

5. INFORMATION ON OUR GROUP

THIS SECTION SHOULD BE READ IN CONJUNCTION WITH THE TECHNICAL GLOSSARY IN THE SECTION ON DEFINITIONS

5.1 Overview and History

Our Company was incorporated in Malaysia under the Act on 6 June 2017 as a private limited company under the name of Securemetric Sdn Bhd and was converted into a public company on 12 September 2017. Our Company is an investment holding company.

Our Group is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services. **Section 5.3** of this Prospectus sets out further details of the principal activities of our subsidiaries.

Summary of our business

| | |
|------------------------------------|---|
| Core solutions and products | <ul style="list-style-type: none"> • Digital security solutions <ul style="list-style-type: none"> - Software licensing protection dongles - 2FA - PKI - CENTAGATE® • Electronic identification products • Other related services |
| Major customer types | <ul style="list-style-type: none"> • Government organisations • Financial institutions • Public CAs • Software development companies • IT service providers |
| Location of operations | <ul style="list-style-type: none"> • Malaysia • Vietnam • The Philippines • Singapore • Indonesia |
| Key export markets | <ul style="list-style-type: none"> • Vietnam • The Philippines • Indonesia |

History of our business

We commenced our business in the trading of digital security and electronic identification products under Softkey Malaysia

Our history can be traced to the incorporation of Softkey Malaysia on 28 February 2001, by Law Seeh Key (Non-Independent Executive Director/ Chief Executive Officer of Securemetric) and Tan Boon Huat. Softkey Malaysia was principally involved in the trading of digital security products namely software licensing protection dongles, as well as electronic identification products, which were supplied by third party suppliers. Tan Boon Huat exited Softkey Malaysia in July 2003 to pursue interests in warehouse management solutions (which are not similar to and do not compete with Securemetric’s principal activities).

In 2003, Softkey Malaysia expanded its business by adding PKI tokens to its product offerings, whereby the PKI tokens were also supplied by third party suppliers. Softkey Malaysia’s customers for PKI tokens were mainly Government organisations, financial institutions and public CAs.

5. INFORMATION ON OUR GROUP (CONT'D)

In 2005, Softkey Malaysia recorded an achievement when they secured orders for PKI tokens from POS Digicert Sdn Bhd, one of two public CAs in Malaysia at the time. As a public CA, POS Digicert Sdn Bhd purchased PKI tokens from Softkey Malaysia for the storing of digital certificates, and the PKI tokens were supplied to the POS Digicert Sdn Bhd's customers to be used when digital certificates are needed to carry out secure digital transactions.

Softkey Malaysia expanded its business into Indonesia with the incorporation of Softkey Indonesia on 6 January 2006. In the same year, Softkey Indonesia expanded its product offerings to the trading of electronic identification products, namely smart cards, smart card readers and barcode readers.

In 2007, Softkey Malaysia recorded a milestone achievement when it began to secure orders for PKI tokens from Commerce Dot Com Sdn Bhd as its customer, for onward supply to ePerolehan¹ users. ePerolehan users are vendors who supply products and services to the Government of Malaysia. Since then, our Group has continued to receive orders from Commerce Dot Com Sdn Bhd for the ePerolehan project.

We ventured into the development of proprietary digital security solutions with the incorporation of Securemetric Malaysia

In the same year, the management of Softkey Malaysia decided to venture into the development of proprietary digital security solutions, instead of relying on digital security products supplied by third party suppliers. The decision was made with the intention of transforming Softkey Malaysia from a trading company into a digital security technology company.

As a result, Securemetric Malaysia was incorporated on 17 January 2007, with our co-founders Law Seeh Key and Nioo Yu Siong, as shareholders and directors. The incorporation of a new company instead of expanding the business under Softkey Malaysia, arose from an aim to position Securemetric Malaysia as a digital security technology company as Softkey Malaysia was then known in the market as a distributor of third party products. In the same year, we initiated R&D of our proprietary digital security solutions, which comprised related devices, firmware, middleware and application software.

We introduced our proprietary PKI tokens and software licensing protection dongles

In 2008, we introduced our proprietary PKI tokens and software licensing protection dongles into the market through Securemetric Malaysia, and initiated the conversion of Softkey Malaysia's clients (from using third party digital security products) to using our in-house developed digital security solutions. On top of offering our proprietary digital security solutions, we continued to trade in electronic identification products supplied by third party suppliers. In the same year, we began selling our in-house developed digital security solutions, when we secured orders to supply our proprietary PKI tokens to POS Digicert Sdn Bhd and exported our proprietary software licensing protection dongles to CryptoShop B.V., a reseller of digital security products based in the Netherlands.

Following the completion of the conversion of our clients from Softkey Malaysia to Securemetric Malaysia on 30 October 2015, Softkey Malaysia has not been in operation since 1 April 2016. An application to strike off Softkey Malaysia was submitted to the CCM on 11 September 2017, and is being processed by CCM. Upon being struck off, the name of Softkey Malaysia will be gazetted and thereafter deemed dissolved pursuant to Section 551 (3) of the Act.

¹ The ePerolehan System is the Government of Malaysia's online procurement system.

5. INFORMATION ON OUR GROUP (CONT'D)

We began to expand our presence into other countries in SEA and we continued to increase our digital security product range by introducing 2FA and token management system for PKI

In line with the setting up of Securemetric Malaysia, Securemetric Indonesia was incorporated on 23 June 2008. As our business in the trading of electronic identification products in Indonesia was thriving under Softkey Indonesia due to market demand, we made a decision to separate our business in the trading of electronic identification products from our business in the provision of our proprietary digital security solutions, by retaining the electronic identification trading business under Softkey Indonesia, while Securemetric Indonesia focused on our proprietary digital security solutions.

In 2009, through our on-going R&D initiatives, we added 2FA and token management system for PKI into our offerings, which we deemed as a significant move as it enabled us to widen our customer base to include Government organisations and financial institutions, who are the most common users of 2FA for online login systems and PKI solutions. In the same year, we expanded into Vietnam when we incorporated Securemetric Vietnam on 30 March 2009 and we secured our first 2FA project, with FPT Information System Corporation, an IT service provider in Vietnam, through Securemetric Malaysia.

We further enhanced our digital security offerings when we successfully secured PKI projects

In 2010, we initiated R&D on our PKI solutions, which involved development work on the firmware, middleware and software required to implement PKI solutions. Following the success of this R&D initiative, we registered yet another major milestone in the same year when we secured our first PKI project, also with FPT Information System Corporation in Vietnam, where we were involved in the provision of our PKI tokens, token management system and certification authority back-end system, as well as HSMs supplied by third party suppliers.

In 2012, we took another significant step in the expansion of our business when we collaborated with PrimeKey Solutions AB, a security software and solutions company based in Sweden, on a project for Advanced Science and Technology Institute of Philippines, a research and development institute under the Department of Science and Technology, to set up the Philippine National PKI. On this project, we supplied our proprietary token management system and PKI tokens, as well as third party HSMs and digital signing solution. Following the success of the Philippine National PKI project, we expanded our physical presence into the Philippines with the incorporation of Securemetric Philippines on 26 April 2013.

We introduced PKI IN A BOX, an off-the-shelf PKI solution

In 2013, through our on-going R&D efforts, we achieved yet another major milestone in our product development evolution when we introduced our PKI IN A BOX solution which is an off-the-shelf PKI solution containing a set of predetermined specifications suitable for quick deployment. Our PKI IN A BOX solution is built on a PKI appliance supplied by PrimeKey Solutions AB, and is customised and integrated with our token management system, namely *SecureTMS RA* and related firmware.

We continued to expand our digital security product offering with the introduction of CENTAGATE®

In 2014, our Group initiated R&D of CENTAGATE®, a centralised authentication management system, which incorporates 2FA, multi-factor authentication and PKI solutions as well as a risk scoring feature into one single solution.

In 2015, we further expanded in the Philippines when we supplied our PKI IN A BOX solution to Philippine Clearing House Corporation, a cheque clearance service provider in the Philippines. We continued our regional expansion with the incorporation of Securemetric Singapore on 8 July 2015. Also in 2015, we received a TechnoFund grant of RM2.26 million from MOSTI for the development and certification of CENTAGATE®.

5. INFORMATION ON OUR GROUP (CONT'D)

In 2016, we recorded another milestone when we secured a CENTAGATE® project in the Philippines with the Bank of the Philippine Islands. In the same year, we won a major turnkey PKI project when we secured a project with VAXUCO, the procurement arm of the Ministry of Defence in Vietnam. This turnkey PKI project entails standard implementation, technology transfer workshop package, software customisation and crypto customisation.

In 2017, we launched CENTAGATE® BOX, an off-the-shelf version of our CENTAGATE® solution, which is similar to our PKI IN A BOX solution, where it offers customers an option for quick deployment of CENTAGATE®. Our CENTAGATE® solution is built on security appliance supplied by PrimeKey Solutions AB and is integrated with our CENTAGATE® software and the related firmware. In the same year, we secured our first PKI IN A BOX project with a large online retailer, mainly Lazada South East Asia Pte. Ltd. We also secured a PKI project with Raffcomm Technologies Sdn Bhd, a CA in Malaysia, to provide PKI solutions including back-end system and related consultation services.

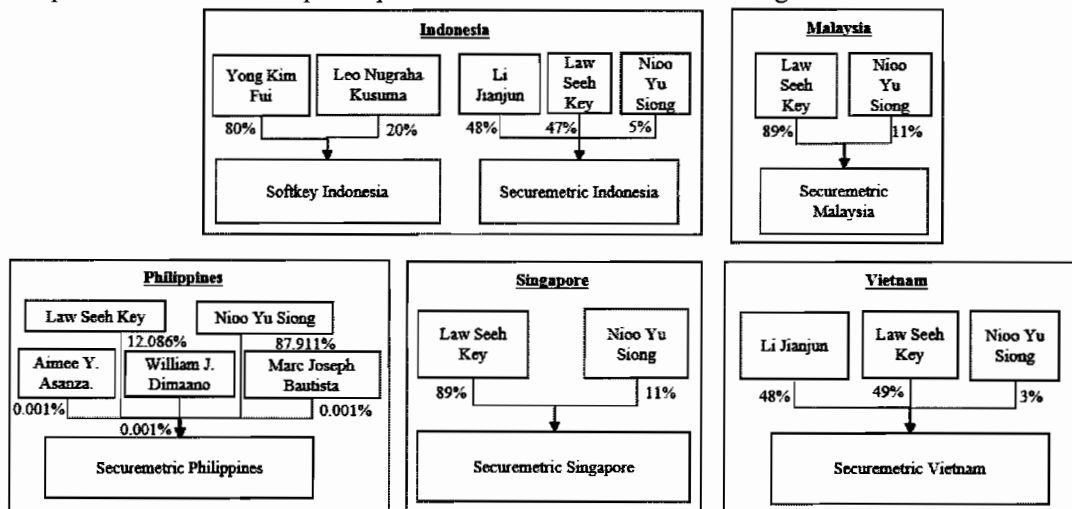
We achieved a significant milestone when we received the MyCC EAL 4+ certification for CENTAGATE®

In 2017, we completed and received the MyCC EAL 4+ certification for CENTAGATE®. As at the LPD, we are the second Malaysian company which has a product with MyCC EAL 4+ certification, a certificate recognised by Common Criteria Recognition Arrangement (“CCRA”)². Section 5.8.7 of this Prospectus sets out further details of our product certifications.

Since the inception of our business via Softkey Malaysia in 2001, our Group has evolved from selling third party digital security products to a regional provider of digital security solutions and electronic identification products, serving customers such as enterprises and organisations, primarily Government organisations, financial institutions, public CAs, software development companies and IT service providers throughout SEA. Our R&D has been the cornerstone of our success to-date, laying the foundation for the development of our proprietary solutions such as PKI token, 2FA, PKI token management system, PKI IN A BOX, CENTAGATE® and CENTAGATE® BOX. We will continue to place commitment and emphasis on R&D and product development to fuel our future growth and will focus our Group’s expansion on growth opportunities in the SEA market.

Our Group’s corporate structure

Set out below is our Group’s corporate structure prior to the Restructuring. Section 5.3.1 of this Prospectus sets out the Group’s corporate structure after the Restructuring and Public Issue.



