholders and person connected or associated with them
"Public Issue"	: Public issue of 21,000,000 new Shares at the Issue Price payable in full upon application, subject to the terms and conditions of this Prospectus
"R&D"	: Research and development
"Restructuring Exercises"	: The restructuring exercises implemented in connection with the Listing, details of which are set out in Section 5.5 of this Prospectus
"RM" or "sen"	: Ringgit Malaysia and sen, respectively
"ROC"	: Registrar of Companies
"SC"	: Securities Commission Malaysia
"SGD"	: Singapore Dollar
"Share Sale"	: Purchase of 13,550,000 Cabnet Shares by NetPosa from Tay Hong Sing, Tan Boon Siang, Tan Tian Yee, Sim Yian Fei, Kong Tze Senn, Tan Ying Meng, Ho Chee Hong, Chin Hoon Lim and Koh Thain Lin, which was completed on 7 April 2016
"Share Sale Agreement"	: The Share Sale Agreement dated 14 March 2016 entered into between NetPosa and Tay Hong Sing, Tan Boon Siang, Tan Tian Yee, Sim Yian Fei, Kong Tze Senn, Tan Ying Meng, Ho Chee Hong, Chin Hoon Lim and Koh Thain Lin in respect of the Share Sale
"Share Subscription"	: Subscription of 12,450,000 new Cabnet Shares which was completed on 7 April 2016
"Share Subscription Agreement"	: Share Subscription Agreement dated 14 March 2016 entered into between our Company and NetPosa, details of which are set out in Section 14.4 of this Prospectus
"SICDA"	: Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
"SOC SO"	: Social Security Organisation

DEFINITIONS (CONT'D)

"Supplemental Agreement"	:	Supplemental agreement made on 28 October 2016 between our Company and NetPosa to vary, supplement and add terms contained in the Collaboration Agreement
"TA Securities"	:	TA Securities Holdings Berhad (14948-M)
"Underwriter"	:	TA Securities
"Underwriting Agreement"	:	Underwriting agreement dated 18 April 2017 entered into between us and the Underwriter for the underwriting of up to 7,000,000 IPO Shares upon the terms and subject to the conditions contained therein
"USD"	:	US Dollar
"Vendors of Cabnet Systems"	:	Tay Hong Sing, Tan Boon Siang, Tan Tian Yee, Kong Tze Senn, Sim Yian Fei and Ng Jun Lip, collectively
"Vendors of ITWin"	:	Tan Ying Meng, Ho Chee Hong, Chin Hoon Lim and Koh Thain Lin, collectively

Note:-

- * *Cabnet Technology was initially set up to handle the ELV systems and structured cabling works in central region of Peninsular Malaysia. However, it had remained dormant since 2004 subsequent to the rationalisation of its existing business to Cabnet Systems. An application for the striking off of Cabnet Technology has been submitted to the CCM by the Company on 1 February 2016 and is currently pending the decision from CCM. CCM had issued second notice under Section 308 of the Companies Act, 1965 on 7 October 2016. The striking off process will be deemed completed upon issuance of the third notice under Section 549 of the Act and a gazette by CCM. There is no definite time frame as it is dependent on the processing time by CCM.*

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DEFINITIONS (CONT'D)

GLOSSARY OF TECHNICAL TERMS

"ACS"	:	Access control system, a type of security that manages and controls who or what is allowed entrance to a system, environment or facility. It identifies entities that have access to a controlled device or facility based on the validity of their credentials
"ActiveX"	:	A software framework developed by Microsoft for sharing information across different applications on different network
"analogue-based surveillance systems"	:	Systems that capture images for storage on video tapes and does not support real time broadcasting or remote monitoring
"ANPR"	:	Automatic number plate recognition, a surveillance technology which uses character recognition on camera images to read a vehicle's number plate
"ANSI"	:	American National Standards Institute, the primary organisation for fostering the development of technology standards in the United States. ANSI works with industry groups and is the United States member of the ISO and the IEC
"application programming interface"	:	Software which is designed for the integration of two (2) or more different systems and to allow the exchange of information between these systems to achieve desired functions
"barrier gates"	:	Automated barrier which bars vehicles from entering and exiting a compound
"biometrics"	:	The measurement and statistical analysis of a person's physical or behavioral characteristics such as fingerprint and retina scanning
"biotechnology"	:	The use of biological processes, organisms or systems to manufacture products intended to improve the quality of human life
"centralised control room"	:	A room that is equipped with computers and software applications that receive, process and analyse data for monitoring purposes, manage devices remotely (i.e. control ELV systems such as ACS and CCTV remotely from the centralised control room) and to provide information to relevant parties (e.g. to contact the respond team / occupants in the building in the event of a major incident, which includes, amongst others, accident and fire hazard)
"CCTV"	:	Closed-circuit television, also known as video surveillance, is the use of video cameras to transmit a signal to a specific place on a limited set of monitors
"CISS"	:	Cabnet Integrated Security Solutions, a software that integrates various brands of CCTVs and ACS onto a single platform
"cloud computing"	:	A network of remote servers hosted on the Internet to store, manage, and process data
"COM"	:	Component Object Model, a software framework developed by Microsoft after Windows 2000 era for different software applications to share and interchange data across Microsoft software
"controllers"	:	A hardware device that manages or directs the flow of data between two (2) entities or more, e.g. a device that allows ACS to link the card reader and push button

DEFINITIONS (CONT'D)

"core switch"	:	High capacity switch generally positioned within the backbone or centre of a network. It serves as an interchange for data flow between different networks
"digital-based surveillance systems"	:	Systems that allow images captured to be compressed and stored on the hard drive. It delivers a real time recording, viewing and monitoring through internet
"ELV"	:	Extra-low voltage in electricity supply refers to systems that operate on less than 50 AC (alternating current) voltage
"enterprise system integration services"	:	Service to assist enterprise or corporate IT to consolidate IT equipment and resource into single manageable platform
"grid computing"	:	A system of multiple interconnected computers where the unused processing capacities of interconnected computers can be utilised to solve complex issues that standalone computers are unable to solve
"GX system"	:	A base system that improves the integration of ARH Inc's products with other hardware devices
"HD"	:	High definition refers to a level of detail on screen that provides more fluid video and more vibrant colours
"ICT"	:	Information and communication technology is an umbrella term that includes any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software
"IEC"	:	International Electrotechnical Commission is a non-profit, non-governmental international standards organisation that prepares and publishes international standards for all electrical, electronic and related technologies
"Internet"	:	The Internet is a global system of interconnected computer networks that use the IP suites (TCP/IP) to link several billion devices worldwide
"Internet of Things video surveillance"	:	Video monitoring and surveillance to remotely monitor the security via internet while away
"IP"	:	Internet protocol, a protocol which controls how the network data is forwarded to the targeted destination by choosing correct paths across interconnected networks such as the Internet
"ISO"	:	International Organisation for Standardisation, the world's largest developer of voluntary International Standards. International Standards give state of the art specifications for products, services and good practice, helping to make industry more efficient and effective. Developed through global consensus, they help to break down barriers to international trade
"ISS"	:	Integrated security system, an integration of single-branded / various brands of ACS, public address, intrusion detection, audio-visual monitoring, fire detection and alarm, and CCTV system as well as other security systems into a single platform
"IT"	:	Information technology is the use of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data

DEFINITIONS (CONT'D)

"LAN"	:	Local area network, a group of computers and associated devices that shares a common communications line or wireless link to a server within a small geographic area
"managed switch"	:	A network switch with built-in management features to allow system administrators to monitor data traffic
"MATV system"	:	Multiple access television system, a network of cables and specially designed components that process and amplify television and FM (frequency modulation) signals for distribution from one (1) central location to several other locations
"micro-electro-mechanical systems"	:	Micrometre-scale devices which integrate mechanical and electrical elements
"mounting accessories"	:	Fixture used to support or hold CCTV
"mounting brackets"	:	A fixture in the shape of "L" or "U" used to mount various equipment onto 19" equipment rack
"nanotechnology"	:	Science, engineering, and technology conducted at the nanoscale i.e. between one (1) to 100 nanometers
"network setup"	:	To design, configure, install and connect network equipment (i.e. routers, switches, firewall) to link all the IT devices (i.e. servers, storage, CCTV) as an interconnected entity
"network solution"	:	Solution for corporate IT to setup a network (i.e. to setup wired and/or wireless network and to propose type of equipment for the network setup based on customer's requirements and the layout of the area)
"network switches"	:	Network device to allow multiple personal computers to link together and interexchange data
"NVR"	:	Network video recorder, a software program that records video in a digital format to be stored in a disk drive, flash drive, memory card or other mass storage devices
ONVIF	:	A global and open industry forum with the goal to facilitate the development and use of a global open standard for the interface of physical IP-based security products, or in other words, to create a standard for how IP products within video surveillance and other physical security areas can communicate with each other
"PA system"	:	Public address system, an electronic sound amplification and distribution system with a microphone, amplifier, and loudspeakers
"pipes"	:	Metal or plastic tubes used to protect cables
"power module"	:	Supply unit to empowering electronics devices
"Power Video Application" or "PVA"	:	A video application that can integrate with the video command, traffic management, video database, images recognition and maintenance management features
"Power Video Data" or "PVD"	:	A cloud computing solution for large video and image storage for efficient computing, retrieving and data analysis
"Power Video Gateway" or "PVG"	:	An integrated video monitoring system that can run on multiple hardware, platforms and operating systems to provide cross network interaction

DEFINITIONS (CONT'D)

"Power Video Investigation" or "PVI"	:	Video downloading and data collection software with the function of decoding, data analysis and video retrieval technologies
"racking system"	:	A metal enclosure to house IT equipment (such as server, switches, pitch panel and UPS)
"semantic technology"	:	A method of encoding software for efficient data processing, transmission and storage
"servers"	:	IT hardware to store centralised information and data
"server solution"	:	Solution for corporate IT to perform centralise data processing and storage
"SMATV"	:	Satellite master antenna television, a system that uses multiple satellites and broadcasts signals and integrates these signals into one (1) cable signal
"storage solution"	:	Solution for corporate IT to store IT data in centralise and manageable location
"sub-controller"	:	A hardware device that is installed between the controller and fields devices (such as sensors, locks, push button and card access reader)
"switches"	:	IT hardware to allow multiple PC to link together and interexchange data
"termination"	:	An act of connecting a connector for optimal data transfer and voice transmission
"TCP"	:	Transmission Control Protocol, commonly associated with IP to form TCP/IP which is the foundation protocol of the Internet. The protocol is widely used in network-based software application for establishing and maintaining a network connection for data exchange. For example, TCP is used in a web browser to ensure that the web browser can receive the contents sent from remote web server to be fully loaded and presented in a computer
"TIA"	:	The Telecommunications Industry Association is accredited by the ANSI to develop voluntary, consensus-based industry standards for a wide variety of ICT products. TIA develops guidelines for, amongst others, private radio equipment, cellular towers, data terminals, satellites, telephone terminal equipment, accessibility, voice over IP devices, structured cabling, data centers and mobile device communications
"trunking"	:	Metal or plastic casing used to protect cables
"Uninterrupted Power Supply" or "UPS"	:	An equipment to provide power protection to device connected to it. It stabilises the input power and provide backup power via battery in the event input power gets cut-off
"UTP"	:	Unshielded Twisted Pair, a type of cable that consists of two (2) unshielded wires twisted around each other used in computer networking
"video processing"	:	Encoding and decoding of the digital video signals to connect the application to a hardware (i.e. CCTV)

DEFINITIONS (CONT'D)

"VMware virtualisation platform"	:	A platform of computing using one hardware to host multiple logical servers on single equipment
"VPN"	:	Virtual private network, a network that is constructed by using public wires, usually the Internet, to connect to a private network, such as a company's internal network for security purposes
"WAN"	:	Wide area network, a telecommunications network or computer network that extends over a large geographical distance
"wired communication"	:	Transmission of data over wire-based communication technologies such as telephone networks, cable television or internet access, and fibre-optic communication
"wireless communication"	:	Transfer of data between two or more points that are not connected by an electrical conductor using wireless technologies such as radio waves, WiFi and Bluetooth
"WiFi"	:	A technology that allows electronic devices to connect to the internet without the need for a physical wired connection
"XML"	:	Extensible Markup Language, a text-based computer language for encoding document in a format that is both human-readable and machine-readable

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PRESENTATION OF INFORMATION

All references to “our Company” or “Cabnet” in this Prospectus are to Cabnet Holdings Berhad, while references to “Cabnet Group”, “our Group” are to our Company and our subsidiary companies. All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context otherwise requires, our Group or any member of our Group. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as disclosed in this Prospectus and as at the date of this Prospectus. Statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Any discrepancies in the tables between the amounts listed and the totals thereof in this Prospectus are due to rounding. The word “approximately” used in this Prospectus is to indicate that a number is not exact, but that number is usually rounded off to the nearest hundredth or two (2) decimal places.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

Any reference in this Prospectus, the Application Forms, Electronic Share Applications or Internet Share Applications to any legislation, statute, statutory provision, rules, regulations or enactment is a reference to that legislation, statute or statutory provision for the time being as amended or re-enacted, and to any repealed legislation, statute or statutory provision, rules, regulations or enactment which it re-enacts (with or without modification). Any word defined in the Act, CMSA, Listing Requirements or any statutory modification thereof and used in this Prospectus and the Application Forms shall, where applicable and if not otherwise defined herein, have the meaning ascribed to it under the Act, CMSA, Listing Requirements or any statutory modification thereof (as the case may be).

Any reference to a time of day in this Prospectus, the Application Forms, Electronic Share Applications or Internet Share Applications shall be a reference to Malaysian time unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the IMR Report for inclusion in this Prospectus. We had appointed the IMR to provide an independent market report relating to the industry which our Group operates in. In compiling their data for review, the IMR relied on industry sources, published materials, its own private databanks and direct contacts within the industry. We believe that the statistical data and/or information on the industry cited in this Prospectus are useful in helping you understand the major trends in the industry in which our Group operates. However, neither we nor our advisers have independently verified these data.

Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data. Accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. Hence, you should not place undue reliance on the third-party projections.

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

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, 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 our Group 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.

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

- i. demand for our products and services;
- ii. our business strategies;
- iii. our Management's 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:-

- i. Changes in economic, political and investment environment in Malaysia; and
- ii. Government policy, legislation and regulation.

Additional factors that could cause our actual results, performance, achievements or industry results to differ materially include, but are not limited to those discussed in **Section 4** (Risk factors) and **Section 11.4** (Management's discussion and analysis of financial condition, results of operations and prospects) of this Prospectus. Due to these and other uncertainties, we cannot give any assurance that the forward-looking statements included in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regards thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Profession
Datuk Tan Kok Hong @ Tan Yi (Independent Non-Executive Chairman)	G37, Persiaran Pinggiran Teluk Senibong, Teluk Senibong 81750 Permas Jaya Masai, Johor Bahru Johor	Malaysian	Company Director
Tay Hong Sing (Executive Director / Chief Executive Officer)	No. 8, Jalan Jelita 5 Taman Pelangi Indah 81800 Ulu Tiram Johor	Malaysian	Company Director
Tan Boon Siang (Executive Director / Deputy Chief Executive Officer)	No. 62, Jalan Mutiara Emas 2/7 Taman Mount Austin 81100 Johor Bahru Johor	Malaysian	Company Director
Lim Ming Kee (Independent Non-Executive Director)	No. 9, Jalan Ponderosa 1/10 Taman Ponderosa 81100 Johor Bahru Johor	Malaysian	Company Director
Loo Yong Peng (Independent Non-Executive Director)	No. 1286, Jalan RJ 3/3 Taman Rasah Jaya 70300 Seremban Negeri Sembilan	Malaysian	Company Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lim Ming Kee	Chairman	Independent Non-Executive Director
Datuk Tan Kok Hong @ Tan Yi	Member	Independent Non-Executive Chairman
Loo Yong Peng	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Datuk Tan Kok Hong @ Tan Yi	Chairman	Independent Non-Executive Chairman
Lim Ming Kee	Member	Independent Non-Executive Director
Loo Yong Peng	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)**NOMINATION COMMITTEE**

Name	Designation	Directorship
Datuk Tan Kok Hong @ Tan Yi	Chairman	Independent Non-Executive Chairman
Lim Ming Kee	Member	Independent Non-Executive Director
Loo Yong Peng	Member	Independent Non-Executive Director

HEAD / MANAGEMENT OFFICE : No. 100, Jalan Ros Merah 2/17
Taman Johor Jaya
81100 Johor Bahru, Johor
Tel: 07-353 9008
Fax: 07-353 0146
Website: www.cabnet.asia
Email address: info@cabnet.asia

COMPANY SECRETARIES : Woo Min Fong, ACIS (MAICSA 0532413)
Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru, Johor
Tel: 07-332 2088
Fax: 07-332 8096

: Santhi A/P Saminathan (MIA 37094)
Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru, Johor
Tel: 07-332 2088
Fax: 07-332 8096

REGISTERED OFFICE : Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru, Johor
Tel: 07-332 2088
Fax: 07-332 8096

AUDITORS AND REPORTING ACCOUNTANTS : Messrs Crowe Horwath (AF 1018)
E-2-3, Pusat Komersial Bayu Tasek
Persiaran Southkey 1
Kota Southkey
80150 Johor Bahru, Johor
Tel: 07-288 6627
Fax: 1700 813460

PRINCIPAL BANKERS : Alliance Bank Malaysia Berhad (88103-W)
No. 50 & 52, Jalan Dedap 13
Taman Johor Jaya
81100 Johor Bahru, Johor
Tel: 07-353 5388
Fax: 07-355 7377

1. CORPORATE DIRECTORY (CONT'D)

Public Bank Berhad (6463-H)
Level 1 & 12, Public Bank Tower
19, Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Tel: 07-218 6888
Fax: 07-222 1988

Standard Chartered Bank Malaysia Berhad
(115793-P)
No. 86-88, Jalan Molek 2/2
Taman Molek
81100 Johor Bahru, Johor
Tel: 07-356 6025
Fax: 07-356 2025

SOLICITORS

: Messrs Zul Rafique & Partners
D3-3-8 Solaris Dutamas
No. 1 Jalan Dutamas 1
50480 Kuala Lumpur
Tel: 03-6209 8228
Fax: 03-6209 8221

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT

: TA Securities Holdings Berhad (14948-M)
29th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel: 03-2072 1277
Fax: 03-2161 2693

INDEPENDENT MARKET RESEARCHER

: Smith Zander International Sdn Bhd (1058128-V)
Suite 23-3, Level 23, Office Suite
Menara 1MK
1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Tel: 03-6211 2121

ISSUING HOUSE AND SHARE REGISTRAR

: Tricor Investor & Issuing House Services Sdn Bhd
(11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8 Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03-2783 9299
Fax : 03-2783 9222

LISTING SOUGHT

: ACE Market of Bursa Securities

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2. INFORMATION SUMMARY

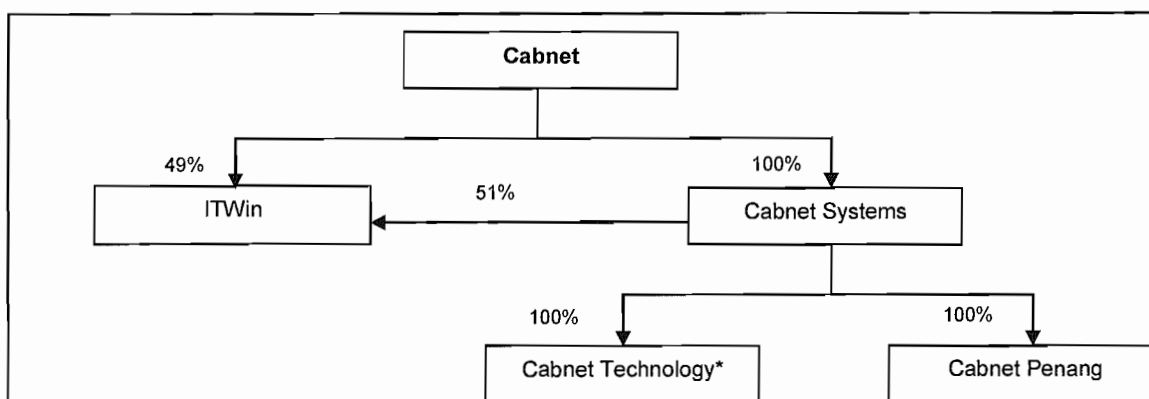
THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT US AND OUR IPO AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD CAREFULLY READ AND UNDERSTAND THIS SECTION TOGETHER WITH THE ENTIRE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US.