² Based on the list of certified products that are recognised by MyCC Scheme which is available on CyberSecurity Malaysia website (<http://www.cybersecurity.my>)

5. INFORMATION ON OUR GROUP (CONT'D)**5.2 Share Capital**

As at the LPD, our issued share capital is RM14,048,000 comprising 175,600,000 Shares. Details of changes to our issued share capital since our incorporation are as follows:

| Date of allotment / changes | Nature of change | Consideration⁽¹⁾ | No. of Shares allotted | No. of cumulative Shares |
|------------------------------------|---|------------------------------------|-------------------------------|---------------------------------|
| 6 June 2017 | Cash of RM1 paid for 1 subscriber share | Cash | 1 | 1 |
| 20 August 2017 | Cash of RM1 paid for 1 subscriber share | Cash | 1 | 2 |
| 28 September 2017 | Subdivision of 2 Shares into 25 shares | - | 25 | 25 |
| 20 July 2018 | Allotment of 123,962,475 new Shares | Other than cash ⁽²⁾ | 123,962,475 | 123,962,500 |
| 4 September 2018 | Allotment of 43,587,500 new Shares | Other than cash ⁽³⁾ | 43,587,500 | 167,550,000 |
| 5 September 2018 | Allotment of 8,050,000 new Shares | Other than cash ⁽⁴⁾ | 8,050,000 | 175,600,000 |

Notes:

- (1) *For all consideration given, there was no discount, special term or instalment payment term.*
- (2) *Pursuant to the Acquisition of Securemetric Malaysia.*
- (3) *Pursuant to the Acquisition of Securemetric Philippines, Securemetric Indonesia, Securemetric Singapore and Softkey Indonesia.*
- (4) *In relation to the Acquisition of Securemetric Vietnam.*

Our enlarged share capital will increase to RM60,900,000 comprising 243,600,000 Securemetric Shares after the issuance of 68,000,000 IPO Shares.

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

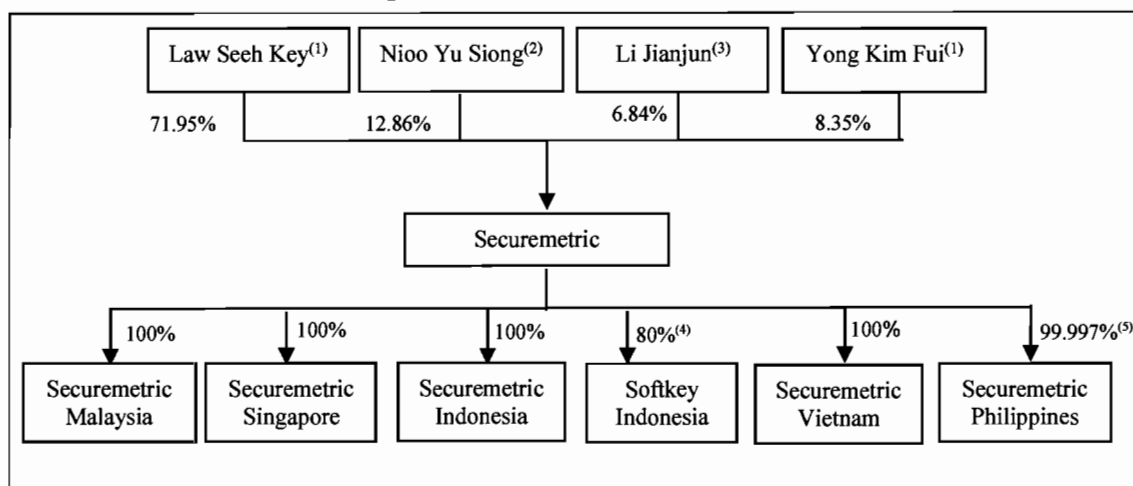
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5. INFORMATION ON OUR GROUP (CONT'D)

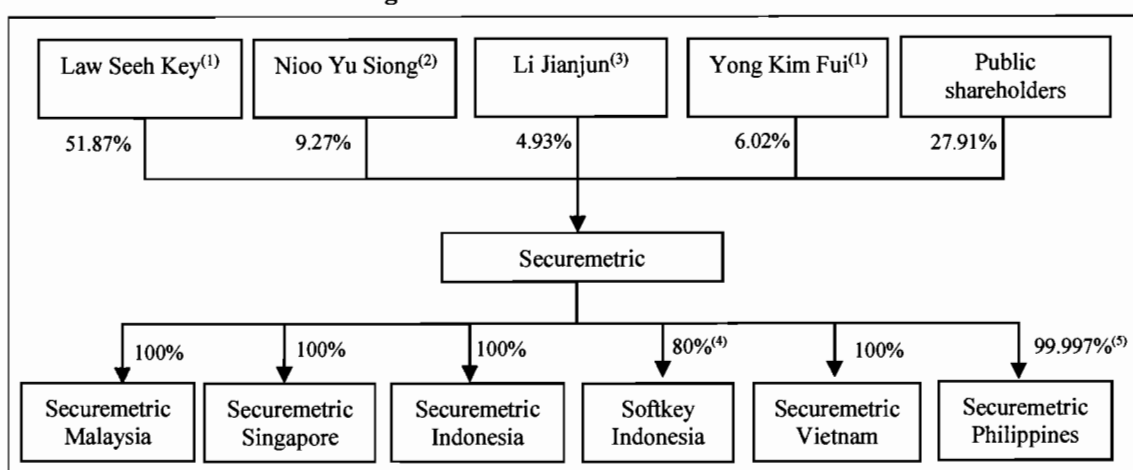
5.3 Subsidiaries

5.3.1 Group Structure

After the Restructuring and before Public Issue



After the Restructuring and Public Issue



Notes:

(1) Deemed as the Promoter, Director and substantial shareholder of our Company.

(2) Deemed as the Promoter and substantial shareholder of our Company.

(3) Deemed as the Promoter of our Company.

(4) 20,000 shares (20%) of Softkey Indonesia are held by Leo Nugraha Kusuma, the sole director of Softkey Indonesia and is an Indonesian individual who is not a nominee of any other party. Indonesia's New Negative Investment List issued pursuant to its Presidential Regulation No. 44 of 2016 ("DNI 2016") which took effect on 12 May 2016, provides that a company that has business line in "trade distributors that is not affiliated with production", is permitted to have foreign shareholdings of up to 67%. Softkey Indonesia had obtained its Amendment of Principle Licence from Badan Koordinasi Penanaman Modal, being Indonesia's Investment Coordinating Board, for large scale trading business (distributor) and import with a share composition of 80% foreign ownership and 20% local ownership on 20 April 2016 (prior to the implementation of DNI 2016). Pursuant to Article 13 of DNI 2016 with regards to Transitional Provisions, Softkey Indonesia is not required to lower their foreign shareholdings from 80% to 67% as it has obtained its investment licence before the issuance of DNI 2016. As such, the maximum allowable foreign shareholding ownership of Softkey Indonesia is maintained at 80%.

5. INFORMATION ON OUR GROUP (CONT'D)

Securemetric Indonesia is allowed to have a 100% foreign ownership under its Business Expansion Licence as their business activity is confined to large scale trading business and not as a distributor.

- (5) 3 shares (0.003%) of Securemetric Philippines are held by the following Filipino directors who are not nominees of any other party:

| Name | No. of Shares | % |
|----------------------|---------------|--------------|
| Aimee Y. Asanza | 1 | 0.001 |
| Marc Joseph Bautista | 1 | 0.001 |
| William J. Dimaano | 1 | 0.001 |
| Total | 3 | 0.003 |

Under Section 23 of the Corporation Code of the Philippines, it is mandatory that majority of the directors of a corporation organised and existing under and by virtue of the laws of the Philippines to be residents of the Philippines and every director must own at least 1 share of the corporation of which he/she is a director.

5.3.2 Securemetric Malaysia (Company No.759614-V)

(a) Background, history and principal activities

Securemetric Malaysia was incorporated in Malaysia on 17 January 2007 under the Companies Act, 1965 as a private limited company under its present name. It commenced business on 3 January 2008. It is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services.

(b) Share capital

Securemetric Malaysia has an issued share capital of RM1,000,000 comprising 1,000,000 shares, with the following changes to its issued share capital since incorporation:

| Date of allotment | No. of ordinary shares | Consideration | Cumulative issued share capital | |
|-------------------|------------------------|---------------|---------------------------------|-----------|
| | | | No. of shares | RM |
| 17 January 2007 | 2 | Cash | 2 | 2 |
| 16 August 2007 | 99,998 | Cash | 100,000 | 100,000 |
| 15 February 2008 | 100,000 | Cash | 200,000 | 200,000 |
| 5 June 2015 | 800,000 | Bonus issue | 1,000,000 | 1,000,000 |

As at the LPD, there are no outstanding warrants, options, convertible or uncalled capital in Securemetric Malaysia.

(c) Shareholder and directors

As at the LPD, Securemetric Malaysia is our wholly-owned subsidiary, with the directors being Law Seeh Key and Nioo Yu Siong.

(d) Subsidiary and associated companies

As at the LPD, Securemetric Malaysia does not have any subsidiary or associated company.

5. INFORMATION ON OUR GROUP (CONT'D)**5.3.3 Securemetric Vietnam (Company reference 0103682805)****(a) Background, history and principal activities**

Securemetric Vietnam was incorporated in Vietnam on 30 March 2009 under the Vietnam Enterprise Law 2005 as a limited liability company under its present name. It commenced business on 4 June 2009. It is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services.

(b) Charter capital

Securemetric Vietnam has a contributed charter capital of USD100,000, with the following changes since incorporation:

| Date of contribution | Amount of charter capital | Consideration | Cumulative charter capital USD |
|-----------------------------|----------------------------------|----------------------|---------------------------------------|
| 10 June 2009 | 52,000 | Cash | 52,000 |
| 10 February 2011 | 48,000 | Cash | 100,000 |

As at the LPD, there are no outstanding warrants, options, convertible or uncalled capital in Securemetric Vietnam.

(c) Member and director

As at the LPD, Securemetric Vietnam is our wholly-owned subsidiary, with its sole director being Law Seeh Key.

(d) Subsidiary and associated companies

As at the LPD, Securemetric Vietnam does not have any subsidiary or associated company.

5.3.4 Securemetric Philippines (Company Registration No. CS201307904)**(a) Background, history and principal activities**

Securemetric Philippines was incorporated in the Philippines on 26 April 2013 under the Corporation Code of the Philippines as a private stock corporation under its present name. It commenced business on 28 May 2014. It is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services.

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5. INFORMATION ON OUR GROUP (CONT'D)**(b) Share capital**

Securemetric Philippines has an authorised and issued share capital of PHP10,000,000 comprising 100,000 shares with a par value of PHP100 each. The changes to its issued share capital since incorporation are as follows:

| Date of allotment | No. of shares | Consideration | Cumulative issued share capital | |
|-------------------|---------------|--|---------------------------------|------------|
| | | | No. of shares | PHP |
| 26 April 2013 | 5,000 | Cash | 5,000 | 500,000 |
| 10 October 2016 | 55,430 | Capitalisation of shareholder's advances | 60,430 | 6,043,000 |
| 19 January 2018 | 39,570 | Capitalisation of shareholder's advances | 100,000 | 10,000,000 |

As at the LPD, there are no outstanding warrants, options, convertible or uncalled capital in Securemetric Philippines.

(c) Shareholder and directors

As at the LPD, Securemetric Philippines is our 99.997%-owned subsidiary. Its other shareholders are Aimee Y. Asanza, Marc Joseph Bautista and William J. Dimaano, who each holds one share in Securemetric Philippines. As at the LPD, the directors are Aimee Y. Asanza, Marc Joseph Bautista and William J. Dimaano.

(d) Subsidiary and associated companies

As at the LPD, Securemetric Philippines does not have any subsidiary or associated company.

5.3.5 Securemetric Indonesia (Company Registration No. 09.02.1.46.59522)**(a) Background, history and principal activities**

Securemetric Indonesia was incorporated on 23 June 2008 in the Republic of Indonesia under Company Law No. 40 of 2007 as a limited liability company under its present name. It commenced business on 5 January 2009. It is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services.

(b) Share capital

Securemetric Indonesia has an authorised and issued share capital of IDR931,700,000 comprising 100,000 shares with a par value of IDR9,317 each, all of which were allotted for cash on 23 June 2008.

As at the LPD, there are no outstanding warrants, options, convertible or uncalled capital in Securemetric Indonesia.

(c) Shareholder and directors

As at the LPD, Securemetric Indonesia is our wholly-owned subsidiary, with its directors being Nioo Yu Siong and Endah Lestari.

5. INFORMATION ON OUR GROUP (CONT'D)**(d) Subsidiary and associated companies**

As at the LPD, Securemetric Indonesia does not have any subsidiary or associated company.

5.3.6 Securemetric Singapore (Company No. 201528340D)**(a) Background, history and principal activities**

Securemetric Singapore was incorporated on 8 July 2015 in Singapore under the Companies Act (Chapter 50) of Singapore as a limited exempt private company under its present name. Prior to the completion of the Acquisition of Securemetric Singapore, Securemetric Singapore was a limited exempt private company with only 2 individual shareholders (i.e. Law Seeh Key and Nioo Yu Siong). A limited exempt private company under the Singapore's Companies Act is defined as a private company which shares are not held directly or indirectly by:

- (i) any corporation; and/or
- (ii) more than 20 members.