2.1 Overview

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 9 December 2014 as a private limited company under the name of Cabnet Holdings Sdn Bhd. Subsequently, on 14 September 2015, we converted into a public limited company and assumed our present name. We were incorporated as an investment holding company to facilitate our Listing.

We had undertaken the Restructuring Exercises prior to our Listing, details of which are set out in **Section 5.5** of this Prospectus. Cabnet Systems, ITWin, Cabnet Technology and Cabnet Penang became our subsidiary companies pursuant to the Restructuring Exercises.

The Group structure as at the LPD is as follows:-



Our subsidiary companies and their principal activities are set out below:-

Subsidiary companies	Date / country of incorporation	Date of commencement of business	Issued share capital RM	Effective equity interest %	Principal activities
Cabnet Systems	12 August 1995 / Malaysia	12 August 1995	1,000,000	100.0	Provision of building management solutions which comprise structured cabling works and ELV systems as well as provision of IT services
ITWin	27 February 1998 / Malaysia	27 February 1998	300,000	100.0	Provision of IT services
Cabnet Penang	16 August 2007 / Malaysia	16 August 2007	100,000	100.0	Provision of building management solutions which comprise structured cabling works and ELV systems
Cabnet Technology	31 January 1997 / Malaysia	31 January 1997	300,000	100.0	Dormant*

2. INFORMATION SUMMARY

Note:-

- * *An application for the striking off of Cabnet Technology has been submitted to the CCM by the Company on 1 February 2016, as it had remained dormant since 2004, and is currently pending the decision from CCM. CCM had issued second notice under Section 308 of the Companies Act, 1965 on 7 October 2016. The striking off process will be deemed completed upon issuance of the third notice under Section 549 of the Act and a gazette by CCM. There is no definite time frame as it is dependent on the processing time by CCM.*

Our history can be traced back to 1995 when Cabnet Systems was founded by Tay Hong Sing, Tan Boon Siang and Lee Kok Hui to carry out structured cabling works for companies in the commercial and industrial sectors in Johor.

Over the years, our Group has evolved and expanded into the provision of building management solutions comprising structured cabling works and ELV systems, as well as IT services. Our Group's solutions now involve the design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales services.

Further details on the history and business as well as key milestones, awards and recognition are set out in **Section 5.1** and **Section 5.8** of this Prospectus respectively.

2.2 Ownership and Management

Our Promoters, substantial shareholders, Directors, and key management are set out below:-

2.2.1 Promoters

Name	Designation
Tay Hong Sing	Executive Director / Chief Executive Officer
Tan Boon Siang	Executive Director / Deputy Chief Executive Officer

2.2.2 Substantial shareholders

Name	Designation
Tay Hong Sing	Executive Director / Chief Executive Officer
Tan Boon Siang	Executive Director / Deputy Chief Executive Officer
NetPosa	-

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2. INFORMATION SUMMARY (CONT'D)**2.2.3 Directors**

Name	Designation
Datuk Tan Kok Hong @ Tan Yi	Independent Non-Executive Chairman
Tay Hong Sing	Executive Director / Chief Executive Officer
Tan Boon Siang	Executive Director / Deputy Chief Executive Officer
Lim Ming Kee	Independent Non-Executive Director
Loo Yong Peng	Independent Non-Executive Director

2.2.4 Key management

Name	Designation
Tay Hong Sing	Executive Director / Chief Executive Officer
Tan Boon Siang	Executive Director / Deputy Chief Executive Officer
Pauline Loh Yen Ping	Chief Financial Officer
Yong Thiam Yuen	Chief Operating Officer
Tan Ying Meng	Chief Technology Officer / Head of IT Services
Koh Thain Lin	Head of Business Development
Sim Yian Fei	Head of ELV Systems
Kong Tze Senn	Head of Structured Cabling Works

Further details of our Promoters, substantial shareholders, Directors, and key management and their direct and indirect shareholdings in our Company are set out in **Section 8** of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.3 Competitive strengths and advantages

We believe that our historical success and future prospects are underpinned by the following competitive strengths:-

- (i) **We provide building management solutions in relation to structured cabling works and ELV systems, as well as IT services that is backed by a project delivery team**

Our Group, over the years, has evolved and expanded into providing building management solutions comprising structured cabling works and ELV systems, as well as IT services. As at the LPD, we have a total of 41 project delivery employees, comprising 8 engineers and 33 technicians that manage project delivery activities. As such, we are able to leverage on the capabilities of our project delivery team, thereby reducing our dependency on outsourced or external services and allowing our Group to undertake multiple projects simultaneously.

- (ii) **We have capabilities in delivering building management solutions in relation to structured cabling works and ELV systems, as well as IT services across various property segments**

We are able to customise our solutions and services for our clients based on their type of property, development scale and allocated budget. This positions us as a total solutions provider in relation to structured cabling works and ELV systems as well as IT services.

- (iii) **We have an experienced and committed key management team**

The collective experience and knowledge of our Promoters, Directors and key management team have been and will continue to be a foundation for our Group's success.

- (iv) **We have long-standing relationships with our customers and suppliers**

Our long term business relationships with our customers have contributed to our success in securing projects in Malaysia.

We also maintain long-term business relationships with our suppliers. These long term relationships serve to provide stable supply source and ensure our continued growth and sustainability.

Further details of our Group's competitive strengths and advantages are set out in **Section 6.17** of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.4 Future plans and business strategies

Our Group intends to focus on the following business strategies for the future growth and expansion of our business:-

- (i) **We plan to increase and strengthen our market presence in Johor, while pursuing more opportunities for more projects outside Johor**

The prospects in the electrical services, ICT and construction industries are expected to remain positive, and as such we plan to increase and strengthen our market presence in Johor, especially in Iskandar Malaysia, to further grow our business. Our Group will also continue to pursue more opportunities outside Johor because our Group takes cognisance of the importance of improving our market presence outside Johor.

- (ii) **We intend to strengthen our ELV systems segment with the introduction of our integrated security solutions software, known as CISS**

With the increasing awareness for security among building owners and/or operators, our Group has developed our own software that integrates various brands of CCTVs and ACS onto a single platform, CISS, to be included in the ELV systems that we offer to our customers as a value added option based on their needs and is not intended for sale on a standalone basis.

- (iii) **We intend to offer video monitoring solutions in collaboration with NetPosa as our strategic partner**

Our Group intends to offer video monitoring solutions in Malaysia through our collaboration with NetPosa, where our Group's role involves mainly to assist and support NetPosa in customising the NetPosa China's Products for purposes of the Malaysian market by translating the information, including technical terms, contained in the NetPosa China's Products from Mandarin to English, to promote, sell and supply the NetPosa China's Products in Malaysia together with the services and solutions provided by our Group, to provide to NetPosa with Malaysian market feedback and Malaysian market information relating to the NetPosa China's Products and to install the NetPosa China's Products for orders secured directly by NetPosa or NetPosa China and at the same time offer our Group's services and solutions to NetPosa's or NetPosa China's customers.

Further details of our Group's future plans and business strategies are set out in **Section 6.18.1** of this Prospectus.

2.5 Financial highlights

2.5.1 Statements of profit or loss and other comprehensive income

The following table sets out a summary of the audited combined statements of profit or loss and other comprehensive income for the FYE 31 December 2014 (prepared based on the assumption that our Group has been operating as a single economic entity in the FYE 31 December 2014), and consolidated statements of profit or loss and other comprehensive income for the FYEs 31 December 2015 and 2016.

These audited statements of profit or loss and other comprehensive income should be read in conjunction with the Accountants' Report, together with the accompanying notes and assumptions as set out in **Sections 11.2 and 12** of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

	Audited		
	FYE 31 December 2014 RM'000	FYE 31 December 2015 RM'000	FYE 31 December 2016 RM'000
Continuing Operations			
Revenue	34,065	39,591	50,844
Cost of sales	(24,206)	(27,990)	(38,658)
Gross Profit	9,859	11,601	12,186
Other operating income	170	450	492
Administrative expenses*	(4,941)	(5,025)	(5,292)
Other operating expenses	(160)	(617)	(339)
Results from operating activities	4,928	6,409	7,047
Finance costs	(352)	(353)	(300)
PBT	4,576	6,056	6,747
Taxation	(200)	(204)	(337)
PAT and total comprehensive income for the year	4,376	5,852	6,410
Discontinued operations			
PAT from discontinued operations ⁽¹⁾	142	-	-
PAT / total comprehensive income	4,518	5,852	6,410
PAT / total comprehensive income attributable to:			
- Owners of the Company			
• Continuing operations	3,975	5,769	6,410
• Discontinued operations	100	-	-
	4,075	5,769	6,410
- Non-controlling interest	443	83	-
	4,518	5,852	6,410
EBITDA⁽²⁾ (RM'000)	5,308	6,773	7,362
GP margin⁽³⁾ (%)	28.94	29.30	23.97
PBT margin⁽⁴⁾ (%)	13.43	15.30	13.27
PAT margin⁽⁵⁾ (%)	12.85	14.78	12.61
Weighted average number of Shares in issue ('000)	96,550 ⁽⁷⁾	96,550 ⁽⁷⁾	105,888 ⁽⁸⁾
Basic and diluted EPS (sen)⁽⁶⁾			
Continuing operations ⁽⁹⁾	4.12	5.98	6.05
Discontinued operations ⁽¹⁰⁾	0.10	-	-

Notes:-

* Administrative expenses include selling and distribution expenses.

(1) Arising from the disposal of ITWin's 70% equity interest in ICT Automation (M) Sdn Bhd on 27 October 2014 to Tay Lai Eng, a non-related party, to focus on our Group's existing business. ICT Automation (M) Sdn Bhd is principally involved in computer networking. At the time of ITWin's disposal, the remaining 30% was held by Lim Yit Choy.

(2) EBITDA represents earnings before interest, taxation and depreciation from continuing operation. The table below sets forth a reconciliation of our PBT to EBITDA:-

2. INFORMATION SUMMARY (CONT'D)

	Audited		
	FYE 31 December 2014 RM'000	FYE 31 December 2015 RM'000	FYE 31 December 2016 RM'000
PBT	4,576	6,056	6,747
Adjusted for:-			
Interest income	(36)	(45)	(86)
Interest expenses	352	353	300
Depreciation	416	409	401
EBITDA	5,308	6,773	7,362

- (3) Computed based on the GP over total revenue of our Group.
- (4) Computed based on the PBT over total revenue of our Group.
- (5) Computed based on the PAT over total revenue of our Group.
- (6) As at the LPD, there are no potential dilutive instruments issued or to be issued.
- (7) Based on our issued share capital before the Share Subscription and the Public Issue.
- (8) Based on weighted average number of Shares in Issue after the Share Subscription which was completed on 1 April 2016 but before the Public Issue as computed below:-
- $$\begin{aligned} &\text{Opening number of Shares in issue as at 1 January 2016} + \left(\frac{\text{Number of Shares issued on 1 April 2016 pursuant to Share Subscription}}{12 \text{ months}} \times 9 \text{ months} \right) \\ &= 96,550,000 \text{ Shares} + (12,450,000 \text{ Shares} / 12 \text{ months} \times 9 \text{ months}) \\ &= 105,887,500 \text{ Shares} \end{aligned}$$
- (9) Computed based on PAT of the continuing operations of our Group divided by the weighted average number of Shares in issue.
- (10) Computed based on the PAT of the discontinued operations in our Group divided by the weighted average number of Shares in issue.

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2. INFORMATION SUMMARY (CONT'D)**2.5.2 Pro forma statements of financial position of our Group**

The pro forma statements of financial position of our Group as at 31 December 2016 as set out below had been prepared for illustrative purposes, to show the effects on the statements of financial position of our Group had the Listing scheme and the utilisation of proceeds been effected on that date. The pro forma statements of financial position should be read in conjunction with the accompanying notes and assumptions included in the pro forma statements of financial position of our Group set out in **Section 11.1** of this Prospectus.

	Audited as at 31 December 2016 RM'000	Pro forma I After Public Issue and utilisation of proceeds RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,956	4,956
Investment property	550	550
Goodwill	99	99
Total non-current assets	5,605	5,605
Current assets		
Amount due by customers on contract	9,359	9,359
Inventories	3,545	3,545
Trade receivables	12,843	12,843
Other receivables, deposits and prepayment	1,337	1,337
Fixed deposits with licensed banks	2,400	2,400
Cash and bank balances	5,951	12,041
Total current assets	35,435	41,525
Total assets	41,040	47,130
EQUITY AND LIABILITIES		
Equity		
Share capital	10,900	22,660
Share premium	5,603	4,935
Retained profits	11,090	8,758
Total equity	27,593	36,353
Non-current liabilities		
Long-term borrowings	2,145	2,145
Deferred tax liabilities	11	11
Total non-current liabilities	2,156	2,156

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2. INFORMATION SUMMARY (CONT'D)

	Audited as at 31 December 2016 RM'000	Pro forma I After Public Issue and utilisation of proceeds RM'000
Current liabilities		
Amount due to customers on contract	309	309
Trade payables	7,192	7,192
Other payables and accruals	476	476
Short-term borrowings	2,489	489
Bank overdrafts	670	-
Tax payable	155	155
Total current liabilities	11,291	8,621
Total liabilities	13,447	10,777
Total equity and liabilities	41,040	47,130
Number of Shares in issues ('000)	109,000	130,000
NA	27,593	36,353
NA per Share (RM)	0.25	0.28
Total bank borrowings	5,304	2,634
Gearing ratio (times)	0.19	0.07

2.6 Principal statistics relating to our IPO

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

	No. of Shares	RM
Issued share capital as at the date of this Prospectus	109,000,000	10,900,000
Shares to be issued pursuant to the Public Issue	21,000,000	11,760,000
Enlarged issued share capital upon Listing	130,000,000	22,660,000
Issue Price		0.56
Market capitalisation of our Company based on Issue Price upon Listing		72,800,000
Pro forma NA based on our pro forma consolidated statement of financial position as at 31 December 2016		
- Pro forma NA upon Listing (RM million) *		36.35
- Pro forma NA per Share upon Listing (RM) *		0.28

Note:-

- * After taking into account our enlarged issued share capital of 130,000,000 Shares and after deducting estimated listing expenses of RM3.00 million.

2. INFORMATION SUMMARY (CONT'D)

We have only one (1) class of shares, namely ordinary shares. The IPO Shares shall rank *pari passu* in all respects with our existing issued ordinary shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Further details of our IPO are set out in **Section 3** of this Prospectus.

2.7 Utilisation of proceeds from the Public Issue

We expect to raise gross proceeds from the Public Issue of RM11.76 million and intend for the proceeds to be utilised in the manner set out below:-

Details of utilisation	Estimated time frame for utilisation upon Listing	RM-million	Percentage of gross proceeds %
Working capital - Purchase of equipment for projects	Within 24 months	5.26	44.7
R&D expenditure	Within 24 months	0.50	4.3
Repayment of bank borrowings	Within four (4) months	3.00	25.5
Estimated listing expenses	Within one (1) month	3.00	25.5
Total		11.76	100.0

Further details on the utilisation of proceeds are set out in **Section 3.8** of this Prospectus.

2.8 Risk factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks factors in particular risks relating to our business and operations as set out in **Section 4** of this Prospectus, which are summarised below:-

(i) We are dependent on the availability of technical professionals

Our Group is dependent on the availability of technical professionals as we are involved in design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales service of ELV systems, structured cabling works and IT services, all of which require specialised skills. Any shortage of technical professionals may create material adverse impact on our Group's operations.

(ii) We are dependent on the continuous employment and performance of our Directors and key management personnel

Our Directors and key management personnel possess the relevant technical knowledge to ensure timely completion and delivery of our projects. The loss of any of our Directors and key management personnel could adversely affect our continued ability to manage the operations effectively and competitively.

2. INFORMATION SUMMARY (CONT'D)

(iii) We are dependent on third party suppliers for equipment, components and parts

Our Group relies entirely on third party suppliers to provide local and imported equipment, components and parts. Any disruption in the supply of equipment, components and parts may adversely affect our Group's reputation, business plans and financial performance.

(iv) We are dependent on our ability to continuously and consistently secure new contracts

Our business is mainly project-based. Should we fail to secure new projects on a continuous basis, our financial performance may be adversely affected.

(v) Our R&D on CISS may not yield the benefits that we expect

Our Group's continuous efforts in refining the CISS, being a software that integrates various brands of CCTVs and ACS onto a single platform, have a potential risk that we may not be able to accurately anticipate trends in technological and software development that meet the needs of our target customers. Despite our R&D efforts in refining the CISS, there is no assurance that the CISS will contribute positively to our Group.

(vi) We are exposed to workplace safety and health matters

Our Group is exposed to the risk of accidents or incidents caused by human errors and other factors, occurring at work site which may potentially result in workplace safety and health liabilities. Thus, our Group may be liable for breaches in law (such as the OSHA) relating to workplace safety and health regulations and requirements. Any occurrence of accident or incident in the future may also have a material adverse effect on our timely completion and delivery of our projects or give rise to liabilities on our part which would result in a material adverse impact on the financial position and business of our Group.

(vii) We are dependent on the validity of our CIDB license to tender for public sector projects and private sector projects

There is no certainty or guarantee that the CIDB license will be renewed or will not be revoked in the future. The failure to renew the CIDB license will have a material adverse impact on our business operations and financial performance as our Group will not be able to secure any projects.

(viii) We are exposed to the risk of security breaches or system failures

Our Group's business is dependent on our ability to provide secured transmissions of confidential information over network accessible to the public which is subject to bandwidth capacity limitations, breaches of security by computer viruses, industrial espionage, sabotage, hacking, break-ins and other factors. These risks comprise physical security risk and information security risk. Occurrence of any of these risks may have a material adverse impact on our business operations and financial performance.

2. INFORMATION SUMMARY (CONT'D)**(ix) We are exposed to unanticipated project cost overruns and project delays**

Most of our contracts contain liquidated and ascertained damages clause which holds us liable for our failure to meet the completion date of the projects. Project costs overruns may arise during the execution works as a result of unanticipated modification works due to customer requests or unscheduled delays due to delay in readiness of site. In addition, we may not be able to recover any costs incurred as a result of a delay or cancellation of projects caused by our customers. Such delay or cancellation may have an adverse impact on our financial performance.

(x) Our business may be affected by defects in our work

In the event our installed systems do not conform to the pre-agreed specifications or our workmanship is defective, we will have to rectify such non-conformity or defects at our own cost, which may affect our business reputation and financial performance.

(xi) We may be affected by an adverse judgment or settlement in respect of any future civil claims

The operation of our business involves risks that may lead to contractual or tortious claims. Any adverse judgment or settlement following any future civil claims made against us may lead to negative publicity about us and may adversely affect our market reputation and customers' perception, which in turn would affect the financial performance of our Group.

(xii) We may not be able to generate additional revenue from the offering of video monitoring solutions in collaboration with NetPosa

There can be no assurance that we will be successful in executing our future plan to offer video monitoring solutions in collaboration with NetPosa. Any failure to successfully execute our future plan to offer video monitoring solutions in collaboration with NetPosa may lead to our Group not being able to generate additional revenue which may then affect our future financial performance.

(xiii) We may be exposed to fluctuations in exchange rates

Part of our Group's revenue and purchases are denominated in foreign currencies. There can be no assurance that any future fluctuations in exchange rates will not have a material and adverse impact on our financial performance.

In addition, the purchases of NetPosa China's Products as well as the income to be derived from NetPosa China for installation works in South East Asia region to be performed by our Group will be denominated in USD. Also, our Group may register lower income derived from the installation of NetPosa China's Products in South East Asia region if the USD weakens against the RM. There can be no assurance that there will not be any material fluctuations of the value of RM against USD, the occurrence of which may affect our Group's future financial performance.