As a result of the Acquisition of Securemetric Singapore, all of Securemetric Singapore's shares are held by a single corporation (i.e. Securemetric). Hence, Securemetric Singapore no longer qualified as a limited exempt private company and Securemetric Singapore was converted into a private limited company on 4 September 2018. It commenced business on 20 August 2015. It is principally involved in the trading of electronic identification products, and other related services.

(b) Share capital

Securemetric Singapore has an issued share capital of SGD50,000 comprising 50,000 shares, all of which was allotted for cash on 8 July 2015. There has been no change to its issued share capital since its incorporation.

As at the LPD, there are no outstanding warrants, options, convertible or uncalled capital in Securemetric Singapore.

(c) Shareholder and directors

As at the LPD, Securemetric Singapore is our wholly-owned subsidiary, with its directors being Law Seeh Key, Nioo Yu Siong and Tan Yung Hui, Gabriel.

(d) Subsidiary and associated companies

As at the LPD, Securemetric Singapore does not have any subsidiary or associated company.

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5. INFORMATION ON OUR GROUP (CONT'D)

5.3.7 Softkey Indonesia (Company Registration No. 09.02.1.46.58901)

(a) Background, history and principal activities

Softkey Indonesia was incorporated on 6 January 2006 in Indonesia under Company Law No.1 of 1995 as a limited liability company under its present name. It commenced business on 12 January 2006. It is principally involved in the trading of electronic identification products, and other related services.

As set out in **Section 5.1**, the incorporation of Softkey Indonesia is to expand its trading of electronic identification products into Indonesia.

(b) Share capital

Softkey Indonesia has an authorised and issued share capital of IDR979,500,000 comprising 100,000 shares with a par value of IDR9,795 each, all of which were allotted for cash on 6 January 2006.

As at the LPD, there are no outstanding warrants, options, convertible or uncalled capital in Softkey Indonesia.

(c) Shareholders and director

As at the LPD, Softkey Indonesia is our 80%-owned subsidiary. The remaining 20% equity interest is held by Leo Nugraha Kusuma (an Indonesian), who is also the sole director. Softkey Indonesia obtained its Amendment of Principle Licence from Badan Koordinasi Penanaman Modal, being Indonesia's Investment Coordinating Board, for large scale trading business (main distributor) and import with a share composition of 80% foreign ownership and 20% local ownership on 20 April 2016. Pursuant to Indonesian investment regulations, Softkey Indonesia is required to maintain a foreign ownership of 80% equity interest.

(d) Subsidiary and associated companies

As at the LPD, Softkey Indonesia does not have any subsidiary or associated company.

5.4 Restructuring through Acquisitions

5.4.1 Acquisition of Securemetric Malaysia

We had on 2 February 2018 entered into a conditional share sale and purchase agreement (as supplemented by the supplemental agreement dated 19 July 2018) to acquire the entire 100% equity interest of Securemetric Malaysia comprising 1,000,000 ordinary shares for a purchase consideration of RM9,916,998, satisfied through the issuance of 123,962,475 new Securemetric Shares at RM0.08 each to the Vendors of Securemetric Malaysia, as follows:

| Vendors | No. of Securemetric Malaysia shares | % | No. of Securemetric Shares issued as consideration |
|---------------|-------------------------------------|---------------|--|
| Law Seeh Key | 890,000 | 89.00 | 110,326,603 |
| Nioo Yu Siong | 110,000 | 11.00 | 13,635,872 |
| Total | 1,000,000 | 100.00 | 123,962,475 |

The purchase consideration was based on Securemetric Malaysia's audited NA as at 31 December 2016 of RM9,917,500 and is at a discount of RM502 or 0.01% to the audited NA. The conditional share sale and purchase agreement is governed by the laws of Malaysia. The Acquisition of Securemetric Malaysia was completed on 31 July 2018.

5. INFORMATION ON OUR GROUP (CONT'D)

5.4.2 Acquisition of Securemetric Vietnam

We had on 2 February 2018 entered into separate conditional sale and purchase agreements (as supplemented by the supplemental agreements all dated 19 July 2018) with each of the Vendors of Securemetric Vietnam to acquire Securemetric Vietnam's entire USD100,000 contributed charter capital, satisfied through a total cash consideration of USD165,192 (equivalent to RM644,000 at the exchange rate of RM1.00: USD0.25651 as mutually agreed in the agreements). The purchase consideration was based on Securemetric Vietnam's audited NA as at 31 December 2016 of RM644,549 and is at a discount of RM549 or 0.09% to the audited NA. The conditional sale and purchase agreements are governed by the laws of Vietnam. The Acquisition of Securemetric Vietnam was completed on 4 September 2018.

The Vendors of Securemetric Vietnam had advanced cash of USD165,192 (equivalent in amount to the purchase consideration) to Securemetric Berhad. The advances had been capitalised with the issuance of 8,050,000 new Securemetric Shares at RM0.08 each to the Vendors of Securemetric Vietnam.

The Acquisition of Securemetric Vietnam was satisfied in cash because under Vietnamese law, any form of consideration other than cash would require an independent valuation to be undertaken on the consideration (namely, the new Securemetric Shares to be issued). The valuation may be time consuming, involve additional cost and furthermore be subject to challenge by the relevant Vietnamese licensing authority. Such an arrangement is not in breach of any laws in Vietnam and Malaysia.

The Vendors of Securemetric Vietnam have received new Securemetric Shares from the capitalisation of their advances as follows:

| Vendors | Advances made to Securemetric (USD) | % | No. of Securemetric Shares issued |
|---------------|-------------------------------------|--------------|-----------------------------------|
| Law Seeh Key | 80,944 | 49.0 | 3,944,500 |
| Li Jianjun | 79,292 | 48.0 | 3,864,000 |
| Nioo Yu Siong | 4,956 | 3.0 | 241,500 |
| Total | 165,192 | 100.0 | 8,050,000 |

5.4.3 Acquisition of Securemetric Philippines

We had on 2 February 2018 entered into a conditional share sale and purchase agreement (as supplemented by the supplemental agreement dated 19 July 2018) to acquire 99.997% equity interest of Securemetric Philippines comprising 99,997 shares for a purchase consideration of RM681,000, satisfied through the issuance of 8,512,500 new Securemetric Shares at RM0.08 each to the Vendors of Securemetric Philippines, as follows:

| Vendors | No. of Securemetric Philippines shares | % | No. of Securemetric Shares issued as consideration |
|---------------|--|---------------|--|
| Nioo Yu Siong | 87,911 | 87.911 | 7,483,648 |
| Law Seeh Key | 12,086 | 12.086 | 1,028,852 |
| Total | 99,997 | 99.997 | 8,512,500 |

The purchase consideration was based on Securemetric Philippines' adjusted audited NA as at 31 December 2016 of RM681,238 (comprising audited NA of RM266,395 (equivalent to PHP3,617,873 at the exchange rate of RM1.00: PHP13.58142) adjusted for the increase in issued share capital of RM414,843) and is at a discount of RM238 or 0.03% to the adjusted audited NA. The conditional share sale and purchase agreement is governed by the laws of Malaysia. The Acquisition of Securemetric Philippines was completed on 4 September 2018.

5. INFORMATION ON OUR GROUP (CONT'D)

5.4.4 Acquisition of Securemetric Indonesia

We had on 2 February 2018 entered into a conditional share sale and purchase agreement (as supplemented by the supplemental agreement dated 19 July 2018) to acquire the entire 100% equity interest of Securemetric Indonesia comprising 100,000 shares for a purchase consideration of RM1,358,000, satisfied through the issuance of 16,975,000 new Securemetric Shares at RM0.08 each to the Vendors of Securemetric Indonesia, as follows:

| Vendors | No. of Securemetric Indonesia shares | % | No. of Securemetric Shares issued as consideration |
|---------------|--------------------------------------|---------------|--|
| Law Seeh Key | 47,000 | 47.00 | 7,978,250 |
| Nioo Yu Siong | 5,000 | 5.00 | 848,750 |
| Li Jianjun | 48,000 | 48.00 | 8,148,000 |
| Total | 100,000 | 100.00 | 16,975,000 |

The purchase consideration was based on Securemetric Indonesia's audited NA as at 31 December 2016 of RM1,358,878 (equivalent to IDR4,127,178,611 at the exchange rate of RM1.00: IDR3,030.30303) and is at a discount of RM878 or 0.06% to the audited NA. The conditional share sale and purchase agreement is governed by the laws of Malaysia. The Acquisition of Securemetric Indonesia was completed on 4 September 2018.

5.4.5 Acquisition of Securemetric Singapore

We had on 2 February 2018 entered into a conditional share sale and purchase agreement (as supplemented by the supplemental agreement dated 19 July 2018) to acquire the entire 100% equity interest of Securemetric Singapore comprising 50,000 shares for a purchase consideration of RM275,000, satisfied through the issuance of 3,437,500 new Securemetric Shares at RM0.08 each to the Vendors of Securemetric Singapore, as follows:

| Vendors | No. of Securemetric Singapore shares | % | No. of Securemetric Shares issued as consideration |
|---------------|--------------------------------------|---------------|--|
| Law Seeh Key | 44,500 | 89.00 | 3,059,375 |
| Nioo Yu Siong | 5,500 | 11.00 | 378,125 |
| Total | 50,000 | 100.00 | 3,437,500 |

The purchase consideration was based on Securemetric Singapore's audited NA as at 31 December 2016 of RM275,401 (equivalent to SGD90,451 at the exchange rate of RM1.00: SGD0.32841) and is at a discount of RM401 or 0.15% to the audited NA. The conditional share sale and purchase agreement is governed by the laws of Malaysia. The Acquisition of Securemetric Singapore was completed on 4 September 2018.

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5. INFORMATION ON OUR GROUP (CONT'D)

5.4.6 Acquisition of Softkey Indonesia

We had on 2 February 2018 entered into a conditional share sale and purchase agreement (as supplemented by the supplemental agreement dated 19 July 2018) to acquire 80% equity interest of Softkey Indonesia comprising 80,000 shares for a purchase consideration of RM1,173,000, satisfied through the issuance of 14,662,500 new Securemetric Shares at RM0.08 each to the Vendor of Softkey Indonesia, as follows:

| Vendor | No. of Softkey Indonesia shares | % | No. of Securemetric Shares issued as consideration |
|--------------|---------------------------------|-------|--|
| Yong Kim Fui | 80,000 | 80.00 | 14,662,500 |

The purchase consideration was based on Softkey Indonesia's audited NA as at 31 December 2016 of RM1,467,478 (equivalent to IDR4,446,904,138 at the exchange rate of RM1.00: IDR3,030.30303) and is at a discount of RM982 or 0.08% to the audited NA. The conditional share sale and purchase agreement is governed by the laws of Malaysia. The Acquisition of Softkey Indonesia was completed on 4 September 2018.

5.5 Listing Scheme

5.5.1 Public Issue

A public issue of 68,000,000 new Securemetric Shares, representing approximately 27.9% of our enlarged issued share capital, will be made at the Issue Price in the following allocation:-

| Allocation of Shares | Number of Shares allocated |
|--|----------------------------|
| Shares available for application by Malaysian Public | 17,000,000 |
| Shares for private placement to selected investors | 48,000,000 |
| Shares available for eligible employees of our Group | 3,000,000 |
| Total size of Public Issue | 68,000,000 |

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

5.5.2 Listing

The admission to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM31,048,000 comprising 243,600,000 Securemetric Shares on the ACE Market of Bursa Securities.

5.6 Material Capital Expenditures and Divestitures

We did not make any material capital expenditures and divestitures in FYEs 31 December 2015 to 2017 and in 4M-FPE 30 April 2018.

Between 1 May 2018 and LPD, our Group made total capital expenditure of RM0.22 million on furniture and fittings, office equipment and renovation for the expansion of our technology division. These were financed by our internally-generated funds.