2. INFORMATION SUMMARY (CONT'D)

(xiv) We may face competition from NetPosa China

NetPosa China is involved in video processing technologies and the provision of video monitoring solutions and high-quality video storage products. Although NetPosa China currently does not have market presence in Malaysia and are predominantly based in the PRC, there can be no assurance that NetPosa would not set up operations in Malaysia in future that would potentially compete with the business of our ELV systems segment, which in turn may affect our future financial performance.

Further details of the risk factors are set out in **Section 4** of this Prospectus.

2.9 Dividend Policy

It is our Board's policy to recommend and distribute minimum dividends of 30% of our annual PAT attribution to shareholders of our Company. Any final dividends declared are subject to the approval of our shareholders at our annual general meeting.

Our ability to pay dividends or make other distributions to our shareholders is subject to the Act and various factors, such as having profits and excess funds not required to be retained to fund our working capital requirements.

You should note that our dividend policy merely describes our Group's present intention and should not constitute legally binding statements in respect of our Group's future dividends that are subject to modification and our Board's discretion.

Detailed information on our dividend policy is set out in **Section 11.7** of this Prospectus.

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3. DETAILS OF THE IPO

3.1 Introduction

This Prospectus is dated 28 April 2017.

Save as disclosed in this Prospectus, no securities will be allotted or issued or offered on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.

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

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a “prescribed security”. Consequently, the Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and the rules of Bursa Depository.

We have obtained the approval of Bursa Securities vide its letter dated 19 January 2017 for the admission of our Company to the Official List of the ACE Market of Bursa Securities and for the listing of and quotation for our Shares, including the IPO Shares which are 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 Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. Admission to the Official List is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Pursuant to the Listing Requirements, our Company is required to comply with the public spread requirements as determined by Bursa Securities, pursuant to which our Company is required to have a minimum of 25% of our Shares for which Listing is sought to be held by at least 200 public shareholders holding not less than 100 Shares each upon completion of our IPO and at the time of Listing. Our Company is expected to achieve this at the time of Listing. In the event that the above requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full without interest and if such monies are not returned in full within fourteen (14) days after our Company becomes liable to do so, the provisions of sub-sections 243(2) and 243(6) of the CMSA shall apply accordingly.

You must have a CDS Account when applying for our IPO Shares. In the case of an application by way of the Application Form, you should state your CDS Account in the space provided in the Application Form. If you do not presently have a CDS Account, you must open a CDS Account at an ADA prior to making an application for our IPO Shares.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application and you shall furnish your CDS Account number to the Participating Financial Institutions by way of keying in your CDS Account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account and an existing account with access to the internet financial services with Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for the IPO Shares by way of Internet Share Application.

3. DETAILS OF THE IPO (CONT'D)

You should rely on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor any of our advisers has authorised anyone to provide you with the information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of our IPO Shares in other jurisdictions outside Malaysia may be restricted by law. If you have come into possession of this Prospectus, we require you to be aware of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to subscribe for any IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation is not authorised or lawful. This Prospectus shall also not be used to make an offer or invitation of our Shares to any person to whom it is unlawful to do so.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of our Company or our Shares.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT ABOUT THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

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3. DETAILS OF THE IPO (CONT'D)**3.2 Share Capital**

	No. of Shares	RM
Issued share capital as at the date of this Prospectus	109,000,000	10,900,000
Shares to be issued pursuant to the Public Issue	21,000,000	11,760,000
Enlarged issued share capital upon Listing	130,000,000	22,660,000
Issue Price		0.56
Market capitalisation of our Company based on the Issue Price and enlarged issued share capital upon Listing		72,800,000

Our market capitalization upon Listing, based on the Issue Price and our enlarged issued share capital of 130,000,000 Cabnet Shares will be RM72.8 million. The Issue Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The board lot size of our enlarged issued share capital upon Listing will be standardised at 100 units per board lot.

As at the LPD, our Company has one (1) class of shares, namely ordinary shares.

The IPO Shares will, upon allotment, rank *pari-passu* in all respects with one another and all other existing issued Shares, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the capital on the Shares held by them, be entitled to share in whole of the profits paid out by us in the form of dividends and other distributions. In the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital at the commencement of the liquidation, in accordance with our Constitution and the provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney. On a show of hands, each shareholder present either in person, by proxy, by attorney or other duly authorised representative shall have one (1) vote. On a poll, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have one (1) vote for each Share held.

There are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

3. DETAILS OF THE IPO (CONT'D)

3.3 Purposes of our IPO

The purposes of our IPO are as follows:-

- (i) to enable us to tap into the equity capital market for future fund raising to pursue future growth opportunities as and when the need arises, through other forms of capital raising avenue, such as rights issue and private placement;
- (ii) to gain recognition and enhance the stature of our Group with a listing status as well as increase market awareness of our products and services so as to assist us in expanding our customer and supplier base; and
- (iii) to provide an opportunity for investors and institutions to participate in our equity and continuing growth.

3.4 Particulars of our IPO

3.4.1 Public Issue

Our Company is offering 21,000,000 IPO Shares at the Issue Price, representing approximately 16.15% of the enlarged issued share capital of our Company, to be allocated and allotted in the following manner:-

(i) **Malaysian Public via balloting ("Public Tranche")**

7,000,000 IPO Shares, representing approximately 5.38% of the enlarged issued share capital of our Company will be made available for application by the Malaysian Public through a balloting process.

Any IPO Shares reserved under the Public Tranche which are not fully subscribed by the Public will be underwritten by our Underwriter based on the terms of the Underwriting Agreement.

(ii) **Private placement to selected investors ("Placement Tranche")**

10,000,000 IPO Shares, representing approximately 7.69% of the enlarged issued share capital of our Company, have been reserved for placement to selected investors.

The IPO Shares reserved under the Placement Tranche are not underwritten as written irrevocable undertakings to subscribe for these IPO Shares have been procured from the respective selected investors.

(iii) **Eligible Directors, key management personnel and employees of our Group and persons who have contributed to the success of our Group**

In recognition of their contributions to the success of our Group, we have reserved 4,000,000 IPO Shares, representing approximately 3.08% of the enlarged issued share capital of our Company, for application by our eligible Directors, key management personnel and employees of our Group and persons who have contributed to the success of our Group. The persons who have contributed to the success of our Group include our suppliers.

We will allocate the 4,000,000 IPO Shares to our eligible Directors, key management personnel and employees and persons who have contributed to the success of our Group in the following manner:-

3. DETAILS OF THE IPO (CONT'D)

Eligibility	Number of persons	Aggregate number of IPO Shares allocated
Directors of our Group ⁽¹⁾	3	550,000
Key management personnel of our Group ⁽¹⁾	6	775,000
Employees of our Group ⁽²⁾	62	2,175,000
Persons who have contributed to the success of our Group ⁽³⁾	5	500,000
Total	76	4,000,000

Notes:-

- (1) The criteria for allocation to our Directors and key management are based on, amongst others, their respective roles, responsibilities and length of service in our Group.

The number of IPO Shares to be allocated to our Directors and key management is as follows:-

Directors

Name	Designation	Number of Shares allocated
Datuk Tan Kok Hong @ Tan Yi	Independent Non-Executive Chairman	250,000
Lim Ming Kee	Independent Non-Executive Director	150,000
Loo Yong Peng	Independent Non-Executive Director	150,000
Total		550,000

Key management personnel

Name	Designation	Number of Shares allocated
Pauline Loh Yen Ping	Chief Financial Officer	60,000
Yong Thiam Yuen	Chief Operating Officer	115,000
Tan Ying Meng	Chief Technology Officer / Head of IT Services	150,000
Koh Thain Lin	Head of Business Development	150,000
Sim Yian Fei	Head of ELV Systems	150,000
Kong Tze Senn	Head of Structured Cabling Works	150,000
Total		775,000

- (2) The criteria for allocation to our eligible employees are for confirmed staff based on, amongst others, their staff grade and length of service in our Group.
- (3) The criteria for allocation to the persons who have contributed to the success of our Group are based on their contribution, length of relationship and support to the growth of our Group.

3. DETAILS OF THE IPO (CONT'D)

All the 4,000,000 IPO Shares reserved for application by our eligible Directors, key management personnel and employees and persons who have contributed to the success of our Group will not be underwritten.

Please refer to **Section 3.11** of this Prospectus for further details on the underwriting arrangement.

3.4.2 Underwriting and allocation of the IPO Shares

In summary, the IPO Shares will be allocated and allotted in the following manner:-

	Public Issue	
	No. of Shares ('000)	% of enlarged share capital
Malaysian Public	7,000	5.38
Selected investors (via private placement)	10,000	7.69
Eligible Directors, key management personnel and employees and persons who have contributed to the success of our Group	4,000	3.08
Total	21,000	16.15

All the 7,000,000 IPO Shares made available for application by the Malaysian Public under **Section 3.4.1(i)** of this Prospectus have been fully underwritten.

The IPO Shares made available to selected investors by way of private placement under **Section 3.4.1(ii)** are not underwritten and will be placed out by our Placement Agent.

The IPO Shares made available for application by our eligible Directors, key management personnel and employees and persons who have contributed to the success of our Group as set out in **Section 3.4.1(iii)** are also not underwritten.

The number of IPO Shares will not increase via any over-allotment or "greenshoe" option.

Any unsubscribed IPO Shares under **Sections 3.4.1(i)** and **3.4.1(iii)**, respectively, will be made available for application by way of private placement to selected investors. However, in the event that the IPO Shares under **Section 3.4.1(i)** of this Prospectus are over-subscribed, the IPO Shares not subscribed for under **Sections 3.4.1(ii)** and **3.4.1(iii)** of this Prospectus, if any, will be made available for application by the Malaysian Public.

The basis of allocating the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities as well as to establish a liquid and adequate market for our Shares.

3.4.3 Minimum subscription

There is no minimum subscription in terms of the proceeds to be raised by our Company.

3. DETAILS OF THE IPO (CONT'D)

3.5 Basis of arriving at the price of the IPO Shares

The Issue Price was determined after taking into consideration, amongst others, the following factors:-

- (i) Our financial performance and operating history as described in **Sections 11.2 and 5.1** of this Prospectus, respectively;
- (ii) Our consolidated NA per Share of approximately 28.0 sen, computed based on our Group's NA of approximately RM36.35 million as at 31 December 2016 after taking into consideration the Public Issue and utilisation of proceeds and our enlarged issued share capital of 130,000,000 Shares;
- (iii) Our net EPS of approximately 6.05 sen, computed based on our Group's audited consolidated PAT attributable to the owner of the company of approximately RM6.41 million for the FYE 31 December 2016 and our weighted average number of shares, translating to a PE Multiple of approximately 9.26 times based on our issue price of RM0.56;
- (iv) Our competitive strengths and advantages as set out in **Section 6.17** of this Prospectus;
- (v) Our future plans and strategies as set out in **Section 6.18.1** of this Prospectus;
- (vi) The prospects of our Group and the prevailing outlook as set out in **Section 7** of this Prospectus.

You should also take note that the market price of our Shares upon and subsequent to the Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You are reminded to consider the risk factors as set out in **Section 4** of this Prospectus and form your own views on the valuation of our IPO Shares before deciding on whether to invest in our Shares.

3.6 Dilution

Dilution is the amount by which the Issue Price to be paid by applicants of our IPO Shares exceeds our pro forma consolidated NA per Share immediately after our IPO.

Pursuant to the Public Issue of 21,000,000 new Shares at the Issue Price and after adjusting for the effects of the utilisation of proceeds, the pro forma consolidated NA per Share as at 31 December 2016 would have been approximately 28.0 sen. This represents an immediate increase in consolidated NA per Share of 3.0 sen to Cabnet's existing shareholders and dilution in NA per Share of 28.0 sen or approximately 50.0% to our new investor.

3. DETAILS OF THE IPO (CONT'D)

The following table illustrates such dilution on a per Share basis:-

	sen
IPO Price	56.0
Pro forma consolidated NA per Share as at 31 December 2016 after the IPO	28.0
Dilution in pro forma consolidated NA per Share to new investors	28.0
Dilution in pro forma consolidated NA per Share to new investors as a percentage to the Issue Price	50.0%

3.7 Shares received by our Promoters, Directors, substantial shareholders and Pre-IPO Investor during the past three (3) years

The following table summarises the total number of Shares received by our Promoters, Directors, substantial shareholders and Pre-IPO Investor during the past three (3) years prior to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for our IPO Shares pursuant to our IPO:

	No. of Shares before IPO (^{'000})	No. of Shares from IPO (^{'000})	Total consideration RM (^{'000})	Average cost per Share RM
<u>Directors, Promoters and substantial shareholders</u>				
Tay Hong Sing	32,600 ⁽¹⁾	-	3,260	0.10
Tan Boon Siang	32,600 ⁽¹⁾	-	3,260	0.10
<u>Directors</u>				
Datuk Tan Kok Hong @ Tan Yi	-	250 ⁽²⁾	140	0.56
Lim Ming Kee	-	150 ⁽²⁾	84	0.56
Loo Yong Peng	-	150 ⁽²⁾	84	0.56
<u>Pre-IPO Investor and substantial shareholder</u>				
NetPosa	26,000 ⁽³⁾	-	14,300	0.55 ⁽⁴⁾
<u>Other investors</u>				
New investors from Public Issue	-	21,000 ⁽⁵⁾	11,760	0.56

Notes:-

(1) Pursuant to the Acquisition of Cabnet Systems. Please refer to **Section 5.5** of this Prospectus for further details on the Restructuring Exercises.

(2) Assuming full subscription of their respective entitlements pursuant to the Pink Form Allocations.

(3) Pursuant to NetPosa Investment.

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3. DETAILS OF THE IPO (CONT'D)

(4) The average cost per Share paid by the Pre-IPO Investor is lower than the Issue Price. The discount of RM0.01, representing a discount of 1.79% to the Issue Price, was accorded to the Pre-IPO Investor due to the perceived risk of uncertainty of the Listing (i.e. approvals being obtained from the authorities and the subsequent listing of our Group).

(5) Inclusive of Pink Form Allocations.

Save for the above, there is no material acquisition of any existing Shares that involves cash in our Company by our Promoters, Directors, substantial shareholders and Pre-IPO Investor or person connected with them, or in which they have the rights to acquire, during the past three (3) years prior to the date of this Prospectus.

3.8 Utilisation of proceeds

The expected gross proceeds from the Public Issue amounting to RM11.76 million based on the issue price of RM0.56 per IPO Share are expected to be utilised in the manner as set out below:-

Details of utilisation	Estimated time frame for utilisation upon Listing	RM million	Percentage of gross proceeds %
Working capital - Purchase of equipment for projects ⁽¹⁾	Within 24 months	5.26	44.7
R&D expenditure ⁽²⁾	Within 24 months	0.50	4.3
Repayment of bank borrowings ⁽³⁾	Within four (4) months	3.00	25.5
Estimated listing expenses ⁽⁴⁾	Within one (1) month	3.00	25.5
Total		11.76	100.0

Notes:-

- (1) Our Group intends to allocate RM5.26 million from the IPO proceeds for our working capital requirements for the purchase of equipment, components and parts for projects. The purchase of the equipment, component and parts for projects would enable our Group to undertake new projects in the future, hence enabling our Group to increase and strengthen our market presence in Malaysia as highlighted in **Section 6.18.1** of this Prospectus. The proceeds for our working capital requirements for the purchase of equipment, components and parts for projects are anticipated to be utilised in the following manner:-

	RM million
ELV systems	
Intercom systems, PA systems, barrier gates and card access systems, cameras, SMATV and accessories	3.26
Structured cabling	
Pipes, trunkings and cables	1.00
IT services	
Servers, switches, storage and software	1.00
Total working capital	5.26

The actual utilisation for each component as stated above are for illustrative purposes, based on the management's best estimate of future revenue contribution from the respective business segments (i.e. 60% for ELV systems, 20% for structured cabling and 20% for IT services), and may differ at the time of utilisation.

3. DETAILS OF THE IPO (CONT'D)

- (2) Our Group intends to allocate RM0.50 million from the IPO proceeds for the purchase of equipment and recruitment of two (2) additional senior software executives in R&D in our central region office in Puchong, Selangor to focus on R&D efforts in refining the CISS, a software that integrates various brands of CCTVs and ACS onto a single platform which allows users to manage and control these systems from a centralised control room. The breakdown of the amounts earmarked for this purpose is as follows:-

Description of R&D expenditure	Estimated amount RM million
Purchase of equipment ^(a)	0.21
R&D personnel costs ^(b)	0.29
Total R&D expenditure	0.50

Notes:-

- (a) We have earmarked RM0.21 million of our IPO proceeds for the purchase of equipment to be used in our Group's R&D activities. The breakdown of the estimated costs for the purchase of equipment is as follows:-

Details	Number of units	Estimated total amount RM'000
Computers	5	30
Servers	5	65
CCTV demo equipment including mounting accessories, cameras, NVR and interconnecting cables	2	30
ACS demo equipment including controllers, sub-controllers, cards, and power module	2	20
Intercom demo equipment	2	10
Software drivers	5	15
Video wall display	5	25
Other accessories such as racks, network switches and mounting brackets	N/A	15
Total		210.0

- (b) The R&D personnel costs consist of salary, EPF and SOCSO for 24 months for the two (2) additional R&D personnel (i.e. senior software executives).

Any unutilised amount of the R&D expenditure will be used towards working capital. Conversely, any excess amount required to develop our R&D division will be allocated from working capital. Further details on our R&D plans are set out in **Section 6.11** of this Prospectus.

- (3) As at the LPD, the total borrowings of Cabnet Group stood at approximately RM6.29 million. Our Group proposes to utilise RM3.00 million of the IPO proceeds to partially repay Cabnet Group's existing bank borrowings, of which the outstanding amount of these facilities stood at RM3.93 million as at the LPD.

Repayment of bank borrowings is as follows:-

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3. DETAILS OF THE IPO (CONT'D)

No.	Facility	Bank name	Amount outstanding as at the LPD RM million	Proposed repayment RM million	Interest rate (% per annum) / Maturity period	Purpose of borrowing
1	Overdraft	Alliance Bank Malaysia Berhad	0.44	0.40	6.85% / revolving	Working capital
2	Banker's Acceptance	Alliance Bank Malaysia Berhad	0.97	0.50	5.09% / 120 days	Working capital
3	Banker's Acceptance	Standard Chartered Bank Malaysia Berhad	0.80	0.50	5.26% / 120 days	Working capital
4	Banker's Acceptance	Public Bank Berhad	1.03	1.00	3.83% / 120 days	Working capital
5	Overdraft	Public Bank Berhad	0.45	0.40	7.85% / revolving	Working capital
6	Overdraft	Standard Chartered Bank Malaysia Berhad	0.24	0.20	8.45% / revolving	Working capital
TOTAL			3.93	3.00		

If the actual repayment of borrowings is lower than budgeted, the surplus will be utilised for working capital purposes.

- (4) The expenses of the Public Issue to be borne by us are estimated to be RM3.00 million and comprise the following:-

	RM million
Estimated professional fees	1.38
Brokerage, underwriting and placement fees	0.27
Estimated regulatory fees	0.07
Other fees and expenses such as printing, advertising, travel and roadshow expenses incurred in connection with the IPO and miscellaneous expenses	1.28
Total estimated listing expenses	3.00

If the actual listing expenses are higher than estimated, the deficit will be funded out of working capital. However, if the actual expenses are lower than estimated, the excess will be utilised for general working capital requirements of our Group.

We intend to place the proceeds raised from the Public Issue (including accrued interest, if any) or the balance thereof as deposits with licensed financial institutions or short-term money market instruments prior to the eventual utilisation of the IPO proceeds for the above intended purposes.

3.9 Financial impact from utilisation of proceeds

Our utilisation of the proceeds from the IPO is expected to have the following financial impact on our Group:-

(i) Enhancement of working capital

We will utilise RM5.26 million of the Public Issue proceeds for our working capital requirements as outlined in **Section 3.8** of this Prospectus.

3. DETAILS OF THE IPO (CONT'D)

As stated in our Group's pro forma consolidated statements of financial position as at 31 December 2016 as outlined in **Section 11.1** of this Prospectus, our Group's cash and bank balances will increase from RM5.95 million to approximately RM12.04 million immediately after our Public Issue and utilisation of proceeds raised from the IPO. This will allow us to be less reliant on external funding to finance our growth in business activities.

(ii) Gearing and interest saving

We will utilise RM3.0 million of the Public Issue proceeds to repay part of our Group's existing bank borrowings as outlined in **Section 3.8** of this Prospectus.

The repayment of bank borrowings will reduce our Group's gearing level from 0.19 times, based on our Group's borrowings as at 31 December 2016 of approximately RM5.30 million and the NA as at 31 December 2016 of approximately RM27.59 million, to 0.07 times, based on our Group's borrowings of approximately RM2.63 million (assuming our Group's borrowings as at 31 December 2016 of approximately RM5.30 million minus the repayment of outstanding bank borrowings balance of RM2.67 million as at 31 December 2016 pursuant to the banking facilities referred to in Note (3) of Section 3.8) and pro forma NA after taking into consideration the Public Issue and utilisation of proceeds. In addition, based on prevailing interest rates ranging from 3.83% per annum to 8.45% per annum, we expect to have interest savings from the repayment of bank borrowings of approximately RM0.14 million.

(iii) R&D

We will utilise RM0.5 million of the Public Issue proceeds for the purchase of equipment and recruitment of (2) additional senior software executives in R&D in our central region office in Puchong, Selangor, focusing on refining our software, known as CISS, that integrates various brands of CCTVs and ACS onto a single platform as part of our R&D plans as outlined in **Section 6.11** of this Prospectus. The utilisation of RM0.5 million is not expected to have any immediate financial impact on our Group.

In the event that the allocation of proceeds from the Public Issue is insufficient for our R&D purposes, we will utilise our internally generated funds and/or source for external funding.

3.10 Brokerage, underwriting commission and placement fee

(i) Brokerage

We will pay brokerage in respect of the sale of the 21,000,000 IPO Shares under the Public Issue, at the rate of 1.0% of the Issue Price in respect of all successful applications which bear the stamp of the 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. The brokerage is subject to GST.

(ii) Underwriting commission

Our Underwriter has agreed to underwrite 7,000,000 IPO Shares as set out in **Section 3.4.1(i)** of this Prospectus. We will pay our Underwriter an underwriting commission at the rate of 2.5% of the total value of the underwritten Shares based on the Issue Price. The underwriting commission is subject to GST.

3. DETAILS OF THE IPO (CONT'D)**(iii) Placement fee**

Our Placement Agent has agreed to place our IPO Shares to institutional and selected investors to be identified comprising 10,000,000 IPO Shares as set out in **Section 3.4.1(ii)** of this Prospectus. We will pay our Placement Agent a placement fee at the rate of 2.0% of the total value of the IPO Shares at the Issue Price to be placed out by our Placement Agent and a placement fee at the rate of 0.5% of the total value of the IPO Shares at the Issue Price to be placed out to placees identified by our Company. The placement fee is subject to GST.

3.11 Underwriting arrangement

The following salient terms are reproduced from the Underwriting Agreement. The terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

2. AGREEMENT TO UNDERWRITE

- 2.1 *Subject to the terms and conditions set out in the Underwriting Agreement and in consideration of the commission payable by the Company to the Underwriter according to the percentages, i.e. 2.5% of the total value of the underwritten Shares based on the Issue Price, ("**Underwriting Commission**") to the Underwriter, and relying upon each of the representations, warranties and undertakings by the Company set out in Clause 3, the Underwriter agrees to underwrite the IPO Shares under the Public Tranche ("**Underwritten Shares**"), not taken up or duly applied for by the closing date of the IPO ("**Closing Date**") upon the terms and conditions hereinafter contained.*

For avoidance of doubt, the Company agrees that the liability of the Underwriter shall be discharged once the Underwritten Shares have been fully subscribed for by the Public.

- 2.2 *The obligations of the Underwriter under the Underwriting Agreement are conditional on the performance by the Company of all its obligations under the Underwriting Agreement and upon:-*

*2.2.1 there having been on or prior to the Closing Date, in the opinion of the Underwriter (whose opinion is final and binding), neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial, business, operations or otherwise) of the Company or the Group, which is material in the context of the IPO from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the opinion of the Underwriter, which makes any of the representations and warranties contained in **Clause 3** untrue and incorrect in any respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in **Clause 3**;*

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3. DETAILS OF THE IPO (CONT'D)

2.2.2 the delivery to the Underwriter:-

- 2.2.2.1 prior to the date of the registration of the Prospectus, a copy certified as a true copy by a Director or the company secretary of all the resolutions of the Directors and shareholders: (i) approving the Listing and IPO; (ii) approving the Underwriting Agreement and authorising such person as the Board of Directors may resolve to execute the Underwriting Agreement; (iii) approving the issuance and allotment of the IPO Shares; and (iv) approving and authorising the issuance of the Prospectus and the application forms and confirming that the Directors have seen and approved the Prospectus and the application forms (in the form as attached in **THIRD SCHEDULE** of the Underwriting Agreement) and they collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus and the application forms; and
- 2.2.2.2 a certificate, in the form or substantially in the form contained in the **SECOND SCHEDULE**, dated the date of the Prospectus signed by a duly authorised officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in **Clause 2.2.1**.
- 2.2.3 the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that would or may have an adverse effect on the performance or financial position of the Group;
- 2.2.4 the Listing and IPO are not being prohibited or impeded 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 in Malaysia, including but not limited to Bursa Securities and the SC;
- 2.2.5 the Underwriter having been satisfied that the Company has complied with and that the Listing and IPO is in compliance with the CMSA, policies, guidelines and requirements of the relevant authorities (including Bursa Securities and/or the SC) and all revisions, amendments and/or supplements thereto;
- 2.2.6 the approval for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Listing and IPO and the lodgement of the Prospectus with the ROC on or before their release under the IPO or in accordance with the CMSA together with copies of all documents required under the CMSA;
- 2.2.7 the Underwriting Agreement having been duly executed by the Company and Underwriter and stamped;
- 2.2.8 the Prospectus being in form and substance satisfactory to the Underwriter and the issuance of the Prospectus being not later than one (1) month from the Agreement date or such later date as the Underwriter may from time to time agree in writing; and

3. DETAILS OF THE IPO (CONT'D)

2.2.9 the approval of Bursa Securities for the admission of the Company to the Official List and the listing of and quotation for its entire enlarged issued share capital being obtained on terms acceptable to the Underwriter and remaining in full force and effect and that all conditions precedent to the approval have been complied with to the satisfaction of the Underwriter and such approval has not been withdrawn.

- 2.3 If any of the conditions set out in **Clause 2.2** is not satisfied by the Closing Date, the Underwriter shall thereupon be entitled to terminate the Underwriting Agreement by notice and in that event except for the liability of the Company for the payment of costs and expenses as provided in **Clause 13** incurred prior to the termination and any claims pursuant to **Clause 3.3.1**, there shall be no further claims by the Underwriter against the Company, and the Company and Underwriter shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Underwriter may at their absolute discretion waive compliance with any of the provisions of **Clause 2.2** except for any conditions required by any laws, rules, regulations and guidelines or by any regulatory or governmental authorities / bodies.

4. APPLICATION FOR UNDERWRITTEN SHARES

- 4.1 If on or before the Closing Date or such other date as the Company and the Underwriter may mutually agree upon, the Underwritten Shares have been applied for in full by the Public, no obligation shall arise on the part of the Underwriter to apply for any of the Underwritten Shares under the Underwriting Agreement. However, if on the Closing Date or such other date as the Company and the Underwriter may mutually agree upon, any parts of the Underwritten Shares which shall not have been applied for, the Underwriter shall be bound to subscribe and pay for the Underwritten Shares or any part thereof remaining unsubscribed number of Underwritten Shares which have not been applied for as set out in accordance to their respective percentages in the **SECOND COLUMN** of the **FIRST SCHEDULE**.

IPO Shares under Public Tranche

- (a) the Public Tranche shall firstly be offered to the Malaysian Public (without increasing the amount of the IPO Shares in the event there is an over subscription by the Malaysian Public);
 - (b) in the event the subscription in sub-clause 4.1(a) is below the number of Shares offered in the Public Tranche, the unsubscribed Public Tranche Shares shall be made available for subscription to selected investors; and
 - (c) any remaining IPO Shares not taken up as described in sub-clause 4.1(b) will subsequently be underwritten in accordance with the terms and conditions of the Underwriting Agreement.
- 4.2 For the avoidance of doubt, the liabilities and obligations of the Underwriter shall be to take up and apply for or procure subscriptions of the Underwritten Shares not subscribed or taken up by the Closing Date, according to the Underwriter's commitment stipulated in the **SECOND COLUMN** of the **FIRST SCHEDULE** and as may be stipulated in the the notice to be given by the Company pursuant to **Clause 4.3** to the Underwriter notifying the Underwriter of the number of Underwritten Shares required to be applied for by the Underwriter ("**Underwriting Notice**") sent to the Underwriter.

3. DETAILS OF THE IPO (CONT'D)

- 4.4 *The Underwriter shall forthwith and in any case not later than 12.00 p.m. of the 3rd Market Day after receipt of the Underwriting Notice or such other date as the Company and the Underwriter may mutually agree upon deliver to the Issuing House an application in the appropriate form for the number of Underwritten Shares which the Underwriter is required to apply for together with the remittance for the amounts payable on such application in respect of the Underwritten Shares so applied for as stipulated in the Prospectus less the amount of the Underwriting Commission pursuant to **Clause 6** payable to the Underwriter. If the Underwriter shall fail by 12.00 p.m. of the 3rd Market Day after receipt of the Underwriting Notice, deliver the application and/or remittance, then the Company shall be at liberty to sign and lodge such application on behalf and in the name of the Underwriter and this authority and any application made thereunder shall be irrevocable. The Underwriter further expressly declare and agree that all applications, instruments, acts and things signed, executed and done by the Company, as aforesaid described shall be as good, valid and effectual to all intent and purposes whatsoever as if the same has been signed, executed and done by the Underwriter. The Company in such an instance shall also be entitled to recover from the Underwriter the costs and expenses incurred resulting from or arising out of the particular Underwriter's failure as aforesaid.*

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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 OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE BEFORE INVESTING IN OUR SHARES.

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.

4.1 Risks relating to our industry

4.1.1 We are affected by government policies and economic factors that are beyond our control

Our Group may be affected by any adverse changes in the government policies. Introduction of new laws and regulations may impose and/or increase restrictions on the construction sector, ELV systems and structured cabling industry and ICT industry in Malaysia. It may also result in changes to financial and banking policies and guidelines.

Changes in government policies may affect our Group's ability to continue its operations in the industry, for example changes in CIDB licensing requirements may result in our Group not being able to renew its CIDB license. Consequently, our Group will not be qualified to secure any projects.

In addition, Bank Negara Malaysia may introduce new policies or revise current policies that may affect overnight policy rates (which in turn will affect lending rates charged by banks in Malaysia) or affect repatriation of funds into and from Malaysia. These may affect the overall economy of the country. Bank Negara Malaysia may also revise its credit policy, which may influence banks to revise their lending policies accordingly. Changes in financial and banking policies may affect our Group's ability to secure financing for its operations and/or increase in cost of financing, which may in turn affect its ability to secure and deliver projects and/or increase our Group's cost of operations respectively. The changes in the policies pertaining to repatriation of funds into and from Malaysia may affect our Group as our Group had undertaken projects in Brunei and Indonesia in the past and any future overseas projects to be undertaken by our Group pursuant to the Collaboration Agreement.

Any widespread and/or prolonged economic slowdown will affect businesses and consumer confidence which will in turn affect the spending trend, either from the public or private sector. Economic factors include factors such as unemployment rates, GDP and inflation rates that may affect public expenditure and/or private expenditure, thereby affecting the economy in general. Economic downturns may cause a decline in demand for our Group's services and solutions.

There can be no assurance that changes in any of the abovementioned risks will not have a material adverse effect on our business operations and financial performance.

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4. RISK FACTORS (CONT'D)

4.1.2 We are dependent on the construction sector in Malaysia

We are dependent on the construction sector as the prospects of the industry in which our Group operates are correlated to the performance of the construction sector, which in turn is dependent on the state of the Malaysian economy. Any downturn in the Malaysian economy in general would lead to a decrease in the demand for properties which would in turn lead to a decrease in property-related construction activities due to weaker consumer demand. This may affect the overall demand of our Group's services and solutions which will in turn affect our Group's financial performance.

The construction sector is affected by, amongst others, the political stability (where it affects business and consumer confidence, and ultimately investments or expenditure for construction-related activities) and economy condition of the country which is dependent on factors such as inflation, labour supply as well as labour and raw material cost. Furthermore, construction activities are also susceptible to risks such as rise in financing cost, fluctuating demand for properties as well as possible property cooling measures implemented by the government.

According to the IMR Report, the construction sector in Malaysia, as measured by the value of projects awarded, grew from RM60.9 billion in 2006 to RM178.8 billion in 2014 at a CAGR of 14.4%. In 2015, the construction sector in Malaysia experienced a dip in terms of awarded project value to RM139.7 billion from RM178.8 billion in 2014. Subsequently in 2016, the awarded construction project value was registered at RM125.0 billion. The fall in awarded project values in 2015 and 2016 was largely due to the slowdown in demand in the property market.

According to the IMR Report, the construction sector in Malaysia has proven to be resilient in the past, having recovered from troughs that occurred during the global financial crisis in 2008 and 2009, and thus the construction sector in Malaysia is expected to recover over the long term. Smith Zander expects the value of projects awarded to further grow from RM125.0 billion in 2016 to RM153.9 billion in 2019 at a CAGR of 7.2%.

The construction sector in Malaysia is expected to recover over the long-term, with the upcoming of several major infrastructure construction projects highlighted in the Economic Transformation Programme, 11 Malaysia Plan, economic corridors, Budget 2015 and Budget 2016, including the following projects:-

- Klang Valley MRT System Line 2;
- Extension of the Light Rail Transit lines ("LRT");
- KL – Singapore High Speed Rail project;
- East Coast Rail Line; and
- Penang Transport Master Plan.

Furthermore, there are also several new and upcoming residential and commercial developments, including several prime commercial developments in the Klang Valley such as the development of the following projects:-

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4. RISK FACTORS (CONT'D)

- Three (3) Kuala Lumpur City Centre ("KLCC") towers for additional office, hotel and retail space;
- Bukit Bintang Commercial Centre;
- KL118 Tower;
- Redevelopment of Angkasapuri Complex to Media City;
- Project MX-1;
- Tun Razak Exchange;
- Genting Integrated Tourism Plan in Genting Highlands;
- Port Dickson Waterfront Development; and
- Residential North Project in Johor.

(Source: IMR Report)

Nonetheless, there can be no assurance that any adverse change in the construction sector will not have a material adverse effect on our business operations and financial performance going forward.

4.1.3 Inability to keep up with technology changes and advancements

Our Group operates in the ELV systems and structured cabling industry and ICT industry in Malaysia. The industries in which our Group operates is characterised by technological developments and evolving industry standards¹.

Technology changes have led to the development of new products and systems and/or enhanced features for existing products and systems. These technology changes in the industries in which our Group operates include digital, network-based video surveillance systems which have video analytics and time stamping capabilities, and are supported by a full range of hardware and software solutions. Our Group needs to keep abreast of such development as it impacts the services and solutions that we offer. To date, our Group has been able to keep up with the technology changes.

In the event our Group is not able to keep up with market demands arising from technology changes, our business operations and financial performance will be adversely affected.

4.1.4 We face competition from existing industry players

The ELV systems and structured cabling industry in Malaysia is competitive, owing to the large pool of industry players that compete for public and private projects in residential property, commercial property and industrial property and infrastructure segments in the country. The ELV systems and structured cabling industry comprise industry players who are:-

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¹ Industry standards such as the standards set by Institute of Electrical and Electronics Engineers (IEEE) Standards Association (a technical professional organisation and developer of international standards that underpin telecommunications, IT and power generation products and services) pertaining to structured cabling specifications may require our Group to adopt new structured cabling hardware and/or new skills in order to remain relevant and meet the needs of our customers.

4. RISK FACTORS (CONT'D)

- (i) Distributors-cum-installers of electrical wiring and fittings, electrical equipment, ELV systems, components and parts, comprising industry players who are brand and/or product distributors that also secure contracts to install ELV systems and structured cabling;
- (ii) installers of electrical wiring and fitting, electrical equipment and ELV systems, components and parts comprising industry players that secure contracts to install ELV systems and structured cabling; and
- (iii) system integrators comprise companies that secure contracts to install ELV systems by integrating hardware and software products from multiple vendors based on the specific requirements of buildings.

According to the IMR Report, in 2015, electrical services in Malaysia, measured by the total value of projects awarded, was registered at RM4.6 billion, where ELV systems and structured cabling projects were valued at RM926.8 million. During the same period, our Group was awarded with projects amounting to RM29.08 million and thereby garnered a market share of 3.1% in Malaysia based on the total value of ELV systems and structured cabling projects awarded. As stated in the IMR Report, there are over 100 industry players in Malaysia's ELV systems and structured cabling industry.

There can be no assurance that competition from existing industry players will not have a material adverse effect on our financial performance in the future.

4.2 Risks relating to our business and operations

4.2.1 We are dependent on the availability of technical professionals

Our Group is dependent on the availability of technical professionals as we are involved in the design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales service of ELV systems, structured cabling works and IT services, all of which require specialised skills.

An experienced professional will be able to propose a design that is effective, efficient and easily installed with minimal maintenance needs, and fulfills the requirements of property stakeholders. The loss of any of our Group's technical professionals simultaneously or within a short span of time without any suitable and timely replacement, and our inability to attract or retain qualified and competent technical professionals may adversely affect our ability to compete and grow in the industries we operate in.

Our Group is aware of such risk, and hence, shall take the necessary measures to retain our Group's technical professionals and recruit new technical professionals. Our Group has also made continuous efforts to groom existing qualified and competent personnel through training and professional development. Although we have not previously experienced any major disruption to our operations due to shortage of technical professionals, no assurance can be given that we will be able to recruit, develop and retain adequate number of qualified personnel.

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4. RISK FACTORS (CONT'D)

4.2.2 We are dependent on the continuous employment and performance of our Directors and key management personnel

We attribute our success to the leadership and contributions of our Directors and key management personnel. We believe that our continued success will depend, to a certain extent, upon the abilities and continuous efforts of our existing Directors and key management personnel. Further, due to the specialised and technical nature of the ELV systems and structured cabling industry, we are also dependent on our key management personnel who possess the relevant technical knowledge to ensure timely completion and delivery of our projects.

We rely, in particular, on the strategic guidance of Tay Hong Sing (a founding member and Executive Director / Chief Executive Officer of our Group) and Tan Boon Siang (a founding member and the Executive Director / Deputy Chief Executive Officer of our Group). Apart from that, we also rely on other key management personnel such as Pauline Loh Yen Ping, Yong Thiam Yuen, Tan Ying Meng, Koh Thain Lin, Sim Yian Fei and Kong Tze Senn for their respective expertise. The loss of any of our Directors and key management personnel could adversely affect our continued ability to manage the operations effectively and competitively.

Our Board recognises the importance of our Group's ability to attract and retain its key management personnel and has made continuous efforts to develop our key management team by grooming the younger members of the key management team to assist the senior members of our key management team to operate and manage our Group's activities.

Further, in conjunction with the Listing, we have allocated a portion of our IPO Shares to our eligible employees, including our key management personnel. Should these employees subscribe for our IPO Shares, they will hold Shares and may therefore be further motivated to continuously contribute to our success.

However, there can be no assurance that the above measures will always be successful in retaining our key management personnel or in ensuring a smooth transition or management succession should such key management personnel no longer serve our Group.

4.2.3 We are dependent on third party suppliers for equipment, components and parts

Our Group relies entirely on third party suppliers to provide local and imported equipment, components and parts. These third party suppliers are predominantly local suppliers. Hence, our Group's business may be materially and adversely affected if the equipment, components and parts are no longer available to our Group.

We are dependent on third party suppliers for equipment, components and parts, but we are not dependent on any particular supplier as the purchasing patterns (in the context of amount, products and source) of our Group vary from year to year, depending on the specific requirements of our projects. Our usual practice is to accept quotes from several suppliers who can consistently provide good quality of materials, reliable services and favorable purchase terms and conditions.