5. INFORMATION ON OUR GROUP (CONT'D)

5.7 Key Awards, Certification and Recognitions

Our key awards, certifications and recognitions since our inception are as follows:

| Year | Awards, Certifications and Recognitions |
|------|--|
| 2008 | <ul style="list-style-type: none"> PKI token, namely <i>SecureDongle</i> and <i>SecureToken</i>, received CE and FCC compliance verification. |
| 2011 | <ul style="list-style-type: none"> PKI token, namely <i>SecureToken ST3</i>, won Best of Security in MSC Malaysia Asia Pacific ICT Alliance (“APICTA”) Awards. PKI token, namely <i>SecureToken ST3</i>, won Merit in Best of Security Application in APICTA Awards. PKI token, namely <i>SecureToken ST3</i>, completed MyCC EAL1 certification. Securemetric Malaysia was rated AA for 1-InnoCERT¹ rating. CENTAGATE® was registered as a trademark in Malaysia. |
| 2012 | <ul style="list-style-type: none"> Securemetric Malaysia won the Gold Award in the private sector category for ASEAN ICT Awards by the ASEAN Telecommunications and Information Technology Ministers. Token management system, namely <i>SecureTMS RA</i>, certified by MSC Malaysia Software Product Assessment & Rating Standard (Ver. 4.0) and independently reviewed by TUV Rheinland, a technical services provider based in Germany. Securemetric Malaysia received ISO 9001:2008 certification for the provision of sales and marketing, research and development, implementation and support services for hardware and software digital solutions. CENTAGATE® was registered as a trademark in Singapore, Thailand, Indonesia and Vietnam. |
| 2013 | <ul style="list-style-type: none"> Securemetric Malaysia won Cyber Security Company of the Year by CyberSecurity Malaysia. PKI token, namely <i>SecureToken ST3 ACE</i>, completed MyCC EAL2 certification. CENTAGATE® was registered as a trademark in the Philippines. |
| 2014 | <ul style="list-style-type: none"> PKI IN A BOX won Best of Security in MSC Malaysia APICTA awards. Securemetric Malaysia received ISO 10002:2014 certification for the provision of sales and marketing, research and development, implementation and support services for hardware and software digital solutions. |
| 2015 | <ul style="list-style-type: none"> PKI token, namely <i>SecureToken ST3 ACE</i>, completed FIPS 140-2 validation certification (Level 3). Securemetric Malaysia won Silver for Best Global Market in Star Outstanding Business Awards (“SOBA”) 2015. 2FA, namely IDENOS token, was certified by FIDO U2F. PKI IN A BOX won Cyber Security Project of the Year by Cyber Security Malaysia. Securemetric Malaysia was rated A for 1-InnoCERT⁽¹⁾ rating. |
| 2016 | <ul style="list-style-type: none"> Securemetric Malaysia won Platinum for Best in Marketing, Gold for Best Innovation and Silver for Best Global Market in SOBA 2016. |
| 2017 | <ul style="list-style-type: none"> CENTAGATE® completed MyCC EAL4+ certification. Securemetric Malaysia received Certificate of Excellence-2017 Awardee from The Silicon Review in conjunction with the annual listing of “Silicon 100”. Securemetric Malaysia achieved 4-stars rating for the year 2017 under the SME Competitiveness Rating for Enhancement (ICT) by SME Corporation Malaysia. Securemetric Malaysia won Cyber Security Project of the Year by CyberSecurity Malaysia. |

1-InnoCERT certification programme is initiated by SME Corporation Malaysia to promote and develop innovative companies in Malaysia. It is aimed at fostering innovative enterprise through harnessing and intensifying home-grown innovations and research and development. The certification awarded under this programme identifies and verifies innovative companies through an internationally-recognised innovation standard (OECD Oslo Manual V3) and the certification process is developed from similar process practised in Korea's Innobiz (Innovation SME) Certification Programme. Certified companies under the programme will be given a fast-track access when applying for incentives to fund and market their products and services as offered by the government.

5. INFORMATION ON OUR GROUP (CONT'D)

5.8 Business Overview

5.8.1 Principal activities and products/services

Our Group is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services as illustrated below:

| Business activities | Own brands | | Third party brands (Trading) |
|---|--|---|---|
| | Hardware ⁽ⁱⁱⁱ⁾ | Software ^{(iv)(v)} | |
| (a) Digital Security Solutions | | | |
| - Software licensing protection dongles | | | |
| <ul style="list-style-type: none"> • Device⁽ⁱ⁾ | Casing with printed circuit board and basic OS ^(vi) with software installed in it | <ul style="list-style-type: none"> • Firmware^(vii) • Software development kit • Licensing protection software • Anti-cracking software | Software licensing protection dongles |
| - 2FA | | | |
| <ul style="list-style-type: none"> • Device⁽ⁱ⁾ | Casing with printed circuit board and basic OS ^(vi) with software installed in it | <ul style="list-style-type: none"> • Firmware^(vii) | - |
| <ul style="list-style-type: none"> • Application software⁽ⁱⁱ⁾ | - | <ul style="list-style-type: none"> • Back-end authentication software • Mobile OTP software | - |
| - PKI | | | |
| <ul style="list-style-type: none"> • Device⁽ⁱ⁾ | Casing with printed circuit board and basic OS ^(vi) with software installed in it | <ul style="list-style-type: none"> • Firmware^(vii) • Middleware^(viii) • Software development kit | <ul style="list-style-type: none"> • PKI appliances • HSMs |
| <ul style="list-style-type: none"> • Application software⁽ⁱⁱ⁾ | - | <ul style="list-style-type: none"> • Token management system • Certification authority back-end system • Digital signing software | <ul style="list-style-type: none"> • Certification authority back-end system • Digital signing software |
| - CENTAGATE® | | | |
| - | - | <ul style="list-style-type: none"> • CENTAGATE® software | - |
| (b) Electronic Identification products | | Own brands | Third party brands (Trading) |
| Device ⁽ⁱ⁾ | - | | <ul style="list-style-type: none"> • Smart cards and smart card readers • Fingerprint readers • Others such as barcode scanners and printers, card printers, proximity cards, UHF tags and middle/ long range integrated readers |
| (c) Other related services | | <ul style="list-style-type: none"> • Maintenance services for 2FA, PKI and CENTAGATE® projects • Labelling and packaging services for OTP tokens and PKI tokens | |

Notes:

- (i) A **device** is an electronic item comprising hardware and software integrated to perform specific functions.
- (ii) **Application software** is a program or a group of programs which is designed for the end users to perform a specific task or function; it is often called end-user programs.
- (iii) **Hardware** is the physical component that, together with software, form a device. Hardware and software work together to enable the device to perform its functions.
- (iv) **Software** is the digital instructions that are readable by hardware. Hardware and software work together to enable a device to perform its functions.
- (v) **In-house software/ application software** designed and developed by our Group.
- (vi) **Casing with printed circuit board and basic OS** is manufactured by third party manufacturer. The software installed in the device is designed and developed by our Group.
- (vii) **Firmware** is a programming that is embedded to a device when it is manufactured, often called "software for device" that allows the device to run.
- (viii) **Middleware** is a software that enables communication and data management between different application software and hardware.

5. INFORMATION ON OUR GROUP (CONT'D)

Section 5.8.1.1 to 5.8.1.3 of this Prospectus contains the details of our principal activities and product/ services.

Securemetric Malaysia, Securemetric Vietnam, Securemetric Philippines and Securemetric Indonesia are involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services in their respective countries. Securemetric Singapore and Softkey Indonesia are involved in the trading of electronic identification products, and other related services in their respective countries.

The operations of our Group’s subsidiaries do not directly complement one another. However, the operations of our Group’s subsidiaries represent our Group’s presence in their respective countries. Securemetric Malaysia, as our head office, provides sales, marketing and technical support to our Group’s other subsidiaries and is also directly involved in certain projects in the countries in which our other subsidiaries are located.

5.8.1.1 Digital security solutions

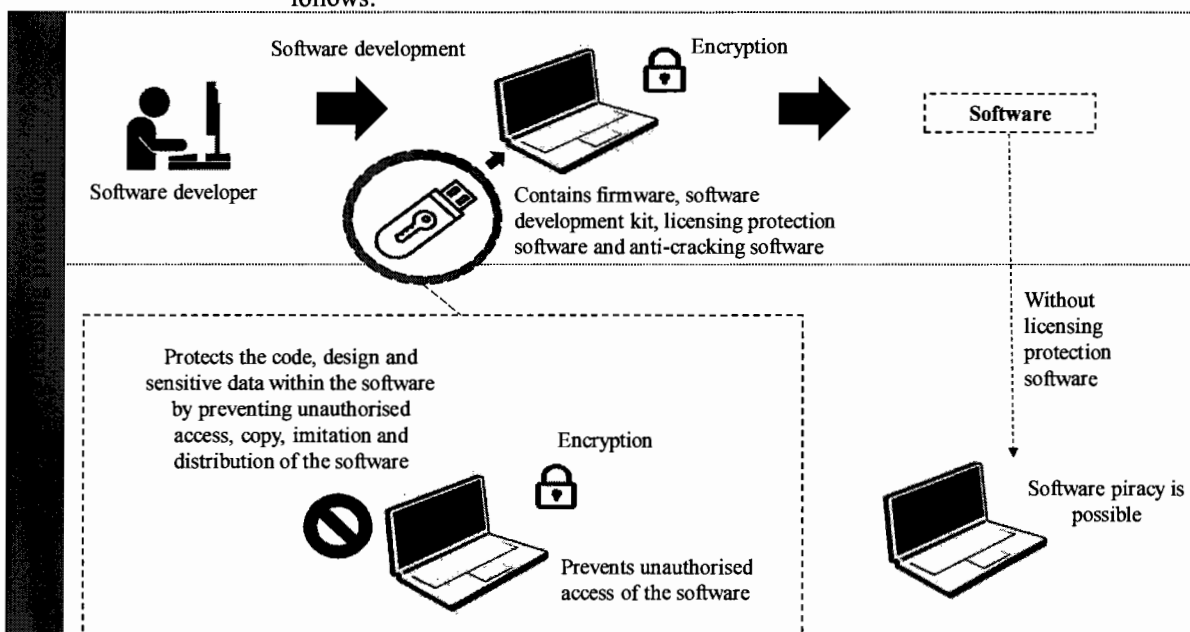
Our digital security solutions are detailed as follows:

- (i) Software licensing protection

Description of software licensing protection

Software licensing protection is a technology used to prevent the unauthorised access, copy, imitation and distribution of software, i.e. software piracy, to protect the owner who has the exclusive rights to the software to ensure only paying customers have access to the use of the software. Our software licensing protection comes in the form of a USB dongle that contains software (i.e. firmware, software development kit, licensing protection software and anti-cracking software). It prevents unauthorised access of the software.

An illustration on how software licensing protection works is shown as follows:



5. INFORMATION ON OUR GROUP (CONT'D)

Our Group's principal activities and business model in software licensing protection

We design, develop, market and sell our own software licensing protection dongles and we also distribute third party software licensing protection dongles. Our software licensing protection dongles are devices that comprise hardware which is a casing with printed circuit board and basic OS, with software (i.e. firmware, software development kit, licensing protection software and anti-cracking software) installed. The customers for our software licensing protection dongles are software development companies.

For our own software licensing protection dongles, our Group is involved in the product design and development. We design, develop and program the software (i.e. firmware, software development kit, licensing protection software and anti-cracking software) that are installed in our software licensing protection dongles. The manufacturing of the casing with printed circuit board and basic OS of the device is carried out by a third party manufacturer based on our requirements.

For the FYEs and 4M-FPEs under review, the revenue and gross profit for software licensing protection dongles, segregated into our own and third party software licensing protection dongles, are as follows:

| Software licensing protection dongles | FYE 31 December | | | | | | 4M-FPE 30 April | | | |
|---------------------------------------|-----------------|--------------|--------------|--------------|--------------|--------------|-----------------|--------------|--------------|--------------|
| | 2015 | | 2016 | | 2017 | | 2017 | | 2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Revenue | | | | | | | | | | |
| - Own | 2,187 | 56.6 | 2,487 | 57.0 | 2,405 | 69.7 | 831 | 71.3 | 681 | 64.0 |
| - Third party | 1,677 | 43.4 | 1,878 | 43.0 | 1,047 | 30.3 | 334 | 28.7 | 383 | 36.0 |
| Total | 3,864 | 100.0 | 4,365 | 100.0 | 3,452 | 100.0 | 1,165 | 100.0 | 1,064 | 100.0 |

| Software licensing protection dongles | FYE 31 December | | | | | | 4M-FPE 30 April | | | |
|---------------------------------------|-----------------|--------------|--------------|--------------|--------------|--------------|-----------------|--------------|------------|--------------|
| | 2015 | | 2016 | | 2017 | | 2017 | | 2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Gross profit | | | | | | | | | | |
| - Own | 1,881 | 69.7 | 1,497 | 51.6 | 1,453 | 63.4 | 495 | 65.0 | 395 | 56.5 |
| - Third party | 819 | 30.3 | 1,403 | 48.4 | 837 | 36.6 | 266 | 35.0 | 304 | 43.5 |
| Total | 2,700 | 100.0 | 2,900 | 100.0 | 2,290 | 100.0 | 761 | 100.0 | 699 | 100.0 |

Our Group provides 1-year warranty for our own software licensing protection dongles. We have a back-to-back agreement with our third party manufacturer for the warranty of the casing with printed circuit board and basic OS.

Our Group also provides 1-year warranty for software licensing protection dongles sourced from the third party supplier. We have a back-to-back agreement with our third party supplier for the warranty.