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4. RISK FACTORS (CONT'D)

Our Group's major suppliers are Innovix Distribution Sdn Bhd (formerly known as Jardine OneSolution (2001) Sdn Bhd) and ECS AStar Sdn Bhd. Please refer to **Section 6.10** of the Prospectus for details on our Group's major suppliers. Our Group's purchases from the abovementioned suppliers for the past three (3) financial years are as follows:-

Business segment	FYE 31 December 2014		FYE 31 December 2015		FYE 31 December 2016	
	RM '000	% ⁽²⁾	RM '000	% ⁽²⁾	RM '000	% ⁽²⁾
IT services ⁽¹⁾	5,287	27.78	4,169	20.74	6,365	23.18

Notes:-

- (1) Relating to IT services-related equipment, components and parts from Innovix Distribution Sdn Bhd (formerly known as Jardine OneSolution (2001) Sdn Bhd) and ECS AStar Sdn Bhd.
- (2) Represents the percentage over our Group's total purchases.

There were no major suppliers from other business segments for the past three (3) FYE 31 December 2014 to FYE 31 December 2016.

Nevertheless, our Group has developed long term business relationships with our major suppliers for equipment, components and parts, who have been working closely with us for more than five (5) years. The continuous relationship with these suppliers over the years ensures a stable source of supply of equipment, components and parts.

As at the LPD, our Group has not experienced past occurrence of supply disruption. However, there can be no assurance that all of our major suppliers for equipment, components and parts will continue to work closely with us in the future. Any disruption in the supply of equipment, components and parts may adversely affect our Group's reputation, business plans and financial performance.

4.2.4 We are dependent on our ability to continuously and consistently secure new contracts

Our business is mainly project-based. There can be no assurance that we will be able to secure new contracts in the future. As such, our future financial performance will depend on our ability to continuously and consistently secure new projects. Any failure in securing new projects may adversely affect our financial performance.

The financial results of our Group is dependent on our ability to secure contracts on a timely basis and there can be no certainty that our current order book of RM33.70 million as at the LPD (details of which are set out in **Section 11.8** of this Prospectus) can be sustained in the future given that tenders for ELV systems and structured cabling works contracts are competitive as there are numerous players in the industry. There can also be no assurance that there will be a continuous upward trend or a sustained level of activity in the construction sector in Malaysia. Our inability to maintain a strong order book would have a material adverse impact on our Group's future financial performance and prospects.

4.2.5 Our R&D on CISS may not yield the benefits that we expect

Our Group engaged and commissioned a third party developer, Kong Chee Wah (background details of which are set out in **Section 6.11** of this Prospectus), in early 2015 for development works (i.e. programming) of a software, known as the CISS, to integrate our ELV systems. CISS is a software that integrates various brands of CCTVs and ACS onto a single platform which allows users to manage and control these systems from a centralised control room. The CISS is a value added option to

4. RISK FACTORS (CONT'D)

our customers and is not intended for sale on a standalone basis, details of which are set out in **Section 6.11** of this Prospectus.

The development of CISS was based on Cabnet's management understanding of the local market needs through Cabnet management's experience from past dealing with its clients where Cabnet's management foresees the demand for integrated security solutions. As such, there is a potential risk that we may not be able to accurately anticipate trends in technological or software development that meet the needs of our target customers. Despite our R&D efforts in refining the CISS as detailed in **Section 6.11** of this Prospectus, there is no assurance that the CISS will contribute positively to our Group.

4.2.6 We are exposed to workplace safety and health matters

Due to the nature of construction activities, which often involves hazardous site work being carried out by teams of workers, we are exposed to the occurrence of accidents and potential resultant workplace safety and health liabilities. Workplace accidents and incidents caused by human error and other factors are typical risks associated with construction work. Irrespective of the cause of such accidents or incidents, our Group may be liable for breaches in law (such as the OSHA) relating to workplace safety and health regulations and requirements. As a result, our Group may be imposed with a stop-work order for a short period or other penalties upon the occurrence of any such accidents or incidents.

Our Group has purchased and maintains insurance policies to cover its employees for personal accident and hospitalisation. In addition, our Group also makes the mandatory contributions to SOCSO.

As at the LPD, there has been no occurrence of any accidents or incidents that has led to penalties being imposed on our Group. However, there can be no assurance that the occurrence of any accident or incident in the future would not have a material adverse effect on the timeliness of completion of project works or give rise to liabilities on our part which would ultimately result in a material adverse impact on the financial position and business of our Group.

4.2.7 We are dependent on the validity of our CIDB license to tender for public sector projects and private sector projects

The Malaysian construction sector is regulated by CIDB. Under the LPIP Act, it is mandatory for all contractors, both local and foreign, to register with the CIDB before undertaking any prescribed construction work in Malaysia. Anyone who undertakes to carry out and complete any construction work without being registered as a registered contractor with CIDB commits an offense under the LPIP Act and, if convicted, shall be liable to a fine between RM10,000 and RM100,000.

There is a total of seven (7) registration grades, ranking from Grade 1 to Grade 7, whereby Grade 7 is the highest registration grade. The capacity of a contractor in tendering for the value of a construction project depends on its registration grade.

Our subsidiary, Cabnet Systems, is currently a Grade 7 contractor registered with CIDB. This allows Cabnet Systems to undertake activities approved by CIDB such as installation of monitoring and security systems. The Grade 7 registration grade allows Cabnet Systems to tender for projects of unlimited contract value in the public and private sectors. Our Group will ensure that we comply with the rules and guidelines issued by CIDB to mitigate the risk of losing our CIDB license.

4. RISK FACTORS (CONT'D)

There is no certainty or guarantee that the registration certificate will be renewed or will not be revoked in the future. To date, our Group has not encountered any disruption in the renewal of our CIDB license. Any failure to renew the CIDB license will have a material adverse impact on the business operation and financial performance of our Group as our Group will not be able to secure any contracts.

4.2.8 We are exposed to the risk of security breaches or system failures

Our Group's business is dependent on our ability to provide secured transmissions of confidential information over network accessible to the public which is subject to bandwidth capacity limitations, breaches of security by computer viruses, industrial espionage, sabotage, hacking, break-ins and other factors. Security risks that we face can be broadly separated into two (2) categories as follows:-

(i) Physical security risk

We have to ensure that measures are undertaken to safeguard our equipment and property against anticipated threats as the failure to maintain physical security may lead to the leakage of confidential data. As a mitigating factor, our Group has equipped our premises with various security systems such as CCTV and ACS, whereby certain areas are only accessible by authorised personnel.

(ii) Information security risk

Due to the nature of the scope of work of Cabnet, we may have access to confidential information of our clients and we have to ensure that the confidentiality and the integrity of our client's confidential data are well-protected. Hence, the failure to protect any confidential data may have an extensive impact on our business operations.

To mitigate information security risk, our Group has installed firewalls and anti-virus software on all computers within the network to protect all data stored within the system. We also do regular backups for our in-house servers and centrally-manage our in-house servers to ensure that it is only accessible by designated personnel via VPN.

As at the LPD, there has been no occurrence of any security breaches. Despite a variety of network security and alternative measures undertaken by our Group, our Group cannot assure that unauthorised access, computer viruses, accidental or intentional actions and other disruptions will not occur. In addition, any of these occurrences may cause system failures and interruptions in the services provided to our customers, which could have an impact on our Group's ability to manage or service our customers. Occurrence of any of these risks may have a material adverse impact on our business operations and financial performance.

4.2.9 We are exposed to unanticipated project cost overruns and project delays

Our revenue is mainly derived from project-based contracts and our revenue recognition for any particular year is dependent on the stage of completion of the projects within that particular year.

4. RISK FACTORS (CONT'D)

For each project, the detailed management and execution of works are headed by our project managers, who are also responsible for day-to-day operations of the project site. The project managers will closely manage and monitor the costs and resources to be used for each project and delegate tasks accordingly to technical personnel to ensure timely completion of each project.

Project costs overruns may arise during the installation, testing and commissioning stages of execution works as a result of unanticipated modification works due to customer requests or unscheduled delays due to delay in readiness of site.

In the event of unanticipated modification works done upon customer requests, we would normally issue variation orders to recover the additional costs incurred. In selected events, we may also elect to bear the additional costs incurred in view of maintaining good relationships with long-term customers of our Group.

Notwithstanding the above, most of our contracts contain liquidated and ascertained damages ("LAD") clause which holds us liable for our failure to meet the completion date of the projects, leading to additional costs being incurred and thus affecting our profitability.

In addition, customers may delay or cancel their projects due to any unforeseen circumstances at any point of time during the duration of the project. This may have an adverse impact on our financial performance as we may not be able to recover any costs incurred as a result of a delay or cancellation of projects caused by our customers. However, in such event where the delay is not caused by us, our Group endeavours to enter into negotiations with our customers for the recovery of any costs incurred.

As at the LPD, we have not experienced any material project delays or cancellations or any material project cost overruns in the projects awarded to us which was caused by us. Although we strive to maintain a commendable track record of timely project completion, there can be no assurances that the project cost overruns or project delays would not occur which in turn would affect our Group's financial performance and reputation.

4.2.10 Our business may be affected by defects in our work

The systems developed and installed by us along with our corresponding equipment must conform to and perform according to our customers' specifications as agreed upon with our customers. In the event our installed systems do not conform to the pre-agreed specifications or suffer from defective workmanship, we will have to rectify the defects at our own cost, resulting in reduced profitability. Our Group had not encountered any workmanship defects during the warranty period for the past three (3) FYEs 31 December 2014 to 2016. In addition, the incidences of product defects during the warranty period are less than 1% of total products installed by our Group as we use products that conform to industry standards. Any product defects during the warranty period will be replaced by Cabnet Group which in turn will be claimed back from the suppliers.

We usually provide warranties for a period of up to two (2) years upon the commissioning of our systems, depending on the terms of contracts. During the system warranty phase, we will provide on-site and/or remote support. As part of our ISO quality procedures, all support calls and/or requests are logged, tracked and compiled according to the customer service procedures of our Group. We also adopt standard operating procedures ("SOP") for all key aspects of our work, and ensure that our SOP are constantly reviewed and improved. In addition, we have qualified in-house professionals comprising engineers and system designers, to help ensure that all work specifications are met.

4. RISK FACTORS (CONT'D)

Our Group has good relationships with customers based on our track record in meeting our customers' requirements and needs. As such, any occurrence of unusual or excessive defects may affect our business reputation and financial performance of our Group. Nevertheless, our Board believes that by working closely with our customer, coupled with our experience and expertise, we would be able to ensure that all work specifications are met and major defects in our projects can be reduced to a minimum level.

Although we have not suffered any material losses as a result of non-performance of project specification or any defective workmanship on our part as at the LPD, no assurance can be given that we will not be adversely affected in the event of the abovementioned risk materialises.

4.2.11 We may be affected by an adverse judgment or settlement in respect of any future civil claims

The operation of our business involves risks that may lead to civil claims being taken against our Group, such as contractual or tortious claims. Further, an adverse judgment or settlement following any future civil claims against us may lead to negative publicity about us and may adversely affect our market reputation and customers' perception, which in turn would affect the financial performance of our Group.

As at the LPD, we have not experienced any contractual or tortious claims against us. However, there can be no assurance that future claims made against us as well as any resulting adverse judgment or settlement will not have a material and adverse effect on our business, results of operations and financial performance.

4.2.12 We may not be able to generate additional revenue from the offering of video monitoring solutions in collaboration with NetPosa

As part of our future plans and strategies as set out in **Section 6.18.1 (iii)** of this Prospectus, we intend to offer video monitoring solutions for township, district and state level in Malaysia through our collaboration with NetPosa, which we believe will generate additional revenue potential to our Group.

While we believe that we have sufficient resources to execute our future plan to offer video monitoring solutions in collaboration with NetPosa, there can be no assurance that we will be successful in executing our future plan. Any failure to successfully execute our future plan to offer video monitoring solutions in collaboration with NetPosa may lead to our Group not being able to generate additional revenue which may then affect our future financial performance.

4.2.13 We may be exposed to fluctuations in exchange rates

Our Group's revenue denominated in foreign currency (i.e. USD) for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 accounted for 0.06%, 0.02% and 0.01%, respectively. Meanwhile, our Group's purchases that are denominated in foreign currency (i.e. SGD) for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 accounted for 2.57%, 0.63% and 0.64%, respectively. For the FYE 31 December 2014 to FYE 31 December 2016, our Group recorded net loss on foreign exchange transactions of RM44,000, RM65,000 and RM40,000, respectively. Although minimal, there can be no assurance that any future fluctuations in exchange rates will not have a material and adverse impact on our financial performance.

4. RISK FACTORS (CONT'D)

In addition, our Group expects to have business transactions with NetPosa and/or NetPosa China pursuant to the Collaboration Agreement. These business transactions include, our purchases of NetPosa China's Products for customers in Malaysia, and installation of NetPosa China's Products to be performed by our Group in South East Asia region. Details of the Collaboration Agreement are as set out in **Section 6.14 (ii)** of this Prospectus. Moving forward, the purchases of NetPosa China's Products as well as the income to be derived from NetPosa China for installation works in South East Asia region to be performed by our Group will be denominated in USD. In the event the USD strengthens against the RM, our Group may incur higher purchasing costs for NetPosa China's Products to be sold to our customers in Malaysia. On the other hand, our Group may register lower income derived from the installation of NetPosa China's Products in South East Asia region if the USD weakens against the RM. There can be no assurance that there will not be any material fluctuations of the value of RM against USD, the occurrence of which may affect our Group's future financial performance.

4.2.14 We may face competition from NetPosa China

NetPosa China, which has an indirect 23.0% interest in our Company through NetPosa, is involved in video processing technologies and the provision of video monitoring solutions and high-quality video storage products. NetPosa China currently does not have market presence in Malaysia and are predominantly based in the PRC. Through the Collaboration Agreement and the Supplemental Agreement, NetPosa had appointed our Company as sole business partner to sell and supply NetPosa China's Products in Malaysia.

Our Group stands to face competition from NetPosa China if:-

- (i) NetPosa China sets up operations in Malaysia for the design, supply, build, testing, commissioning and aftersales service of ELV systems, which is similar to the business activities carried out under our Group's ELV systems segment; and
- (ii) our Group ceases to be a sole business partner of NetPosa or ceases to be the first choice business partner to NetPosa upon termination of the Collaboration Agreement.

There can be no assurance that NetPosa would not set up operations in Malaysia in future that would potentially compete with the business of our ELV systems segment, which in turn may affect our future financial performance.

4.3 Risks relating to investment in our Shares

4.3.1 Our Promoters control a significant portion of our Shares which may result in our Promoters being able to influence the outcome of certain matters requiring the vote of shareholders

Our Promoters, namely, Tay Hong Sing and Tan Boon Siang collectively control approximately 50.15% of our enlarged issued share capital after the IPO. Consequently, our Promoters will generally be expected to, in the foreseeable future, have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or by the relevant authorities.

4. RISK FACTORS (CONT'D)

4.3.2 No prior market for our Shares

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or if developed, that such market will be sustained.

4.3.3 Our Share price may be volatile, which could result in substantial losses for investors subscribing for our Shares

The market price of our Shares may be highly volatile and could be subject to wide fluctuations in response to, *inter-alia*, the following factors, some of which are beyond our control:-

- (i) variation in our operating results;
- (ii) success or failure of our management 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, general economic conditions or stock market sentiments or other events or factors;
- (v) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia or anywhere else in the world;
- (vi) additions or departures of key management;
- (vii) fluctuations in stock market prices and volume; or
- (viii) involvement in litigation.

4.3.4 We may not be able to pay dividends or realise dividends from our subsidiaries

We are reliant on dividend payments from our subsidiary companies for funding and payment of dividends on our Shares.

Our Company, being an investment holding company derives income mainly from dividends received from our subsidiary companies. Hence, our ability to pay future dividends is largely dependent on the performance of our subsidiary companies.

In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, availability of distributable reserves, capital expenditure plans and compliance with regulatory requirements. Whilst we endeavor to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future as a result of the factors stated above. Please refer to **Section 11.7** of this Prospectus for further information on our dividend policy.

4.3.5 There may be a delay in or abortion of our Listing

Our Listing is exposed to the risk of potential failure or delay should the following events, amongst others, occur:-

- (i) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations;
- (ii) identified investors fail to acquire the portion of the IPO Shares intended to be placed to them;

4. RISK FACTORS (CONT'D)

- (iii) we are unable to meet the public spread requirements of the Listing Requirements, *i.e.* at least 25% of our issued 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 time of Listing; and/or
- (iv) any force majeure event(s), which is beyond our control before our Listing.

In the event that our Listing is aborted, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

Nevertheless, we would endeavour to ensure compliance of the various listing requirements for our successful listing on the ACE Market of Bursa Securities.

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5. INFORMATION OF OUR GROUP

5.1 Our history and business

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 9 December 2014 as a private limited company under the name of Cabnet Holdings Sdn Bhd. Subsequently, on 14 September 2015, we converted into a public limited company and assumed our present name to facilitate our Listing.

We had undertaken the Restructuring Exercises prior to our Listing, details of which are set out in **Section 5.5** of this Prospectus. Cabnet Systems, ITWin, Cabnet Technology and Cabnet Penang became our subsidiary companies pursuant to the Restructuring Exercise. Through our subsidiary companies, we are principally involved in the provision of building management solutions, where our core business segments comprise structured cabling works and ELV systems for buildings and other facilities such as seaports and public roads. We also provide IT services which can be offered as complementary to our building management solutions or offered separately on a standalone basis. Our Group's customers comprise mainly building contractors who have been engaged to carry out building or construction work and to a lesser extent building owners and building operators who are responsible to perform daily building operation tasks such as ensuring the functionality of mechanical and electrical systems (including air-conditioning, escalators, lifts, lightings and etc.) and maintenance of buildings.

Our history can be traced back to 1995 when Cabnet Systems was founded by Tay Hong Sing, Tan Boon Siang and Lee Kok Hui² with equal shareholding with the intention to carry out structured cabling business in the commercial property segment and industrial property segment in Johor. At that point in time, the management of Cabnet Systems targeted the commercial property segment and industrial property segment in Johor without specific sub-segment targets. Due to Tay Hong Sing's past involvement in ICT related business (e.g. design of server and provision of network solution, details of which is as disclosed in **Section 8.1.2** of this Prospectus), our founders saw the potential of ICT business following the development and proliferation of ICT in Malaysia in the mid-1990s. Notwithstanding Cabnet Systems' focus was on structured cabling business, Cabnet Systems tried to venture into analogue-based surveillance systems under the ELV systems business in 1995. However, Cabnet Systems was unable to secure any contracts in analogue-based surveillance systems.

Our first major project was structured cabling works for Kiswire Sdn Bhd, a subsidiary of Kiswire Ltd (a Korean multinational company in the steel industry) and manufacturer of steel wire products with operations in Johor Bahru, in 1995. This experience served as a springboard for us to expand our customer base in Johor Bahru to include stockbroking companies, such as Peninsula Securities Sdn Bhd in 1995, South Johor Securities Sdn Bhd in 1996 and Eng Securities Sdn Bhd in 1999. We had been engaged by these stockbroking companies for structured cabling works for their respective branches.

² Lee Kok Hui is a businessman who is not related to our Promoters. He was invited to invest in Cabnet Systems due to his experience in analogue-based surveillance systems. Lee Kok Hui was primarily responsible for the marketing and sales activities of analogue-based surveillance systems.

5. INFORMATION OF OUR GROUP (CONT'D)

Following our track record of project completion in Johor, we expanded our business and incorporated Cabnet Technology in 1997, where 70% equity interest in this company was held by Cabnet Systems and the remaining 30% was held by Ng Kar Khim³. Cabnet Technology operated an office in Subang Jaya, Selangor, to source structured cabling business from stockbroking companies in the central region of Peninsular Malaysia.

Subsequently in 1998, Yong Kok Meng⁴ subscribed for new shares in Cabnet Technology, thereby resulting in Cabnet Systems holding 52% while Ng Kar Khim and Yong Kok Meng each holding 24% of the equity interest in Cabnet Technology.

In 1999, Lee Kok Hui disposed 18.33% of his shares in Cabnet Systems to Tay Hong Sing and Tan Boon Siang as he left Cabnet Systems to pursue a construction-related business venture. This resulted in the shareholding of Tay Hong Sing, Tan Boon Siang and Lee Kok Hui to be at 42.5%, 42.5% and 15% respectively.

In 2000, Tan Tian Yee became a shareholder of Cabnet Systems when Tay Hong Sing and Tan Boon Siang each disposed 2.5% of their equity interest in Cabnet Systems to him. Tan Tian Yee joined Cabnet Systems as a Project Executive since its commencement of business and was responsible for overseeing structured cabling projects undertaken by Cabnet Systems. He was offered equity in Cabnet Systems as part of a staff retention programme.

In line with Cabnet Systems' expansion, Cabnet Systems diversified its business to include a broader range of services in order to meet the needs of the market. In 2000, Cabnet Systems leveraged on Tan Boon Siang's past experience in the ICT industry (e.g. repairing, servicing, installation of computer and communication devices, details of which is as disclosed in **Section 8.1.2** of this Prospectus) to further expand its service portfolio from structured cabling into digital-based surveillance systems under the ELV systems business. Cabnet Systems decided to pursue the digital-based surveillance systems business due to the increasing demand for building security as the digital-based surveillance systems provides clearer images (as compared to analogue-based surveillance systems) and remote monitoring.

Cabnet Systems was awarded with its first digital-based surveillance systems contract under the ELV systems business in 2000 to install a digital video surveillance system for B.M. Nagano Industries Sdn Bhd, a company which is involved in the manufacturing, warehousing, trading of electronic products, light emitting diode lightings (LED) and turnkey projects in Johor. Cabnet Systems made its first foray to Brunei Darussalam in 2000 where Cabnet Systems was engaged for the installation of structured cabling for a satellite broadcasting system at Brunei International Convention Centre which hosted the 12th Asia Pacific Economic Cooperation ("**APEC**") Ministerial Meeting from 12 to 13 November 2000.

During the period between 2002 and 2005, Cabnet Systems undertook its first few public sector projects in relation to structured cabling works for the Anti-Corruption Agency Centre (now known as Malaysian Anti-Corruption Commission, "**MACC**") in Seremban, Negeri Sembilan, and Akademi Audit Negara in Nilai, Negeri Sembilan.

In 2003, Cabnet Systems acquired the remaining equity interest of 48% in Cabnet Technology from Ng Kar Khim and Yong Kok Meng. Ng Kar Khim and Yong Kok Meng left Cabnet Technology to pursue other business ventures. Thereafter, Cabnet Technology became a wholly-owned subsidiary of Cabnet Systems.

³ Prior to the incorporation of Cabnet Technology, Ng Kar Khim was under employment in another company and he is not related to the Promoters of our Group. He was invited to invest in Cabnet Technology as Cabnet Technology intended to leverage on his business contacts in Kuala Lumpur to source business in the central region of Peninsular Malaysia. He was involved in marketing and sales activities in Cabnet Technology.

⁴ Prior to the incorporation of Cabnet Technology, Yong Kok Meng was under employment in another company and he is not related to the Promoters of our Group. He was invited to invest in Cabnet Technology as Cabnet Technology intended to leverage on his business contacts in Kuala Lumpur to source business in the central region of Peninsular Malaysia. He was involved in marketing and sales activities in Cabnet Technology.

5. INFORMATION OF OUR GROUP (CONT'D)

In the same year, Cabnet Systems secured a contract as a sub-contractor for Pernec Technologies Sdn Bhd for the design, supply, installation, testing, commissioning and maintenance of ELV systems and structured cabling for the Customs, Immigration and Quarantine ("CIQ") Complex in Johor Bahru, Johor.

In April 2004, the business under Cabnet Technology was taken over by Cabnet Systems, as Cabnet Systems intended to consolidate Cabnet Technology's business operations within Cabnet Systems while still continuing to provide services to stockbroking companies in central region of Peninsular Malaysia subsequent to the departure of Ng Kar Khim and Yong Kok Meng. Cabnet Technology has remained dormant since then.

Cabnet Systems received its MSC Malaysia status from MDEC in 2007. Further in 2007, Cabnet Systems was granted pioneer status by MITI for a period of five (5) years commencing on 8 August 2007 which was subsequently extended for additional five (5) years to 7 August 2017. The pioneer status allows us to enjoy the full tax exemption on statutory income derived from the ELV systems and structured cabling works segments. Upon expiry of this pioneer status on 7 August 2017, Cabnet Systems will cease to enjoy the tax exemption benefit granted under the pioneer status, and will be taxed at the prevailing tax rate.

On 16 August 2007, Cabnet Penang was incorporated by Cabnet Systems and Lim Yong An⁵ with equal shareholding. Subsequently, additional shares were allotted to Cabnet Systems and Lim Yong An on 27 September 2007, which resulted in Cabnet Systems holding an equity interest of 60% and Lim Yong An holding the remaining 40% equity interest. This allowed Cabnet Systems to expand to and target companies based in Kedah and Penang. During this period, Cabnet Penang was awarded a contract by Bakat Industri Sdn Bhd to undertake structured cabling works for First Solar Malaysia Sdn Bhd and was awarded a contract by Siemens Malaysia Sdn Bhd to undertake ELV systems project for Infineon Technologies (Kulim) Sdn Bhd's factories in Kulim, Kedah.

In 2008, Cabnet Systems acquired 51% equity interest in ITWin, an IT solutions provider and systems integration firm, from Yuan Ting Wei, Tan Ying Meng, Ho Chee Hong and Chin Hoon Lim. With the continued advancement of ICT in the market, this was a strategic acquisition as it allowed Cabnet Systems to broaden its range of services through the offering of storage solutions, network solutions, server solutions and enterprise system integration services to complement the then existing structured cabling works and ELV systems business, thereby allowing Cabnet Systems to offer additional services such as server virtualisation, data centre solutions, network design and deployment, network management and network security, enterprise messaging solution and wireless networking solution. In the same year, Tan Ying Meng disposed 8% of his equity interest in ITWin to Koh Thain Lin. The abovementioned share disposals resulted in Cabnet Systems holding 51% equity interest in ITWin, while the remaining 49% was held by Tan Ying Meng (i.e. 23%), Ho Chee Hong (i.e. 10%), Chin Hoon Lim (i.e. 8%) and Koh Thain Lin (i.e. 8%).

Lee Kok Hui ceased to be a shareholder of Cabnet Systems in 2008 to pursue other business opportunities overseas. Lee Kok Hui disposed his entire shareholding to Tay Hong Sing and Tan Boon Siang, resulting in each of these individuals owning 47.5% of the equity interest in Cabnet Systems, while the remaining equity interest was held by Tan Tian Yee.

⁵ Lim Yong An is a Penang-based businessman who is not related to the Promoters of our Group. He was invited to invest in Cabnet Penang as he is based in Penang and due to his past experience in performing sales and marketing functions. As such, Lim Yong An was primarily responsible to spearhead the expansion of Cabnet Penang.

5. INFORMATION OF OUR GROUP (CONT'D)

Further in 2009, Cabnet Systems secured a contract for structured cabling works and ELV systems for PT. Toyoplas Manufacturing Indonesia, a private company which is an integrated solutions provider of moulds engineering and precision plastic components with a production facility in Indonesia. In 2010, as part of Cabnet Systems' continuous efforts to achieve total customer satisfaction, Cabnet Systems was certified compliant to ISO 9001:2008 ("**ISO 9001:2008 and BS EN ISO 9001:2008**") for the provision of structured cabling works and ELV systems by Intertek Certification Ltd, an independent testing, inspection and certification body credited by United Kingdom Accreditation Services (UKAS) to assess organisations that provide certification, testing, inspection and calibration services. Besides testing, inspecting and certifying products, Intertek Certification Ltd is also a total quality assurance provider to industries worldwide. Intertek Certification Ltd is located in over 100 countries, including Malaysia, where they operate through ITS Testing Services (M) Sdn Bhd and Intertek Certification International Sdn Bhd.

The remaining 40% equity interest in Cabnet Penang was subsequently acquired in 2011 by Cabnet Systems from Lim Yong An as Lim Yong An decided to venture into his own business, resulting in Cabnet Penang becoming a wholly-owned subsidiary of Cabnet Systems.

In 2012, Cabnet Systems acquired a three (3)-storey shop office property at Puchong Square, Bandar Puchong Jaya, Selangor, and relocated its central region operations to this premise. Further, Cabnet Systems secured a contract with Apro Technology Pte Ltd, a customised security solutions provider based in Singapore that operates in the security services industry for the installation of ELV systems in the Klang Valley.

In 2012, Cabnet Systems was able to secure contracts for high-rise buildings in the residential property segment and commercial property segment which include condominiums, office towers and hotels, to diversify and increase Cabnet Systems' revenue. In this respect, Cabnet Systems was appointed to carry out several residential property segment and commercial property segment high-rise building ELV projects in 2012 and 2013, which amongst others, include the installation of ELV systems for DoubleTree by Hilton Hotel Johor Bahru and D'Summit Apartment Phase 1 in Kempas, Johor. In 2013, Cabnet Systems further secured contracts for structured cabling works for DoubleTree by Hilton Hotel Johor Bahru as well as Platino Apartment in Johor Bahru and D'Summit Apartment Phase 2 in Kempas, Johor. Cabnet Systems was awarded these projects by the building contractors. Please refer to **Sections 6.1.1.1** and **6.1.1.2** on the details of these projects under the list of major projects undertaken by our Group.

Subsequently in 2014, Cabnet Systems was awarded with contracts to install ELV systems as well as structured cabling works for Holiday Villa Johor Bahru and Pinetree Marina Resort, Johor. Cabnet Systems also secured major projects to install ELV systems for The Meridin @ Medini and One Sentral Services Residences, Johor in 2014. In the IT services business, ITWin secured its first project in the oil and gas industry with Pengerang Independent Terminals Sdn Bhd, an independent oil storage terminal located in Pengerang, as well as Biocon Sdn Bhd⁶ and Clay Industries Sdn Bhd⁷ in 2014.

⁶ Biocon Limited is the parent company of Biocon Sdn Bhd. Biocon Limited is an India-based biotech company. Biocon Sdn Bhd is an integrated insulin production company with a manufacturing and research facility in Johor.

⁷ Clay Industries Sdn Bhd is a sanitary ware manufacturer in Johor.

5. INFORMATION OF OUR GROUP (CONT'D)

On 20 January 2015, Tay Hong Sing, Tan Boon Siang and Tan Tian Yee disposed 7%, 6.85% and 0.15% of their respective equity interests in Cabnet Systems to Kong Tze Senn, Sim Yian Fei and Ng Jun Lip, thereby resulting in these shareholders / key management personnel holding 6%, 6% and 2% respectively of the equity interest in Cabnet Systems. The disposal was intended to provide an opportunity for our key management to own shares in Cabnet as part of our plan to retain the key management. At that time, Ng Jun Lip was the Finance Director of Cabnet Systems and relinquished his position in March 2017. The shareholdings of Tay Hong Sing, Tan Boon Siang and Tan Tian Yee in Cabnet Systems after the disposal were 40.5%, 40.65% and 4.85% respectively. Please refer to **Section 5.1.1** for further details on shareholding movement of the Group.

In the same year, our Group undertook the Restructuring Exercises prior to our Listing that resulted in Cabnet Systems, ITWin, Cabnet Technology and Cabnet Penang becoming our subsidiary companies. Please refer to **Section 5.5** of this Prospectus for further details on the Restructuring Exercises.

Our Group had on 1 February 2016, submitted an application for the striking off of Cabnet Technology to the CCM, as Cabnet Technology had remained dormant since 2004, of which the decision is still pending from CCM. CCM had issued second notice under Section 308 of the Companies Act, 1965 on 7 October 2016. The striking off process will be deemed completed upon issuance of the third notice under Section 549 of the Act and a gazette by CCM. There is no definite time frame as it is dependent on the processing time by CCM.

NetPosa had approached Cabnet for the collaboration in offering its video monitoring solutions and had on 14 March 2016, entered into a Share Subscription Agreement with our Company to subscribe for 12,450,000 new Cabnet Shares, representing 11.42% of the enlarged issued share capital of Cabnet as at 14 March 2016. In addition, NetPosa had, on 14 March 2016, entered into a Share Sale Agreement with the existing shareholders of Cabnet to purchase 13,550,000 Cabnet Shares, representing 12.43% of the issued share capital of Cabnet as at 14 March 2016. The execution of the aforementioned Share Subscription Agreement and Share Sale Agreement has resulted in NetPosa being a substantial shareholder of our Company. The NetPosa Investment, consideration of which was fully settled by cash on 1 April 2016, was made at the request of Cabnet to demonstrate NetPosa's commitment under the Collaboration Agreement by being a shareholder of our Company.

As part of our future plan to provide building management solutions for township, district and state level where we intend to connect the various security systems in multiple buildings with monitoring and analytical capabilities (e.g. vehicle count, people count, crowd detection, illegal parking and etc.) that is targeted at township, district, and state level, we had entered into the Collaboration Agreement with NetPosa to assist and support NetPosa in customising the NetPosa China's Products for purposes of the Malaysian market by translating the information, including technical terms, contained in the NetPosa China's Products from Mandarin to English, to promote, sell and supply the NetPosa China's Products in Malaysia together with the services and solutions provided by our Group, to provide to NetPosa with Malaysian market feedback and Malaysian market information relating to the NetPosa China's Products and to install the NetPosa China's Products for orders secured directly by NetPosa or NetPosa China and at the same time offer our Group's services and solutions to NetPosa's or NetPosa China's customers, details of which are set out below and **Section 6.14 (ii)** of this Prospectus. NetPosa is an investment holding company, details of which are set out in **Section 8.1.2(i)** of this Prospectus, while its parent company, NetPosa China, is principally engaged in video processing technologies and provides video monitoring solutions and high-quality video storage products, details of which are set out in **Section 8.1.2 (iii)** of this Prospectus.

5. INFORMATION OF OUR GROUP (CONT'D)

The management of our Group is of the view that the collaboration with NetPosa presents an opportunity for our Group to further tap into the potential growth in security systems integration as our Group can leverage on the NetPosa China's Products that has a proven track record. Further, the management of our Group is of the view that NetPosa China's Products will further broaden our Group's solutions and services offering as disclosed in **Section 6.18.1 (iii)** of the Prospectus.

Over the past 20 years, our Group has progressed from a local provider of structured cabling works for small to medium-sized projects (*i.e.* with contract value of no more than RM0.5 million for structured cabling projects), to a building management solutions provider for major projects (as detailed in **Sections 6.1.1** and **6.1.2**) in structured cabling works and ELV systems, as well as IT services projects. Our Group began to secure major projects on a regular basis since 2012 due to increase in development of residential and commercial properties, although prior to 2012 we have also secured major projects on several occasions. Our Group has also established a track record of project completion with project experience in Malaysia, Brunei Darussalam and Indonesia.

Please refer to **Section 5.8** of this Prospectus for our key milestones, awards and recognition.

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5. INFORMATION OF OUR GROUP (CONT'D)

5.1.1 Summary of changes in shareholding movement of the companies within the Group

The summary of the changes in substantial shareholdings and the percentage of shareholdings since the date of inception of Cabnet and its subsidiary companies are as follows:

Cabnet

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in Cabnet
				No. of shares	%	
9 December 2014	Subscriber shares	Cash of RM1	Pang Kim Pei	1	50.0	2
		Cash of RM1	Leow Chwee Nee	1	50.0	
18 May 2015	Subdivision of shares	-	Pang Kim Pei	10	50.0	20
			Leow Chwee Nee	10	50.0	
1 September 2015	Allotment of 89,999,980 new Cabnet Shares pursuant to Acquisition of Cabnet Systems	36,584,990 new Cabnet Shares	Tan Boon Siang	36,584,990	40.65	90,000,000
		36,449,990 new Cabnet Shares	Tay Hong Sing	36,449,990	40.50	
		4,365,000 new Cabnet Shares	Tan Tian Yee	4,365,000	4.85	
		5,400,000 new Cabnet Shares	Kong Tze Senn	5,400,000	6.0	
		5,400,000 new Cabnet Shares	Sim Yian Fei	5,400,000	6.0	
		1,800,000 new Cabnet Shares	Ng Jun Lip	1,800,000	2.0	
		-	Pang Kim Pei	10	-*	
		-	Leow Chwee Nee	10	-*	

5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No of cumulative issued in Cabnet
				No of shares	%	
2 September 2015	Allotment of 6,550,000 new Cabnet Shares pursuant to Acquisition of ITWin	3,074,400 new Cabnet Shares and cash of RM293,400	Tan Ying Meng	3,074,400	3.18	96,550,000
		1,336,800 new Cabnet Shares and cash of RM127,600	Ho Chee Hong	1,336,800	1.38	
		1,069,400 new Cabnet Shares and cash of RM102,000	Koh Thain Lin	1,069,400	1.12	
		1,069,400 new Cabnet Shares and cash of RM102,000	Chin Hoon Lim	1,069,400	1.12	
		-	Tan Boon Siang	36,584,990	37.89	
		-	Tay Hong Sing	36,449,990	37.75	
		-	Tan Tian Yee	4,365,000	4.52	
		-	Kong Tze Senn	5,400,000	5.59	
		-	Sim Yian Fei	5,400,000	5.59	
		-	Ng Jun Lip	1,800,000	1.86	
		-	Pang Kim Pei	10	-*	
		-	Leow Chwee Nee	10	-*	

5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / other shareholders	Resultant shareholding of the shareholders		No of cumulative issued in Cabnet
				No of shares	%	
3 September 2015	Transfer of 10 Cabnet Shares from Leow Chwee Nee Transfer of 10 Cabnet Shares from Pang Kim Pei	Cash of RM1	Tan Boon Siang	36,585,000	37.89	96,550,000
		Cash of RM1	Tay Hong Sing	36,450,000	37.75	
		-	Tan Tian Yee	4,365,000	4.52	
		-	Kong Tze Senn	5,400,000	5.59	
		-	Sim Yian Fei	5,400,000	5.59	
		-	Ng Jun Lip	1,800,000	1.86	
		-	Tan Ying Meng	3,074,400	3.18	
		-	Ho Chee Hong	1,336,800	1.38	
		-	Koh Thain Lin	1,069,400	1.12	
		-	Chin Hoon Lim	1,069,400	1.12	
1 April 2016	Allotment of 12,450,000 new Cabnet Shares pursuant to Share Subscription Agreement	Cash of RM6,847,500	NetPosa	12,450,000	11.42	109,000,000
		-	Tan Boon Siang	36,585,000	33.56	
		-	Tay Hong Sing	36,450,000	33.44	
		-	Tan Tian Yee	4,365,000	4.0	
		-	Kong Tze Senn	5,400,000	4.95	
		-	Sim Yian Fei	5,400,000	4.95	
		-	Ng Jun Lip	1,800,000	1.65	
		-	Tan Ying Meng	3,074,400	2.82	
		-	Ho Chee Hong	1,336,800	1.23	
		-	Koh Thain Lin	1,069,400	0.99	
		-	Chin Hoon Lim	1,069,400	0.99	

5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No of cumulative issued shares in Cabnet
				No. of shares	%	
7 April 2016	Transfer of 3,985,000 Cabnet Shares from Tan Boon Siang	Cash of RM2,191,750	NetPosa	26,000,000	23.85	109,000,000
	Transfer of 3,850,000 Cabnet Shares from Tay Hong Sing	Cash of RM2,117,500				
	Transfer of 1,365,000 Cabnet Shares from Tan Tian Yee	Cash of RM750,750				
	Transfer of 1,400,000 Cabnet Shares from Kong Tze Senn	Cash of RM770,000				
	Transfer of 1,400,000 Cabnet Shares from Sim Yian Fei	Cash of RM770,000				
	Transfer of 1,074,400 Cabnet Shares from Tan Ying Meng	Cash of RM590,920				
	Transfer of 336,800 Cabnet Shares from Ho Chee Hong	Cash of RM185,240				
	Transfer of 69,400 Cabnet Shares from Koh Thain Lin	Cash of RM38,170				
	Transfer of 69,400 Cabnet Shares from Chin Hoon Lim	Cash of RM38,170				