For the FYEs and 4M-FPEs under review, the warranty claims for software licensing protection dongles are as follows:

| Software licensing protection dongles | FYE 31 December | | | 4M-FPE 30 April | |
|---------------------------------------|-----------------|--------|--------|-----------------|--------|
| | 2015 | 2016 | 2017 | 2017 | 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Warranty claims | * | 1 | 2 | 1 | * |

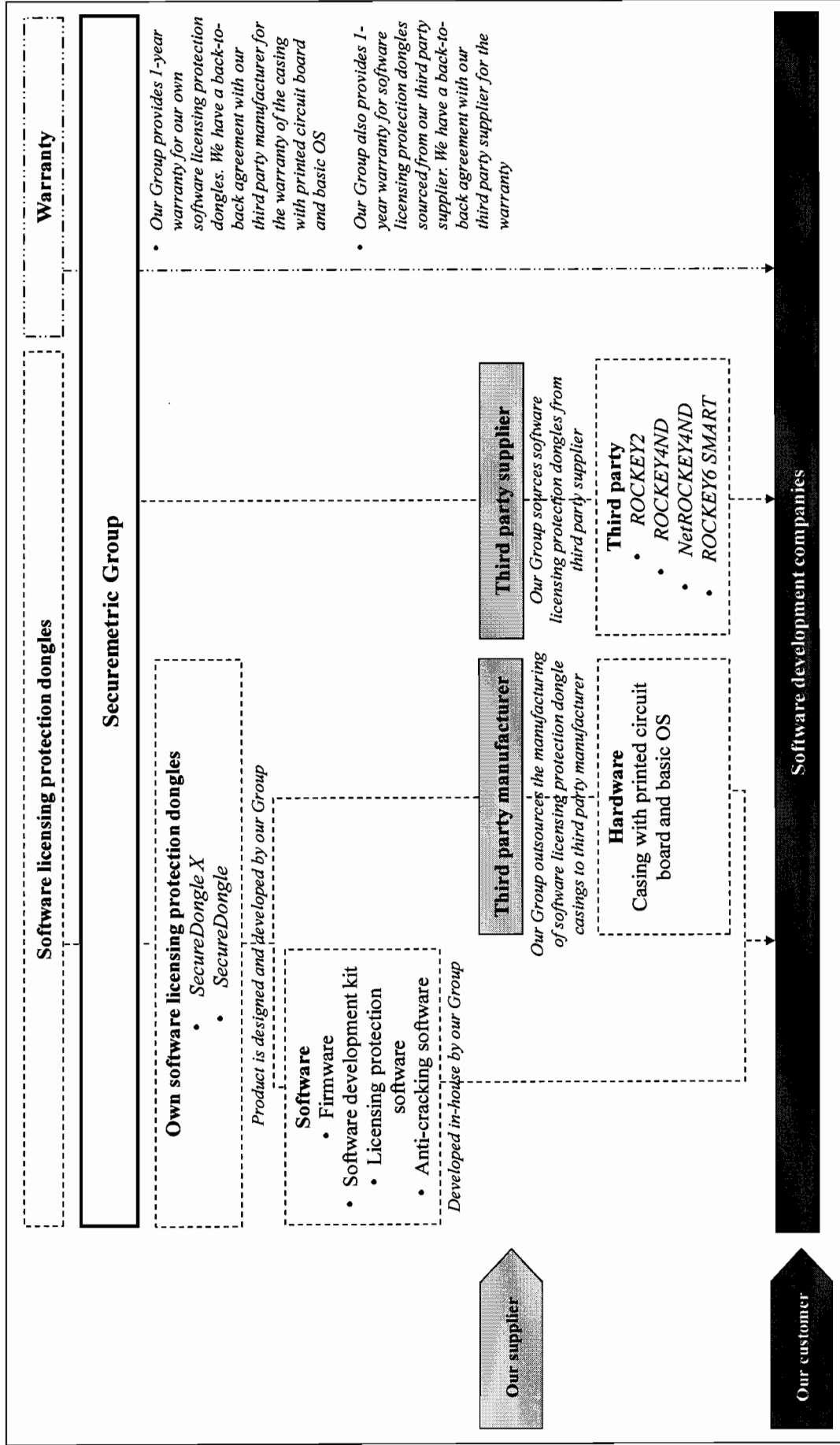
Note:

* Negligible

Our third party manufacturer is also our third party supplier for software licensing protection dongles.

We do not provide maintenance service for our software licensing protection dongles as the product does not require any maintenance service.

5. INFORMATION ON OUR GROUP (CONT'D)





5. INFORMATION ON OUR GROUP (CONT'D)





Our Group's principal products/services in software licensing protection dongles

We offer our customers two options, namely our own as well as third party software licensing protection dongles, according to our customers' procurement policies and preferences.

The details of our software licensing protection dongles are as follows:

| Brand/Image | Description |
|--|--|
| <p><i>SecureDongle X</i></p>  | <ul style="list-style-type: none"> • Basic protection features • Software-based encryption, where the encryption algorithm runs in the computer of the user • Built on secure EEPROM platform |
| <p><i>SecureDongle</i></p>  | <ul style="list-style-type: none"> • Enhanced protection features • Hardware-based algorithm, where the encryption algorithm runs in the dongle • Has software-based timer to recognise software expiry date (required for software sold on subscription basis) • Built on microprocessor chip |

The details of our third party software licensing protection dongles are as follows:

| Brand/Image | Description |
|---|---|
| <p><i>ROCKEY2</i></p>  | <ul style="list-style-type: none"> • Basic security features • Built on secure EEPROM platform |
| <p><i>ROCKEY4ND</i></p>  | <ul style="list-style-type: none"> • Enhanced protection features • Built on secure EEPROM platform |
| <p><i>NetROCKEY4ND</i></p>  | <ul style="list-style-type: none"> • For network-based applications with pre-set concurrent user licenses • Enhanced protection features • Built on secure EEPROM platform |
| <p><i>ROCKEY6 SMART</i></p>  | <ul style="list-style-type: none"> • Advanced onboard protection features • Contains part of program code of a particular software, with the execution of the code taking place in the dongle • Built on microprocessor chip |

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5. INFORMATION ON OUR GROUP (CONT'D)

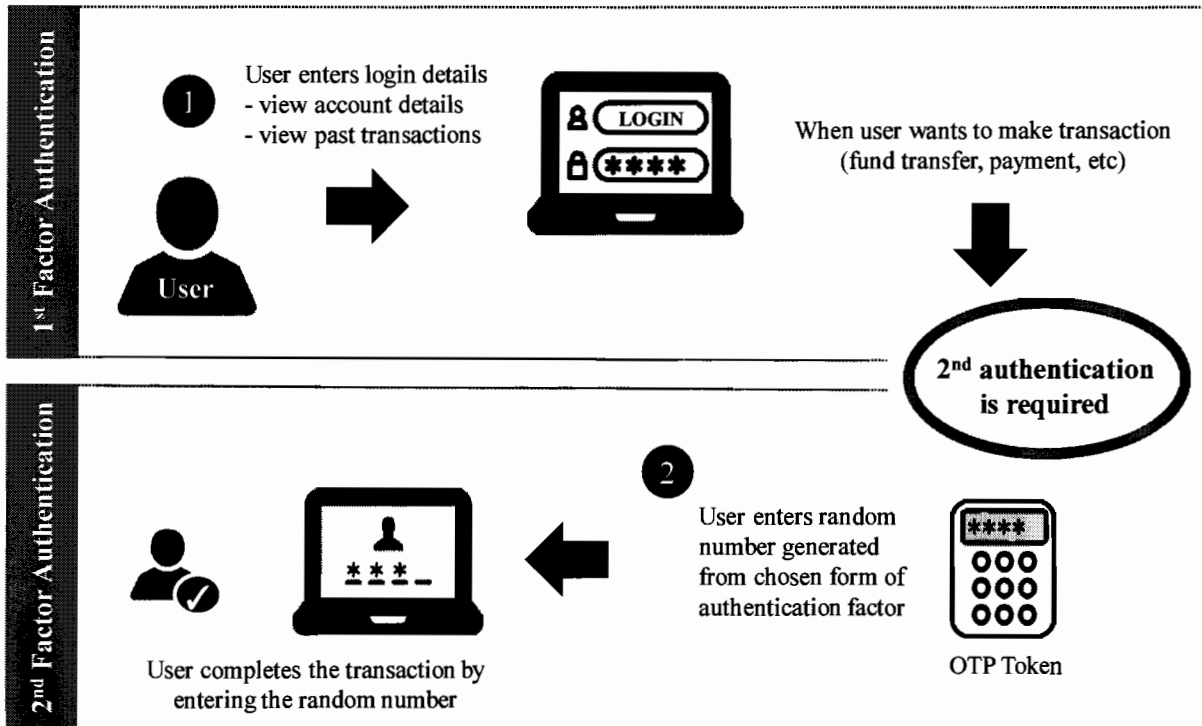
(ii) Two-factor authentication (“2FA”)

Description of 2FA

2FA is an authentication process where two factors of authentication are combined to carry out an electronic transaction. It requires the user’s password and username, as well as something that only the user has with him/her, such as a physical token that generates a random number.

An example of an application that uses 2FA is when a user performs an online banking transaction. Firstly, the user is required to log into the user’s account with the user’s username and password (this is the first factor of authentication). When the user wants to perform a transaction, a second authentication factor will be required, such as a random number. The random number will be generated by the chosen form of authentication factor (for example, by a OTP token which the user has in his/her possession, by a mobile OTP software installed in the user’s mobile phone or through SMS OTP sent to his/her mobile phone) and the user completes the transaction by entering the random number.

An illustration on how 2FA works is shown as follows:



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5. INFORMATION ON OUR GROUP (CONT'D)

Our Group's principal activities and business model in 2FA solutions

We design, develop, market and sell our own 2FA solutions under our own brands. We do not sell third party 2FA solutions. The customers for our 2FA solutions are enterprises and organisations, primarily financial institutions and Government organisations. We also sell directly to IT service providers. IT service providers are IT companies who purchase OTP tokens from our Group for integration with other third party software. Our 2FA solutions are made up of two components:

- (i) Device, namely the OTP token. An OTP token is a device comprising a casing with printed circuit board and basic OS, with software (i.e. firmware) installed in it; and
- (ii) Application software, namely back-end authentication software and mobile OTP software.

Our 2FA solutions consist of either device (i.e. OTP tokens) combined with application software which can be sold together, or our OTP tokens which can be sold separately.

Our Group is involved in the product design and development of our 2FA solutions.

For our 2FA device (i.e. OTP tokens), we design, develop and program the software installed in the OTP tokens comprising firmware based on OATH standards. The manufacturing of the casing with printed circuit board and basic OS of the OTP token is carried out by our third party manufacturer based on our requirements.

For our 2FA application software, we design, develop and program our back-end authentication software and mobile OTP software in-house based on OATH standards.

Our Group provides 1-year warranty for our OTP tokens. We have a back-to-back agreement with our third party manufacturer for the warranty of the casing with printed circuit board and basic OS. We may however choose to bear warranty claims by our customers for damaged inventories if the amounts are immaterial or the incidental cost for us to make the claims from our third party manufacturer is higher than the value of the inventories. Generally, 2FA products may at times be damaged because of unresponsive printed circuit boards or faulty basic OS.

For the FYEs and 4M-FPEs under review, the warranty claims for 2FA are as follows:

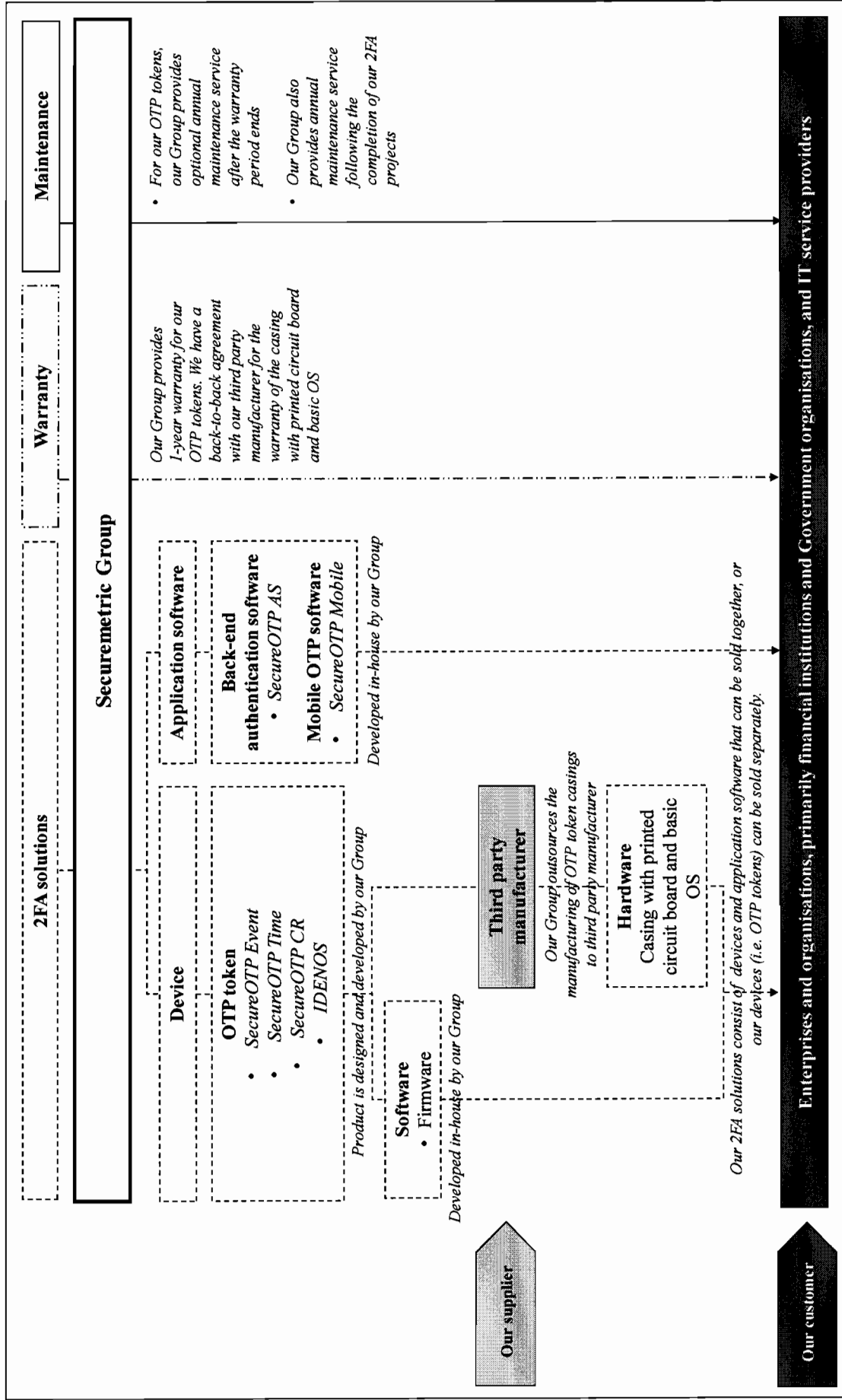
| Warranty claims | FYE 31 December | | | 4M-FPE 30 April | |
|-----------------|-----------------|--------|------------------|------------------|--------|
| | 2015 | 2016 | 2017 | 2017 | 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2FA | - | * | 4 ⁽¹⁾ | 3 ⁽²⁾ | - |

Notes:

* Negligible

- (1) The warranty claims (which represents 44.4% of the total warranty claims for FYE 31 December 2017) is in respect of damaged 2FA products (such as unresponsive display screen on the casing) claimed by our customers. Total warranty claims are categorised as 'Others' under 'Administrative expenses' in **Section 10.5.5**.
- (2) The warranty claims (which represents 60.0% of the total warranty claims for 4M-FPE 30 April 2017) is in respect of damaged 2FA products (such as unresponsive display screen on the casing) claimed by our customer. Total warranty claims are categorised as 'Others' under 'Administrative expenses' in **Section 10.5.5**.

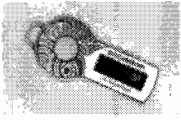
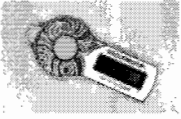


5. INFORMATION ON OUR GROUP (CONT'D)



5. INFORMATION ON OUR GROUP (CONT'D)

Our Group's principal products/services in 2FA solutions

The details of our 2FA solutions are as follows:

| Device | Brand/Image | Description |
|-----------|---|--|
| OTP token | <i>SecureOTP Event</i>  | <i>SecureOTP Event</i> is an OTP token that generates a random number for one time use before completing an online transaction and the random number is valid only for that particular transaction. The user presses a button on the token and a random number will be generated. |
| | <i>SecureOTP Time</i>  | <i>SecureOTP Time</i> is an OTP token that generates a random number for one time use based on real time clock (in the token and in <i>SecureOTP AS</i> , the authentication server). Before completing an online transaction, the user presses a button on the token and a random number will be generated. The random number is valid for a specified period of time, after which the random number expires. |
| | <i>SecureOTP CR</i>  | <i>SecureOTP CR</i> is an OTP token that is based on Challenge Response Algorithms that effectively establish mutual authentication to take place. It will require the user to enter a given random number from the online application as a Challenge and the user needs to key in that given random number into the token. The token generates another random number and the user needs to key in that random number as a Response back into the online application. |
| | <i>IDENOS</i>  | <i>IDENOS</i> is a security key based on Fast IDentity Online (FIDO) standards. FIDO is an online authentication standard based on specifications and certifications from the FIDO Alliance. The FIDO Alliance is a non-profit organisation formed to address the lack of interoperability among authentication systems as well as the problems internet users face with creating and remembering multiple usernames and passwords for different application software. The user needs to authorise by pressing a button on the token, where all authentication processes are performed within the token and the application, which is transparent to the users. |

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5. INFORMATION ON OUR GROUP (CONT'D)

| Application software | Brand/Image | Description |
|----------------------------------|-------------------------|---|
| Back-end authentication software | <i>SecureOTP AS</i> | A back-end authentication software that includes user authentication; management of cryptography keys; administration module to manage security policies, tokens and users; user portal for users' self-administration and application integration interfaces. This application software can be integrated with SMS gateway to provide a random number through SMS (i.e. SMS OTP). |
| Mobile OTP software | <i>SecureOTP Mobile</i> | A mobile-based OTP module, where a mobile application will be installed in the user's mobile phone or integrated to our client's mobile application. Before completing a transaction, a random number will be generated from the mobile-based OTP module. The random number is keyed into our client's mobile application to complete the transaction. |

(iii) PKI

Description of PKI

PKI allows users of public networks such as the Internet to exchange data securely by enabling authorisation and verification of electronic transactions and documents exchanged, using digital certificates to perform digital signing. In Malaysia, Digital Signature Act 1997 was introduced to regulate the commissioning and licensing of CA as well as to introduce and implement the usage of digital signatures for electronic commercial transactions. It is a system comprising a set of devices and application software needed to create, manage, distribute, use, store, revoke and validate digital certificates.

At the heart of the PKI is the concept of digital certificates. These certificates are very small files that can be stored on a computer, USB token or a device known as a HSM. Through the use of certificates issued and digitally signed by a CA, which is an authority or trusted entity that issue digital certificates, the PKI ensures that the sender of data is indeed the source and that the said data has not been tampered in transit. PKI is used to encrypt/decrypt and digitally sign emails, electronic documents and online transactions, amongst others.

Any online transaction and/or communication that needs to be securely transmitted and where the identity of the sender is verified can benefit from the use of PKI.

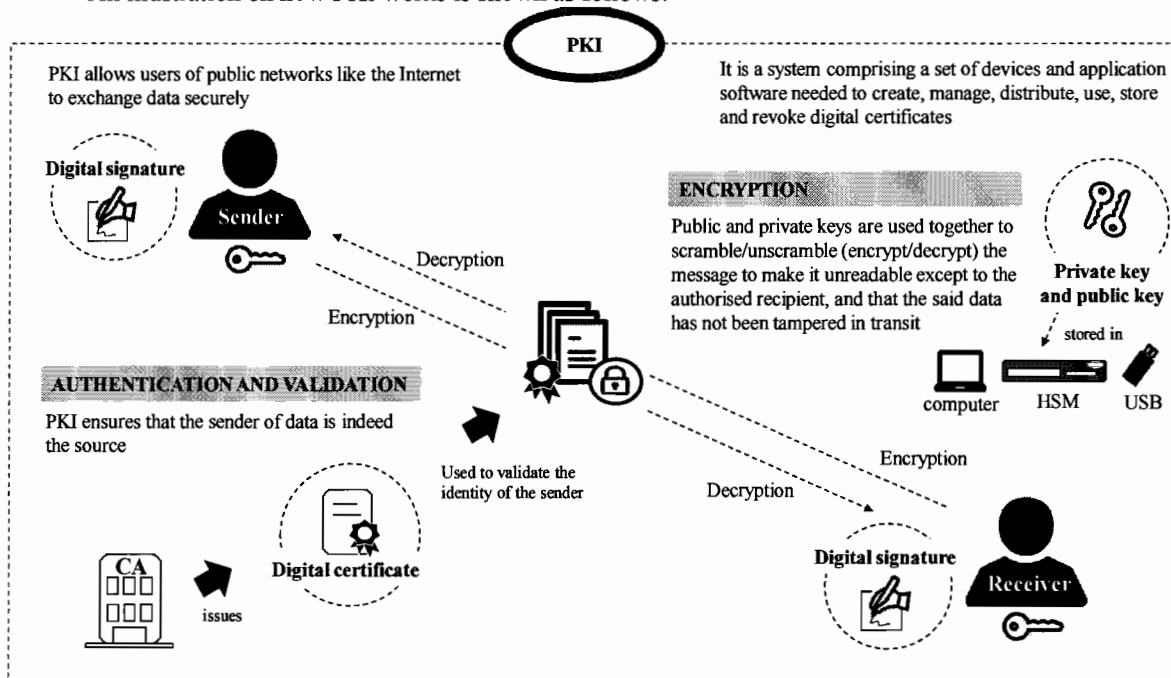
A digital certificate is used to prove the identity of the sender and can be used to perform digital signing. A digital certificate typically contains the name of the certificate holder, a serial number, expiration dates, a copy of the certificate holder's public key and the identity of the CA. This information in a digital certificate enables the recipient to verify that the certificate is authentic. Once the digital certificate is verified, it also authenticates the digital signature of the sender. With this, the recipient is able to authenticate the identity of the sender.

In PKI, public and private key are used together to scramble/unscramble (encrypt/decrypt) the message to make it unreadable except to the authorised recipient. The recipient's public key is used by the sender to encrypt the message. In order for the recipient to read the encrypted message, the recipient would need the private key that matches the public key that was used to encrypt the message. The recipient uses this private key to unscramble (decrypt) the message.

5. INFORMATION ON OUR GROUP (CONT'D)

As with digital certificates, public and private keys are also stored on a computer, USB token or a device known as a HSM. The encryption and decryption by using public and private keys take place in those devices.

An illustration on how PKI works is shown as follows:



Our Group's principal activities and business model in PKI

We design, develop and implement PKI solutions. The customers for our PKI solutions are enterprises and organisations, primarily financial institutions, Government organisations and public CAs. We also sell directly to IT service providers. IT service providers are IT companies who purchase PKI solutions from our Group for integration with other third party systems. Our PKI solutions are made up of two components:

- (i) Devices; namely PKI tokens and HSMs. A PKI token is a device comprising a casing with printed circuit board and basic OS, with software (i.e. firmware, middleware and software development kit) installed in it; and
- (ii) Application software, namely the PKI token management system, certification authority back-end system and digital signing software.

Our PKI solutions consist of devices and application software that can be sold together, or our PKI tokens can be sold separately.

For our PKI devices (i.e. PKI tokens), we design, develop and program software that is installed in the PKI tokens comprising firmware, middleware and software development kit. The manufacturing of the casing with printed circuit board and basic OS of the PKI tokens is carried out by third party manufacturer based on our requirements. We sell PKI tokens under our own brands. We do not sell PKI tokens under third party brands. The PKI appliances and HSMs are sourced from third party suppliers.

For PKI application software, we design, develop and program our PKI token management system, certification authority back-end system and digital signing software under our own brands. We also source certification authority back-end system and digital signing software from third party suppliers. For the certification authority back-end engine and digital signing software, we either offer our own application software or distribute third party application software, depending on our customers' preference.

5. INFORMATION ON OUR GROUP (CONT'D)

Our Group provides 1-year warranty for our PKI tokens. We have a back-to-back agreement with our third party manufacturer for the casing with printed circuit board and basic OS.