5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No of cumulative issued shares in Cabinet
				No. of shares	%	
	-	-	Tan Boon Siang	32,600,000	29.91	
	-	-	Tay Hong Sing	32,600,000	29.91	
	-	-	Tan Tian Yee	3,000,000	2.75	
	-	-	Kong Tze Senn	4,000,000	3.67	
	-	-	Sim Yian Fei	4,000,000	3.67	
	-	-	Ng Jun Lip	1,800,000	1.65	
	-	-	Tan Ying Meng	2,000,000	1.83	
	-	-	Ho Chee Hong	1,000,000	0.92	
	-	-	Koh Thain Lin	1,000,000	0.92	
	-	-	Chin Hoon Lim	1,000,000	0.92	109,000,000

Note:-

* Negligible

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5. INFORMATION OF OUR GROUP (CONT'D)**Cabinet Systems**

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in Cabinet Systems
				No. of shares	%	
12 August 1995	Subscriber shares	Cash of RM1	Lee Kok Hui	1	33.33	3
		Cash of RM1	Tay Hong Sing	1	33.34	
		Cash of RM1	Tan Boon Siang	1	33.33	
14 June 1996	Allotment of 33,332 new shares in Cabinet Systems	Cash of RM33,332	Lee Kok Hui	33,333	33.33	
		Cash of RM33,333	Tay Hong Sing	33,334	33.34	
		Cash of RM33,332	Tan Boon Siang	33,333	33.33	
21 August 1998	Allotment of 66,667 new shares in Cabinet Systems	Capitalisation of debt due	Lee Kok Hui	100,000	33.33	100,000
			Tay Hong Sing	100,000	33.34	
			Tan Boon Siang	100,000	33.33	
						300,000

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5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in Cabnet Systems
				No. of shares	%	
23 February 1999	Transfer of 27,500 shares in Cabnet Systems from Lee Kok Hui	Cash of RM27,500	Tan Boon Siang	127,500	42.50	300,000
	Transfer of 27,500 shares in Cabnet Systems from Lee Kok Hui	Cash of RM27,500	Tay Hong Sing	127,500	42.50	
	-	-	Lee Kok Hui	45,000	15.0	
16 June 2000	Transfer of 7,500 shares in Cabnet Systems from Tan Boon Siang	Cash of RM7,500	Tan Tian Yee	15,000	5.0	300,000
	Transfer of 7,500 shares in Cabnet Systems from Tay Hong Sing	Cash of RM7,500				
	-	-	Tan Boon Siang	120,000	40.0	
	-	-	Tay Hong Sing	120,000	40.0	
	-	-	Lee Kok Hui	45,000	15.0	300,000

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5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in Cabnet Systems
				No. of shares	%	
23 May 2006	Allotment of 80,000 new shares in Cabnet Systems	Cash of RM80,000	Tay Hong Sing	200,000	40.0	500,000
	Allotment of 80,000 new shares in Cabnet Systems	Cash of RM80,000	Tan Boon Siang	200,000	40.0	
	Allotment of 30,000 new shares in Cabnet Systems	Cash of RM30,000	Lee Kok Hui	75,000	15.0	
	Allotment of 10,000 new shares in Cabnet Systems	Cash of RM10,000	Tan Tian Yee	25,000	5.0	
25 September 2007	Allotment of 75,000 new shares in Cabnet Systems	Cash of RM75,000	Lee Kok Hui	150,000	15.0	1,000,000
	Allotment of 200,000 new shares in Cabnet Systems	Cash of RM200,000	Tay Hong Sing	400,000	40.0	
	Allotment of 200,000 new shares in Cabnet Systems	Cash of RM200,000	Tan Boon Siang	400,000	40.0	
	Allotment of 25,000 new shares in Cabnet Systems	Cash of RM25,000	Tan Tian Yee	50,000	5.0	

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5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in Cabnet Systems
				No. of shares	%	
1 July 2008	Transfer of 75,000 shares in Cabnet Systems from Lee Kok Hui	Cash of RM150,000	Tay Hong Sing	475,000	47.50	1,000,000
	Transfer of 75,000 shares in Cabnet Systems from Lee Kok Hui	Cash of RM150,000	Tan Boon Siang	475,000	47.50	
	-	-	Tan Tian Yee	50,000	5.0	
20 January 2015	Transfer of 60,000 shares in Cabnet Systems from Tay Hong Sing	Cash of RM600,000	Sim Yian Fei	60,000	6.0	1,000,000
	Transfer of 10,000 shares in Cabnet Systems from Tay Hong Sing	Cash of RM100,000	Kong Tze Senn	60,000	6.0	
	Transfer of 50,000 shares in Cabnet Systems from Tan Boon Siang	Cash of RM500,000				
	Transfer of 18,500 shares in Cabnet Systems from Tan Boon Siang	Cash of RM185,000	Ng Jun Lip	20,000	2.0	
	Transfer of 1,500 shares in Cabnet Systems from Tan Tian Yee	Cash of RM15,000				
	-	-	Tay Hong Sing	405,000	40.5	
	-	-	Tan Boon Siang	406,500	40.65	
	-	-	Tan Tian Yee	48,500	4.85	1,000,000

5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in Cabnet Systems
				No. of shares	%	
1 September 2015	Transfer of 405,000 shares in Cabnet Systems from Tay Hong Sing	Allotment of 36,449,990 new Cabnet Shares	Cabnet	1,000,000	100.0	1,000,000
	Transfer of 406,500 shares in Cabnet Systems from Tan Boon Siang	Allotment of 36,584,990 new Cabnet Shares				
	Transfer of 48,500 shares in Cabnet Systems from Tan Tian Yee	Allotment of 4,365,000 new Cabnet Shares				
	Transfer of 60,000 shares in Cabnet Systems from Kong Tze Senn	Allotment of 5,400,000 new Cabnet Shares				
	Transfer of 60,000 shares in Cabnet Systems from Sim Yian Fei	Allotment of 5,400,000 new Cabnet Shares				
	Transfer of 20,000 shares in Cabnet Systems from Ng Jun Lip	Allotment 1,800,000 new Cabnet Shares				

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5. INFORMATION OF OUR GROUP (CONT'D)

Cabnet Technology

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in Cabnet Technology
				No. of shares	%	
31 January 1997	Subscriber shares	Cash of RM7	Cabnet Systems	7	70.0	10
	Subscriber shares	Cash of RM3	Ng Kar Khim	3	30.0	
	Allotment of 103,993 new shares in Cabnet Technology	Cash of RM103,993	Cabnet Systems	104,000	52.0	
4 February 1998	Allotment of 47,997 new shares in Cabnet Technology	Cash of RM47,997	Ng Kar Khim	48,000	24.0	200,000
	Allotment of 48,000 new shares in Cabnet Technology	Cash of RM48,000	Yong Kok Meng	48,000	24.0	
	Allotment of 52,000 new shares in Cabnet Technology	Cash of RM52,000	Cabnet Systems	156,000	52.0	
20 September 1999	Allotment of 24,000 new shares in Cabnet Technology	Cash of RM24,000	Ng Kar Khim	72,000	24.0	300,000
	Allotment of 24,000 new shares in Cabnet Technology	Cash of RM24,000	Yong Kok Meng	72,000	24.0	
	Transfer of 72,000 shares in Cabnet Technology from Ng Kar Khim	Cash of RM72,000	Cabnet Systems	300,000	100.0	
31 December 2003	Transfer of 72,000 shares in Cabnet Technology from Yong Kok Meng	Cash of RM72,000				300,000

5. INFORMATION OF OUR GROUP (CONT'D)

Cabnet Penang

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in Cabnet Penang
				No. of shares	%	
16 August 2007	Subscriber shares	Cash of RM1	Lim Yong An	1	50.0	2
	Subscriber shares	Cash of RM1	Cabnet Systems	1	50.0	
27 September 2007	Allotment of 39,999 new shares in Cabnet Penang	Cash of RM39,999	Lim Yong An	40,000	40.0	100,000
	Allotment of 59,999 new shares in Cabnet Penang	Cash of RM59,999	Cabnet Systems	60,000	60.0	
4 August 2011	Transfer of 40,000 shares in Cabnet Penang from Lim Yong An	Cash of RM40,000	Cabnet Systems	100,000	100.0	100,000

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5. INFORMATION OF OUR GROUP (CONT'D)

ITWin

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in ITWin
				No. of shares	%	
27 February 1998	Subscriber shares	Cash of RM1	Tan Ying Meng	1	50.0	2
	Subscriber shares	Cash of RM1	Yeow Swee Leong	1	50.0	
3 August 1998	Allotment of 24,999 new shares in ITWin	Cash of RM24,999	Tan Ying Meng	25,000	50.0	50,000
	Allotment of 24,999 new shares in ITWin	Cash of RM24,999	Yeow Swee Leong	25,000	50.0	
22 January 2001	Transfer of 25,000 shares in ITWin from Yeow Leong Swee	Cash of RM25,000	Tan Ying Boon	25,000	50.0	50,000
	-	-	Tan Ying Meng	25,000	50.0	
25 June 2001	Transfer of 25,000 shares in ITWin from Tan Ying Boon	Cash of RM25,000	Low Peter @ Low Chong Ming	25,000	50.0	50,000
	-	-	Tan Ying Meng	25,000	50.0	
1 April 2003	Transfer of 25,000 shares in ITWin from Tan Ying Meng	Cash of RM25,000	Ho Chee Hong	25,000	50.0	50,000
	-	-	Low Peter @ Low Chong Ming	25,000	50.0	

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5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in ITWin
				No. of shares	%	
3 July 2003	Transfer of 12,500 shares in ITWin from Ho Chee Hong	Cash of RM12,500	Tan Ying Meng	25,000	50.0	
	Transfer of 12,500 shares in ITWin from Low Peter @ Low Chong Ming	Cash of RM12,500				
	-	-	Ho Chee Hong	12,500	25.0	
	-	-	Low Peter @ Low Chong Ming	12,500	25.0	50,000
4 January 2005	Transfer of 5,000 shares in ITWin from Low Peter @ Low Chong Ming	Cash of RM5,000	Tan Ying Meng	30,000	60.0	
	Transfer of 7,500 shares in ITWin from Low Peter @ Low Chong Ming	Cash of RM7,500	Ho Chee Hong	20,000	40.0	50,000
14 February 2005	Transfer of 7,500 shares in ITWin from Ho Chee Hong	Cash of RM7,500	Wong Wai Peng	7,500	15.0	
	Transfer of 5,000 shares in ITWin from Tan Ying Meng	Cash of RM5,000	Yuan Ting Wei	5,000	10.0	
	-	-	Tan Ying Meng	25,000	50.0	
	-	-	Ho Chee Hong	12,500	25.0	50,000

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5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in ITWin
				No. of shares	%	
27 January 2006	Transfer of 5,000 shares in ITWin from Wong Wai Peng	Cash of RM5,000	Chin Hoon Lim	5,000	10.0	
	Transfer of 2,500 shares in ITWin from Wong Wai Peng	Cash of RM2,500	Ho Chee Hong	17,500	35.0	
	Transfer of 2,500 shares in ITWin from Tan Ying Meng	Cash of RM2,500				
	-	-	Tan Ying Meng	22,500	45.0	
	-	-	Yuan Ting Wei	5,000	10.0	50,000
1 January 2008	Transfer of 5,000 shares in ITWin from Yuan Ting Wei	Cash of RM80,000	Cabinet Systems	25,500	51.0	
	Transfer of 1,000 shares in ITWin from Chin Hoon Lim	Cash of RM16,000				
	Transfer of 12,500 shares in ITWin from Ho Chee Hong	Cash of RM200,000				
	Transfer of 7,000 shares in ITWin from Tan Ying Meng	Cash of RM161,000				
	-	-	Tan Ying Meng	15,500	31.0	
	-	-	Ho Chee Hong	5,000	10.0	
	-	-	Chin Hoon Lim	4,000	8.0	50,000

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5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in ITWin
				No. of shares	%	
9 April 2008	Transfer of 4,000 shares in ITWin from Tan Ying Meng	Cash of RM42,000	Koh Thain Lin	4,000	8.0	
	-	-	Cabnet Systems	25,500	51.0	
	-	-	Tan Ying Meng	11,500	23.0	
	-	-	Ho Chee Hong	5,000	10.0	
	-	-	Chin Hoon Lim	4,000	8.0	
28 October 2009	Allotment of 25,000 new shares in ITWin	Other than cash (in satisfaction of a dividend declared in favour of, but not payable in cash to, the shareholders)	Ho Chee Hong	30,000	10.0	50,000
	Allotment of 57,500 new shares in ITWin		Tan Ying Meng	69,000	23.0	
	Allotment of 20,000 new shares in ITWin		Chin Hoon Lim	24,000	8.0	
	Allotment of 20,000 new shares in ITWin		Koh Thain Lin	24,000	8.0	
	Allotment of 127,500 new shares in ITWin		Cabnet Systems	153,000	51.0	
						300,000

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5. INFORMATION OF OUR GROUP (CONT'D)

Date of allotment / Date of transfer	Remarks	Consideration	Name of allottee / transferee / other shareholders	Resultant shareholding of the shareholders		No. of cumulative issued shares in ITWin
				No. of shares	%	
2 September 2015	Transfer of 30,000 shares in ITWin from Ho Chee Hong	Cash of RM127,600.00 and allotment of 1,336,800 new Cabnet Shares	Cabnet	147,000	49.0	
	Transfer of 69,000 shares in ITWin from Tan Ying Meng	Cash of RM293,400.00 and allotment of 3,074,400 new Cabnet Shares				
	Transfer of 24,000 shares in ITWin from Chin Hoon Lim	Cash of RM102,000.00 and allotment of 1,069,400 new Cabnet Shares				
	Transfer of 24,000 shares in ITWin from Koh Thain Lin	Cash of RM102,000.00 and allotment of 1,069,400 new Cabnet Shares				
	-	-				
			Cabnet Systems	153,000	51.0	300,000

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5. INFORMATION OF OUR GROUP (CONT'D)**5.2 Share capital**

As at the LPD, our issued share capital is set out below:-

Share Capital	No. of Shares	Amount RM
Issued	109,000,000	10,900,000

Upon completion of the Public Issue, our enlarged issued share capital will be increased to RM22,660,000 comprising 130,000,000 Cabnet Shares.

Details of the changes to our issued share capital since incorporation are set out below:-

Date of allotment/ subdivision	No. of Shares	Nature of transaction / Consideration	Cumulative issued share capital RM
<u>Ordinary shares</u>			
9 December 2014	2	Cash paid for subscribers' shares	2
18 May 2015	20	Subdivision of shares ⁽¹⁾	2
1 September 2015	89,999,980	Shares issued for the Acquisition of Cabnet Systems	9,000,000
2 September 2015	6,550,000	Shares issued for the Acquisition of ITWin	9,655,000
1 April 2016	12,450,000	Cash paid for new Cabnet Shares subscribed by NetPosa	10,900,000

Note:-

(1) On 18 May 2015, our Company implemented a subdivision of shares where every one (1) ordinary share in the Company was subdivided into ten (10) ordinary shares in Cabnet.

None of the Cabnet Shares as tabulated above were issued on special terms or instalment payment terms.

As at the LPD, neither our Company nor our subsidiaries has any outstanding warrants, options, convertible securities or uncalled capital.

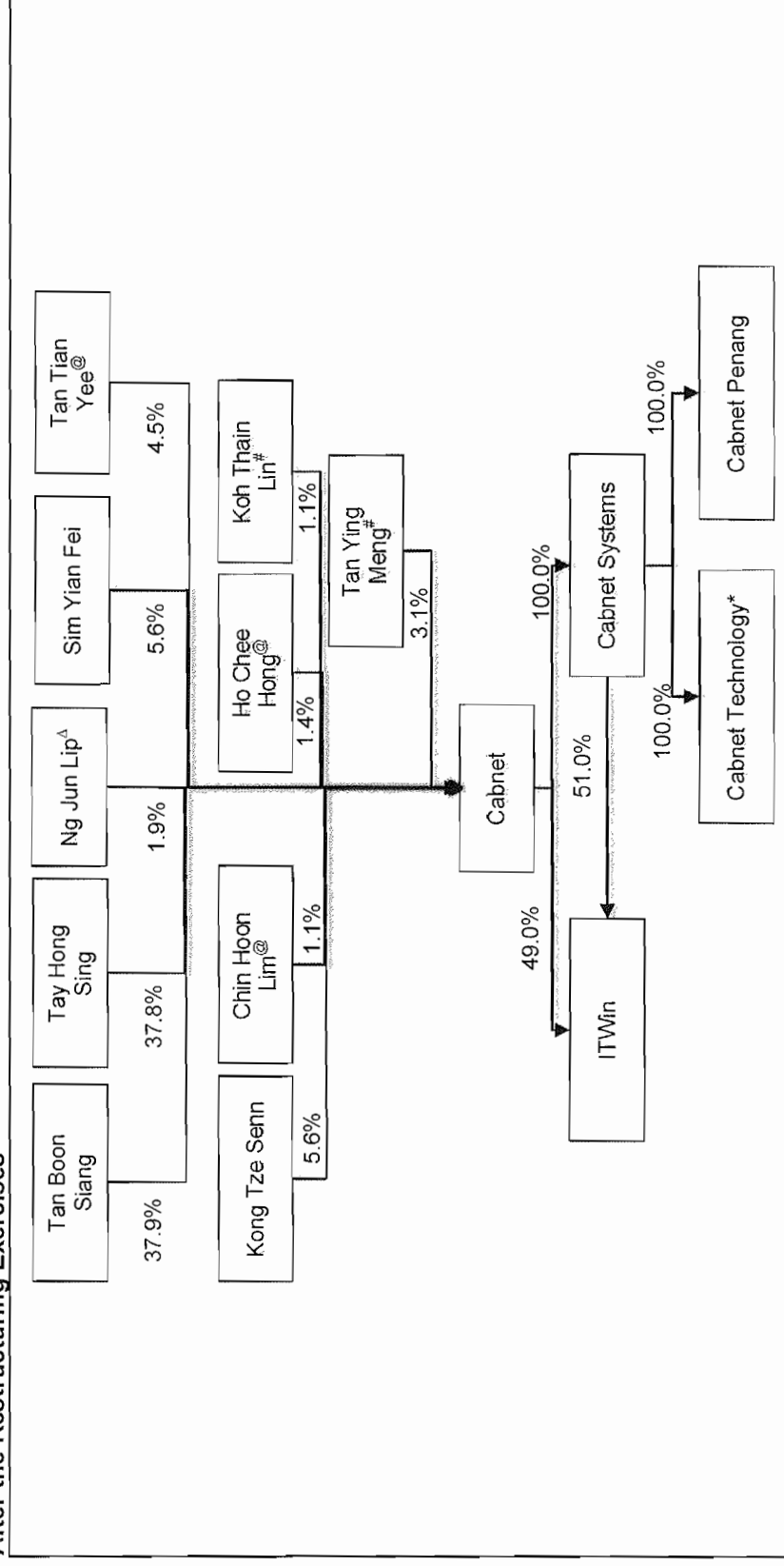
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5. INFORMATION OF OUR GROUP (CONT'D)

5.3 Our Group structure

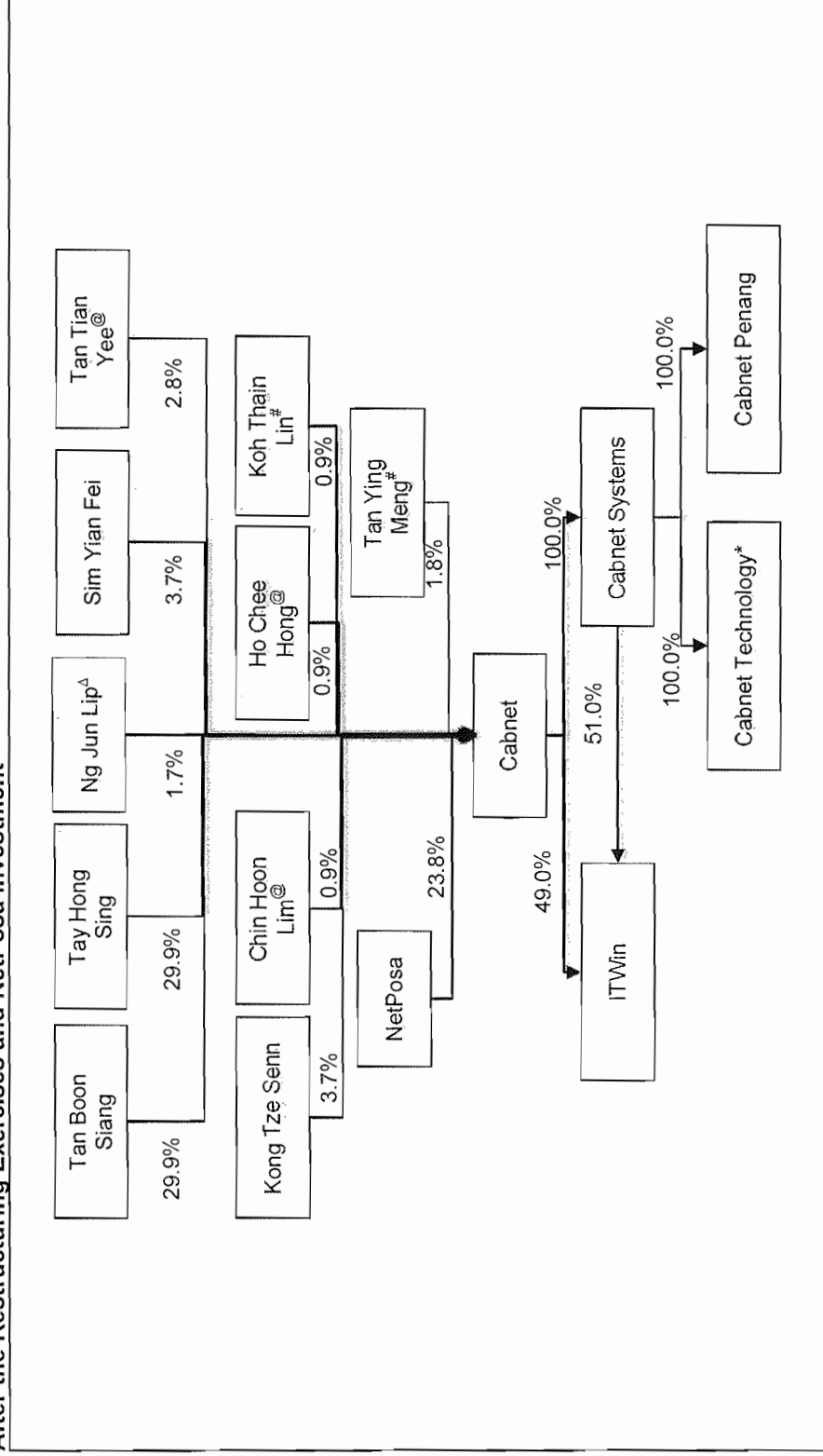
The Group structure as at the LPD is as follows:-

After the Restructuring Exercises



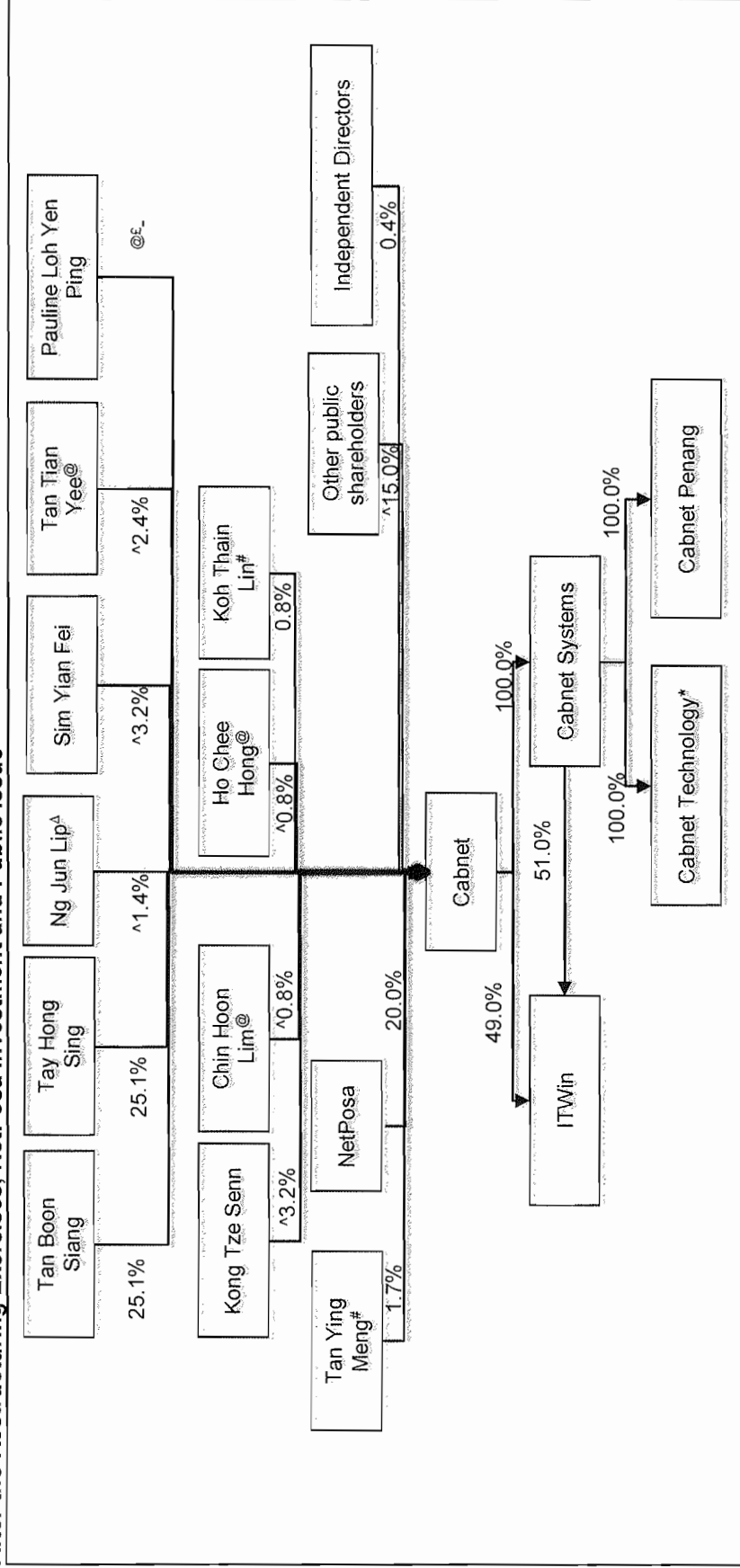
5. INFORMATION OF OUR GROUP (CONT'D)

After the Restructuring Exercises and NetPosa Investment



5. INFORMATION OF OUR GROUP (CONT'D)

After the Restructuring Exercises, NetPosa Investment and Public Issue



Notes:-

* An application for the striking off of Cabinet Technology has been submitted to the CCM by the Company on 1 February 2016, as it had remained dormant since 2004, and is currently pending the decision from CCM. CCM had issued second notice under Section 308 of the Companies Act, 1965 on 7 October 2016. The striking off process will be deemed completed upon issuance of the third notice under Section 549 of the Act and a gazette by CCM. There is no definite time frame as it is dependent on the processing time by CCM.

^Δ Being the public spread pursuant to the Listing Requirement totalling 26.8% of shareholding in Cabnet based on the enlarged issued of 130,000,000 Cabnet Shares

[@] Tan Tian Yee, Chin Hoon Lim, Ho Chee Hong and Pauline Loh Yen Ping are the employees of Cabinet Group and are not related to the Promoters.

[#] Their shareholdings in Cabnet do not form part of the public spread by virtue of their position as the directors of ITWin.

^Δ Ng Jun Lip was the Finance Director of Cabinet Systems and he relinquished his position in March 2017. He is not related to the Promoters.

[£] Pauline Loh Yen Ping will hold 60,000 Cabnet Shares pursuant to the Pink Form Allocations.

5. INFORMATION OF OUR GROUP (CONT'D)

Our subsidiary companies and their principal activities are set out below:-

Subsidiary companies	Date / country of incorporation	Date of commencement of business	Issued share capital RM	Effective equity interest %	Principal activities
Cabnet Systems	12 August 1995/ Malaysia	12 August 1995	1,000,000	100.0	Provision of building management solutions which comprise structured cabling works and ELV systems as well as provision of IT services
ITWin	27 February 1998/ Malaysia	27 February 1998	300,000	100.0	Provision of IT services
Cabnet Technology	31 January 1997/ Malaysia	31 January 1997	300,000	100.0	Dormant*
Cabnet Penang	16 August 2007/ Malaysia	16 August 2007	100,000	100.0	Provision of building management solutions which comprise structured cabling works and ELV systems

Note:-

* An application for the striking off of Cabnet Technology has been submitted to the CCM by the Company on 1 February 2016 and is currently pending the decision from CCM. CCM had issued second notice under Section 308 of the Companies Act, 1965 on 7 October 2016. The striking off process will be deemed completed upon issuance of the third notice under Section 549 of the Act and a gazette by CCM. There is no definite time frame as it is dependent on the processing time by CCM.

5.4 Subsidiary companies**5.4.1 Information on Cabnet Systems****5.4.1.1 Background and history**

Cabnet Systems was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 12 August 1995 under its present name.

5.4.1.2 Principal activity

Cabnet Systems is principally involved in the provision of building management solutions which comprise structured cabling works and ELV systems as well as the provision of IT services. Further details on structured cabling works and ELV systems are set out in **Section 6.1.1** of this Prospectus.

5.4.1.3 Share capital

The issued share capital of Cabnet Systems is as follows:-

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5. INFORMATION OF OUR GROUP (CONT'D)

Share Capital	No. of shares	Amount RM
Issued	1,000,000	1,000,000

There are no changes to the issued share capital of Cabnet Systems for the past three (3) years preceding the LPD.

Details of the changes to Cabnet Systems' issued share capital since incorporation are set out below:-

Date of allotment/ subdivision	No. of Shares	Nature of transaction / Consideration	Cumulative issued share capital	
			No. of Shares	RM
<u>Ordinary shares</u>				
12 August 1995	3	Cash	3	3
14 June 1996	99,997	Cash	100,000	100,000
21 August 1998	200,000	Capitalisation of debt due	300,000	300,000
23 May 2006	200,000	Cash	500,000	500,000
25 September 2007	500,000	Cash	1,000,000	1,000,000

5.4.1.4 Shareholder

As at the LPD, Cabnet Systems is our wholly-owned subsidiary.

5.4.1.5 Subsidiary and associate company

As at the LPD, Cabnet Systems has two (2) wholly-owned subsidiaries, namely Cabnet Technology and Cabnet Penang, and holds 51.0% direct equity interest in ITWin.

Cabnet Systems does not have any associated company.

5.4.2 Information on ITWin**5.4.2.1 Background and history**

ITWin was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 27 February 1998 under its present name.

5.4.2.2 Principal activity

ITWin is principally involved in provision of IT services. Further details on IT services are set out in Section 6.1.2 of this Prospectus.

5.4.2.3 Share capital

The issued share capital of ITWin is as follows:-

5. INFORMATION OF OUR GROUP (CONT'D)

Share Capital	No. of shares	Amount RM
Issued	300,000	300,000

There are no changes to the issued share capital of ITWin for the past three (3) years preceding the LPD.

Details of the changes to ITWin's issued share capital since incorporation are set out below:-

Date of allotment/ subdivision	No. of Shares	Nature transaction Consideration	of /	Cumulative issued share capital	
				No. of Shares	RM
<u>Ordinary shares</u>					
27 February 1998	2	Cash		2	2
3 August 1998	49,998	Cash		50,000	50,000
28 October 2009	250,000	Other than cash (in satisfaction of a dividend declared in favour of, but not payable in cash to, the shareholders)		300,000	300,000

5.4.2.4 Shareholder

As at the LPD, the shareholders of ITWin are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Cabnet	147,000	49.0	153,000 ⁽¹⁾	51.0 ⁽¹⁾
Cabnet Systems	153,000	51.0	-	-

Note:-

- (1) Deemed interested by virtue of its shareholdings in Cabnet Systems pursuant to Section 8 of the Act.

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5. INFORMATION OF OUR GROUP (CONT'D)**5.4.2.5 Subsidiary and associate company**

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

5.4.3 Information on Cabnet Technology**5.4.3.1 Background and history**

Cabnet Technology was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 31 January 1997 under its present name.

5.4.3.2 Principal activity

Cabnet Technology was initially set up to source structured cabling business from stockbroking companies in central region of Peninsular Malaysia. However, it had remained dormant since 2004 subsequent to the rationalisation of its existing business to Cabnet Systems. An application for the striking off of Cabnet Technology has been submitted to the CCM by the Company on 1 February 2016 and is currently pending the decision from CCM. CCM had issued second notice under Section 308 of the Companies Act, 1965 on 7 October 2016. The striking off process will be deemed completed upon issuance of the third notice under Section 549 of the Act and a gazette by CCM. There is no definite time frame as it is dependent on the processing time by CCM.

5.4.3.3 Share capital

The issued share capital of Cabnet Technology is as follows:-

Share Capital	No. of shares	Amount RM
Issued	300,000	300,000

There are no changes to the issued share capital of Cabnet Technology for the past three (3) years preceding the LPD.

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5. INFORMATION OF OUR GROUP (CONT'D)

Details of the changes to Cabnet Technology's issued share capital since incorporation are set out below:-

Date of allotment/ subdivision	No. of Shares	Nature of transaction / Consideration	Cumulative issued share capital	
			No. of Shares	RM
<u>Ordinary shares</u>				
31 January 1997	10	Cash	10	10
4 February 1998	199,990	Cash	200,000	200,000
20 September 1999	100,000	Cash	300,000	300,000

5.4.3.4 Shareholder

As at the LPD, Cabnet Technology is a wholly-owned subsidiary of Cabnet Systems.

5.4.3.5 Subsidiary and associate company

As at the LPD, Cabnet Technology does not have any subsidiary or associate company.

5.4.4 Information on Cabnet Penang**5.4.4.1 Background and history**

Cabnet Penang was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 16 August 2007 under its present name.

5.4.4.2 Principal activity

Cabnet Penang is principally involved in the provision of building management solutions which comprise structured cabling works and ELV systems. Further details on structured cabling works and ELV systems are set out in **Section 6.1.1** of this Prospectus.

Cabnet Systems and Cabnet Penang are in the similar business activities apart from geographical aspects. The Group is in the midst of consolidating the business of Cabnet Penang into Cabnet Systems. Accordingly, the office rented by Cabnet Penang is occupied by the staff of Cabnet Systems who have been assigned to oversee the operations in the northern region of Peninsular Malaysia. Following thereto, Cabnet Systems in place of Cabnet Penang has been sourcing projects in the northern region of Peninsular Malaysia.

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5. INFORMATION OF OUR GROUP (CONT'D)**5.4.4.3 Share capital**

The issued share capital of Cabnet Penang is as follows:-

Share Capital	No. of shares	Amount RM
Issued	100,000	100,000

There are no changes to the issued share capital Cabnet Penang for the past three (3) years preceding the LPD.

Details of the changes to Cabnet Penang's issued share capital since incorporation are set out below:-

Date of allotment/ subdivision	No. of Shares	Nature of transaction / Consideration	Cumulative issued share capital	
			No. of Shares	RM
<u>Ordinary shares</u>				
16 August 2007	2	Cash	2	2
27 September 2007	99,998	Cash	100,000	100,000

5.4.4.4 Shareholder

As at the LPD, Cabnet Penang is a wholly-owned subsidiary of Cabnet Systems.

5.4.4.5 Subsidiary and associate company

As at the LPD, Cabnet Penang does not have any subsidiary or associate company.

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5. INFORMATION OF OUR GROUP (CONT'D)**5.5 Restructuring Exercises**

We have implemented the Restructuring Exercise, which was completed on 2 September 2015. Details of the Restructuring Exercise are as follows:-

5.5.1 Subdivision of Cabnet Shares

Cabnet had, on 18 May 2015, implemented a subdivision of shares where every one (1) ordinary share in the Company was subdivided into ten (10) ordinary shares in Cabnet.

5.5.2 Acquisition of Cabnet Systems

We had, on 18 August 2015, entered into a sale and purchase agreement with the Vendors of Cabnet Systems for the acquisition of 1,000,000 ordinary shares in Cabnet Systems representing 100.0% of the issued share capital of Cabnet Systems for a total purchase consideration of RM8,999,998.

The total purchase consideration of RM8,999,998 for the Acquisition of Cabnet Systems was satisfied via the issuance of 89,999,980 new Cabnet Shares at an issue price of RM0.10 per Cabnet Share to the Vendors of Cabnet Systems in the manner as set out below:-

Vendors of Cabnet Systems	No. of shares held in Cabnet Systems	%	No. of Cabnet Shares issued to the Vendors of Cabnet Systems as consideration	%*
Tay Hong Sing	405,000	40.5	36,449,990	40.5
Tan Boon Siang	406,500	40.6	36,584,990	40.6
Tan Tian Yee	48,500	4.9	4,365,000	4.9
Kong Tze Senn	60,000	6.0	5,400,000	6.0
Sim Yian Fei	60,000	6.0	5,400,000	6.0
Ng Jun Lip	20,000	2.0	1,800,000	2.0
Total	1,000,000	100.00	89,999,980	100.00

Note:-

* Based on the issued share capital prior to the Acquisition of ITWin and NetPosa Investment of RM9,000,000 comprising 90,000,000 Cabnet Shares.

The total purchase consideration of RM8,999,998 for the Acquisition of Cabnet Systems was arrived at after taking into consideration the audited NTA of Cabnet Systems as at 31 December 2014 of RM8,812,207. The Acquisition of Cabnet Systems was completed on 1 September 2015.

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5. INFORMATION OF OUR GROUP (CONT'D)**5.5.3 Acquisition of ITWin**

Concurrently with the Acquisition of Cabnet Systems, we had, on 18 August 2015 entered into a sale and purchase agreement with the Vendors of ITWin for the acquisition of 147,000 ordinary shares in ITWin representing 49.0% of the issued share capital of ITWin for a total purchase consideration of RM1,280,000.

The total purchase consideration of RM1,280,000 for the Acquisition of ITWin was satisfied via the issuance of 6,550,000 new Cabnet Shares at an issue price of RM0.10 per Cabnet Share and the payment of RM625,000 in cash in the manner as set out below:-

Vendors of ITWin	No. of shares held in ITWin	%	No. of Cabnet Shares issued to the Vendors of ITWin as consideration			Cash consideration RM	Total consideration RM
			No. of Cabnet Shares issued	RM	%*		
Tan Ying Meng	69,000	23.0	3,074,400	307,440	3.2	293,400	600,840
Ho Chee Hong	30,000	10.0	1,336,800	133,680	1.4	127,600	261,280
Chin Hoon Lim	24,000	8.0	1,069,400	106,940	1.1	102,000	208,940
Koh Thain Lin	24,000	8.0	1,069,400	106,940	1.1	102,000	208,940
Total	147,000	49.0	6,550,000	655,000	6.8	625,000	1,280,000

Note:-

* Based on the issued share capital of 96,550,000 shares in Cabnet Systems after the Acquisition of Cabnet Systems and the Acquisition of ITWin.

The total purchase consideration for the Acquisition of ITWin of RM1,280,000 was arrived at after taking into consideration the audited NTA of ITWin as at 31 December 2014 of RM2,599,099. The Acquisition of ITWin was completed by 2 September 2015.

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5. INFORMATION OF OUR GROUP (CONT'D)**5.6 Listing scheme**

In conjunction with and as an integral part of the Listing, the details of the Listing scheme are set forth below.

5.6.1 Public Issue

A public issue of 21,000,000 new Cabnet Shares, representing approximately 16.15% of our enlarged issued share capital, at the Issue Price to be allocated in the following manner:-

Allocation of Shares	Number of Shares allocated
Shares available for application by Malaysian Public	7,000,000
Shares by way of private placement to selected investors	10,000,000
Shares under Pink Form Allocations	4,000,000
Total size of Public Issue	21,000,000

No offer for sale will be undertaken as part of our IPO.

5.6.2 Listing

The admission to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM22,660,000 comprising 130,000,000 Cabnet Shares on the ACE Market of Bursa Securities.

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