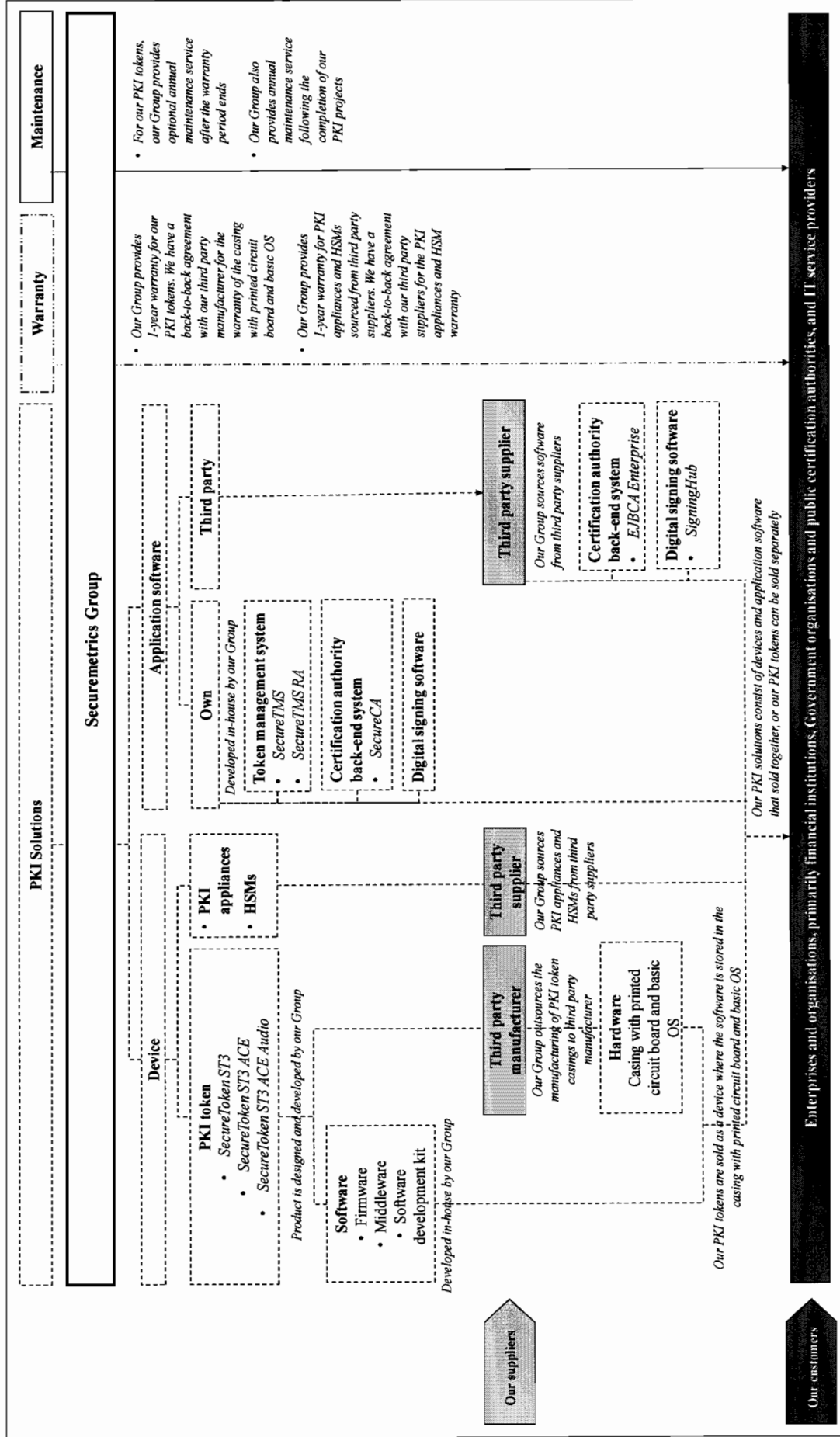
Our Group provides 1-year warranty for PKI appliances and HSMs sourced from third party supplier. We have a back-to-back agreement with our third party supplier for the PKI appliance and HSM warranty.

For the FYEs and 4M-FPEs under review, the warranty claims for PKI are as follows:

| Warranty claims | FYE 31 December | | | 4M-FPE 30 April | |
|-----------------|-----------------|--------|--------|-----------------|--------|
| | 2015 | 2016 | 2017 | 2017 | 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| PKI | 1 | 8 | - | - | - |

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5. INFORMATION ON OUR GROUP (CONT'D)



5. INFORMATION ON OUR GROUP (CONT'D)

We offer customised and off-the-shelf PKI solutions as follows:

(a) Customised PKI solutions




We implement PKI solutions as customised solutions on project basis. We design and develop the required software (for example firmware, middleware, software development kit, token management system, certification authority back-end system and digital signing software) and/or use third party application software (for example *EJBCA Enterprise, SigningHub*); and use a combination of in-house devices (for example PKI token) and third party devices (for example HSM) to deploy our customised PKI solutions.

(b) Off-the-Shelf PKI solutions (known as PKI IN A BOX)

Our PKI IN A BOX is an off-the-shelf PKI solution and is offered to customers who require a PKI solution which contains a set of predetermined specifications and can be deployed faster than a customised PKI solution. It comprises software such as firmware, middleware, software development kit, PKI token management system, certification authority back-end system and digital signing software all packaged into a PKI appliance; and supports PKI token and digital certificate lifecycle management in a single system. Our PKI IN A BOX solution is built on a PKI appliance supplied by PrimeKey Solutions AB, and is customised and integrated with our SecureTMS RA and related firmware.

Our Group's principal products/services in PKI

The details of our PKI solutions are as follows:

| Device | Brand/Image | Description |
|------------------|---|--|
| PKI token | SecureToken ST3*  | A USB token that is used for storing and managing digital certificates and cryptography software. The encryption and decryption of public and private keys takes place in this token. |
| | SecureToken ST3 ACE *  | Similar to <i>SecureToken ST3</i> but <i>SecureToken ST3 ACE</i> has completed FIPS validation certification (Level 3), i.e. certified to higher level of protection. Most of the PKI processes (i.e. key pair generation, certificate lifecycle activities, token pin unblocking, middleware update and troubleshooting) can be automated and transparent to the users. |
| | SecureToken ST3 ACE Audio*  | A token with similar features as <i>SecureToken ST3 ACE</i> developed for smartphones and used in mobile banking applications. It is used through the standard 3.5mm headphone jack on smartphones to provide digital signatures to secure a transaction. |
| PKI appliances # | | Physical equipment to house devices and application software required for a PKI solution. |
| HSM # | | <p>HSM is a dedicated cryptography server that is used to generate key pairs, safeguard keys and also to perform all needed cryptography functionalities within a secure and temper proof environment.</p> <p>HSM is usually deployed in security implementations which require higher levels of security and regulatory compliance.</p> |

5. INFORMATION ON OUR GROUP (CONT'D)

| Device | Brand/Image | Description |
|--------|-------------|--|
| | | We distribute two HSM brands from Europe, namely Utimaco from Utimaco IS GmbH and AEP from Afintra Technologies Sdn Bhd (distributor for Ultra Electronics AEP). |

Notes:

- * *In-house brand designed and developed by our Group*
- # *Sourced from third party*

| Application software | Brand | Description |
|---|---------------------------|--|
| Token management system | <i>SecureTMS</i> * | A software used for managing the lifecycle of PKI tokens, administrative permission controls, user and group management, reporting and audit compliance. Token lifecycle management involves provisioning, pin randomisation, replacement, recycle, revoke and token pin-unblocking. |
| | <i>SecureTMS RA</i> * | An extension of SecureTMS to include certificate lifecycle management which includes certificate issuance, renewal, revocation and support multiple CA and can be tailored to preferred approval workflow. In addition, it allows an enterprise customer to manage its own user verification process (Registration Authority), also known as managed PKI. |
| Certification authority back-end system | <i>SecureCA</i> * | A certification authority back-end system used by a CA for the process of generating and issuing digital certificates to users. |
| | <i>EJBCA Enterprise</i> # | Common Criteria EAL4+ certified certification authority back-end system. |
| Digital signing software | In-house software * | Project-based customised digital signing software designed and developed according to the project workflow and specifications, e.g. electronic scrolls for universities and electronic invoicing. |
| | <i>SigningHub</i> # | Off-the-shelf digital signing software. |

Notes:

- * *In-house brand/application software designed and developed by our Group*
- # *Sourced from third party*

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5. INFORMATION ON OUR GROUP (CONT'D)

(iv) CENTAGATE®

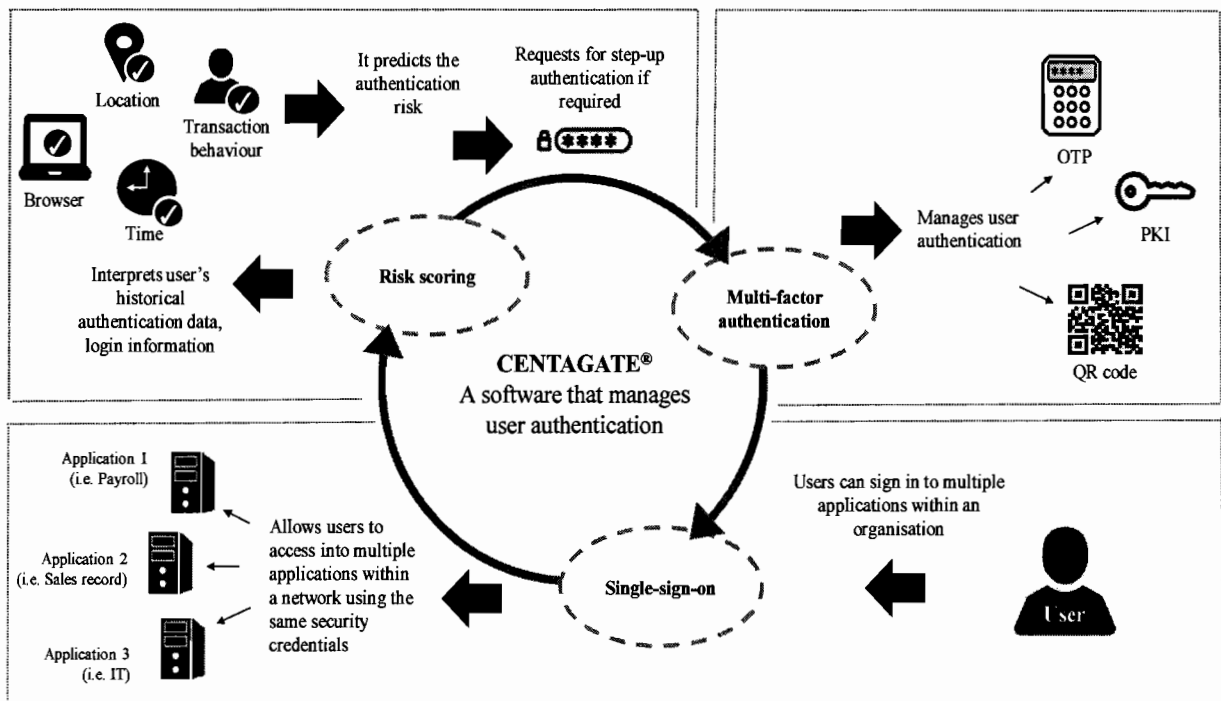
Description of CENTAGATE®

CENTAGATE®, also known as centralised authentication management system, is a form of authentication management system that consists of software that manages user authentication, where users can sign in to multiple applications within an organisation using a single sign-on method. This allows users to access into multiple applications within a network using the same security credentials.

CENTAGATE® supports multi-factor authentication (using SMS OTP, OTP tokens, mobile OTP, challenge response tokens, FIDO tokens, PKI tokens and mobile PKI), multi-channel authentication (via SMS or QR Code) and step-up authentication (in case extra authentication is needed for higher risk transactions).

CENTAGATE® also has a risk scoring feature, which interprets users' historical authentication data, login information (such as the OS, browser, time, location and transaction behaviour to predict the authentication risk), and reacts to the predicted risk by requesting for step-up authentication if required.

An illustration on how our CENTAGATE® works is shown as follows:



Our Group's principal activities and business model in CENTAGATE® solutions

We design, develop and implement CENTAGATE® solutions. The targeted customers for our CENTAGATE® solutions are enterprises and organisations, primarily financial institutions and Government organisations. We also sell directly to IT service providers. IT service providers are IT companies who purchase our CENTAGATE® solutions for integration with other third party systems. Our CENTAGATE® solutions comprise software to manage the multi-factor, multi-channel and step-up authentication methods, as well as token management systems. It supports all devices used in 2FA and PKI solutions, such as OTP tokens, PKI tokens and HSMs.

5. INFORMATION ON OUR GROUP (CONT'D)

We offer customised and off-the-shelf CENTAGATE® solutions as follows:

(a) Customised CENTAGATE® solutions

We implement CENTAGATE® solutions as customised solutions on projects which require extensive authentication customisations and in organisations with a large number of users with complex authentication functions. We customise solutions according to our customers' specifications and requirements, and use third party products such as HSM to deploy our customised CENTAGATE® solution.

(b) Off-the-Shelf CENTAGATE® solutions (known as CENTAGATE® BOX)

Our CENTAGATE® BOX is an off-the-shelf CENTAGATE® solution and is offered to customers who require a CENTAGATE® solution with a set of predetermined specifications and can be deployed faster than a customised CENTAGATE® solution.

For the FYEs and 4M-FPEs under review, there is no warranty claim for CENTAGATE®.

In year 2014, we initiated the R&D for CENTAGATE® and on 11 August 2015, our Group (via Securemetric Malaysia) obtained a TechnoFund grant of RM2.26 million from MOSTI for the development and certification of CENTAGATE®. TechnoFund is a grant scheme under MOSTI which aims to stimulate the growth and successful innovation of Malaysian enterprises by increasing the level of R&D and its commercialisation. The scheme provides funding for technology development, up to pre-commercialisation stage, with the commercial potential to create new businesses and to generate economic wealth for the nation.

The R&D project was targeted to be completed within 18 months ending 1 December 2016. However, the completion date was extended to 1 April 2017 (as approved by MOSTI on 20 January 2017) and subsequently further extended to 31 August 2017 (as approved by MOSTI on 6 April 2017). The R&D project was completed in August 2017 and the grant was fully released to Securemetric Malaysia in October 2017. MOSTI reimburses our Group after SIRIM has audited our R&D activities in accordance with the milestones and criteria as set out in the TechnoFund grant.

As at the LPD, our Group has received full reimbursement of RM2.26 million in accordance with the milestones set by MOSTI for our R&D activities related to CENTAGATE®.

The development expenditure incurred for the R&D project began to amortised and deferred capital grant received from MOSTI began to recognised over a period of 5 years starting from FYE 31 December 2017. The grant income received from MOSTI is recognised to match with the amortisation of development expenditure incurred for the R&D project. For illustration purpose and on a yearly basis, without the grant reimbursement from MOSTI, Securemetric Malaysia's PBT would have been reduced by RM0.48 million arising from the amortisation of development expenditure.

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5. INFORMATION ON OUR GROUP (CONT'D)

5.8.1.2 Electronic identification products

We are also involved in the trading of electronic identification products. We purchase third party branded electronic identification products from product principals for onward sale to our customers.

The electronic identification products that we offer our customers are as shown below:

| Product | Brand | Description |
|------------------------------------|--|--|
| Smart cards and smart card readers | ACS | Contact as well as contactless smart cards and readers which are commonly used to implement electronic identity card systems, customer loyalty programs, physical access for buildings, parking, public transportation ticketing, and toll applications. |
| Fingerprint readers | SecuGen | Commonly used to integrate with applications that require biometric (i.e. fingerprint) verification such as transaction authorisation/ customer verification for banking transactions and time attendant systems. |
| Others | Assorted brands from various suppliers | <ul style="list-style-type: none"> • Barcode scanners (<i>Datalogic, Motorola, Opticon</i>) • Barcode printers (<i>TSC</i>) • Card printers (<i>Fargo, HiTi, NiSCA, Zebra</i>) • Proximity cards (OEM manufacturers) • UHF tags (OEM manufacturers) • Middle/long range integrated readers (OEM manufacturers) |

For the FYEs and 4M-FPEs under review, the warranty claims for electronic identification products are as follows:

| Warranty claims | FYE 31 December | | | 4M-FPE 30 April | |
|------------------------------------|-----------------|--------|--------|-----------------|--------|
| | 2015 | 2016 | 2017 | 2017 | 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Electronic identification products | 4 | 4 | 3 | 1 | 1 |

5.8.1.3 Other related services

We provide maintenance services for our customers arising from service level agreements following the completion of projects, if agreed upon with our customers. Our service level agreements are usually for a duration of 1 year (with an annual renewal option) but some have longer duration at the request of our customers. Our service level agreements comprise the provision of periodic updates, fault rectification and improvements to application software performance. Our service level agreements cover warranties for devices (e.g. HSMs and PKI appliances) as we have back-to-back warranty agreements with our third party suppliers. As at the LPD, we were providing 31 separate support and maintenance services (with a total value of RM11.62 million and remaining tenures of 1 - 84 months), for 29 of our customers (2 of which have multiple service arrangements for separate projects, namely a financial institution in Malaysia and an IT service provider in Vietnam).

Additionally, we also provide labelling and packaging services for OTP tokens and PKI tokens to our customers.

5. INFORMATION ON OUR GROUP (CONT'D)

Our maintenance services are usually based on our terms and conditions set out below, subject to the agreement by the customers. The said terms and conditions may be varied subject to the request by and negotiations with the customers.

- (i) The Group will carry out the support and maintenance work which is set out in one of the Appendices of the agreement (scope differs from case to case). Any additional support required beyond the scope as set out in the Appendix will be subject to additional charges.
- (ii) The support and maintenance is usually for a period of 1 year, with an option to renew on an annual basis.
- (iii) The fees for the support and maintenance are charged upfront and shall be settled within 30 days from the date of invoice issued by the Group. The Group is entitled to suspend its obligations under the agreement in the event the fees are not paid on time.
- (iv) Either party to the agreement may by notice in writing terminate the agreement if:
 - (a) the other party breaches any material terms of the agreement and fails to remedy the said breach within 30 business days after receiving a written notification specifying the breach;
 - (b) if winding-up procedures have been instituted against the other party or if the other party calls for a meeting of its creditors or shall be deemed by relevant statutory provisions to be unable to pay its debts.
- (v) During the term of the agreement and for a period of 1 year after the expiry or termination of the agreement, the parties shall keep confidential and procure their respective agents and/or servants and/or independent contractors to keep confidential any information disclosed by one party to the other and the parties shall not use or disclose such information unless with the consent of the other party or ordered to do so by the courts of competent jurisdiction.
- (vi) The Group's liability to its customer for any loss or damage caused by any negligent action on the part of the Group in connection with the agreement shall be limited to the total payment received by the Group from the customer.
- (vii) Both parties expressly exclude liability for consequential loss, damage, or for loss of profit, business, revenue, goodwill or anticipated savings but do not exclude liability for death or personal injury to the extent only that the same arises as a result of the direct negligence of either party or their employees.

Our Group provides 1-year warranty for our own proprietary digital security solutions and 1-year warranty for third party devices (e.g. PKI appliances and HSMs). We have a back-to-back agreement with our third party manufacturer for the warranty of the hardware (i.e. casing with printed circuit board and basic OS) and third party supplier for devices (e.g. PKI appliances and HSMs).

For warranty claims submitted by our customers, we will determine whether the product is still covered by the warranty terms. We will notify the customer if the affected product is not entitled for warranty claim. If the product is entitled for the warranty claim, we will request the customer to return the affected product to us for further testing and inspection. If we are unable to repair the affected product, we will replace the affected product with a new product from our third party manufacturer/supplier, pursuant to the back-to-back agreement with our third party manufacturer/supplier.

5. INFORMATION ON OUR GROUP (CONT'D)**5.8.2 Location of operations and equipment****5.8.2.1 Location of operations**

The location of our Group's operations are as follows:

| Subsidiary | Main Function | Location |
|--------------------------|--------------------------------------|---|
| Securemetric Malaysia | Head office - Malaysia | L5-E-6, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia. |
| | Technology and R&D office - Malaysia | L5-E-7B, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia. |
| Securemetric Indonesia | Corporate office - Indonesia | Ketapang Business Center, 1 st and 2 nd Floor, Block C No. 11, Jl. KH. Zainul Arifin No. 20, Kel. Krukut, Kec. Tamansari, Jakarta Barat 11140, Indonesia. |
| Softkey Indonesia | Corporate office - Indonesia | Ketapang Business Center. 3rd and 4th Floor, Block C No. 11, Jl. KH. Zainul Arifin No. 20, Kel. Krukut, Kec. Tamansari, Jakarta Barat 11140, Indonesia. |
| Securemetric Vietnam | Corporate office - Vietnam | Room 203B, TDL Office Building, No. 22, Lang Ha Street, Lang Ha Ward, Dong Da District, Hanoi, Vietnam. |
| Securemetric Vietnam | Corporate office - Vietnam | L14-08B, 14th floor, Vincom Tower, No.72 Le Thanh Ton Street, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam. |
| Securemetric Philippines | Corporate office - the Philippines | Unit 7D, 7 th Floor, Athenaeum Building, 160 L.P Leviste St, Salcedo Village, Makati City 1227, the Philippines. |
| Securemetric Singapore | Virtual office - Singapore | 105 Cecil Street, #06-01 The Octagon, 069534 Singapore. |

Section 5.8.16 of this Prospectus sets out further information of our Group's land and buildings.

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5. INFORMATION ON OUR GROUP (CONT'D)**5.8.2.2 Equipment**

A summary of the material equipment we own and use, is set out below:

| Key equipment | Description / Use of equipment | Location | Quantity (units) | Carrying value as at | |
|----------------------------------|--|------------------------------------|---------------------|---------------------------------|------------------------------|
| | | | | 31 December 2017 (RM'000) | 30 April 2018 (RM'000) |
| Servers ⁽¹⁾ | To store, retrieve and send computer files and data to other computers on the servers' network | Head office - Malaysia | 5 | 141 | 119 |
| CENTAGATE® BOX ⁽¹⁾⁽²⁾ | For testing (proof of concept) and demonstration to customers | Head office - Malaysia and Vietnam | 2 | 143 | 121 |

Notes:

- (1) Key equipment are depreciated on a straight-line basis at the rate of 33% per annum.
- (2) The CENTAGATE® BOX, which is used for testing (proof of concept) and demonstration to customers are depreciated in accordance with MFRS 116 Property, Plant and Equipment.

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5. INFORMATION ON OUR GROUP (CONT'D)**5.8.3 Principal business segments and markets**

The breakdown of our revenue by our principal product segments in the FYE 31 December 2015 to FYE 31 December 2017 and 4M-FPE 30 April 2018 is as follows:

| Revenue by business activities | FYE 31 December | | | | | | 4M-FPE 30 April | |
|---|-----------------|--------------|---------------|--------------|---------------|--------------|-----------------|--------------|
| | 2015 | | 2016 | | 2017 | | 2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| (a) Digital security solutions | | | | | | | | |
| - Software licensing protection dongles | 3,864 | 22.8 | 4,365 | 17.6 | 3,452 | 7.7 | 1,064 | 15.3 |
| - 2FA | 948 | 5.6 | 1,452 | 5.9 | 1,013 | 2.3 | 231 | 3.3 |
| - PKI | 6,824 | 40.2 | 10,183 | 41.1 | 31,321 | 70.0 | 1,241 | 17.8 |
| - CENTAGATE® | 832 | 4.9 | 2,838 | 11.5 | 1,257 | 2.8 | 1,292 | 18.5 |
| (b) Electronic identification products | 3,573 | 21.0 | 4,335 | 17.5 | 5,880 | 13.1 | 1,821 | 26.1 |
| (c) Others | 937 | 5.5 | 1,580 | 6.4 | 1,844 | 4.1 | 1,321 | 19.0 |
| Total revenue | 16,978 | 100.0 | 24,753 | 100.0 | 44,767 | 100.0 | 6,970 | 100.0 |

The breakdown of our revenue by geography in FYE 31 December 2015 to FYE 31 December 2017 and 4M-FPE 30 April 2018 is as follows:

| Revenue by countries | FYE 31 December | | | | | | 4M-FPE 30 April | |
|-------------------------|-----------------|--------------|---------------|--------------|---------------|--------------|-----------------|--------------|
| | 2015 | | 2016 | | 2017 | | 2018 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Malaysia | 4,343 | 25.6 | 4,107 | 16.6 | 5,443 | 12.2 | 1,017 | 14.6 |
| Overseas markets | | | | | | | | |
| - Vietnam | 2,825 | 16.6 | 6,705 | 27.1 | 22,086 | 49.3 | 861 | 12.4 |
| - The Philippines | 1,097 | 6.5 | 2,956 | 11.9 | 1,488 | 3.3 | 743 | 10.7 |
| - Indonesia | 2,688 | 15.8 | 2,023 | 8.2 | 4,630 | 10.3 | 1,292 | 18.5 |
| - Singapore | 188 | 1.1 | 405 | 1.6 | 5,048 | 11.3 | 420 | 6.0 |
| - USA | 1,066 | 6.3 | 2,702 | 10.9 | 2,933 | 6.6 | 1,062 | 15.2 |
| - Canada ⁽¹⁾ | - | - | - | - | - | - | 980 | 14.1 |
| - Others ⁽²⁾ | 4,771 | 28.1 | 5,855 | 23.7 | 3,139 | 7.0 | 595 | 8.5 |
| Subtotal | 12,635 | 74.4 | 20,646 | 83.4 | 39,324 | 87.8 | 5,953 | 85.4 |
| Total | 16,978 | 100.0 | 24,753 | 100.0 | 44,767 | 100.0 | 6,970 | 100.0 |

Notes:

- (1) Revenue attributable to CENTAGATE® for 4M-FPE 30 April 2018 was in relation to a one-time supply of customised CENTAGATE® software (inclusive of an Adaptive Intelligence Scoring Engine, a risk scoring software of CENTAGATE® solutions), to a new customer (an IT service provider in Canada).
- (2) Comprising Myanmar, Thailand, China (including Hong Kong and Macau), Egypt, Sweden, Switzerland, Germany, India, Italy, Netherlands, Spain, Turkey and United Kingdom with no single individual country contributing more than 10% of total revenue from FYE 31 December 2015 to FYE 31 December 2017 and 4M-FPE 30 April 2018 consecutively.

5. INFORMATION ON OUR GROUP (CONT'D)**5.8.4 Types, sources and availability of supplies**

Our main supplies are hardware which is the casings (with printed circuit boards and basic OS), third party devices (i.e. software licensing protection dongles, HSMs, PKI appliances and electronic identification products) and third party PKI application software (i.e. *EJBCA Enterprise* and digital signing software (i.e. *SigningHub*).

For our proprietary software licensing protection dongles, OTP tokens and PKI tokens, the casings are manufactured by Feitian Technologies Co., Ltd. Third party software licensing protection dongles are also sourced from Feitian Technologies Co., Ltd.

Further, we source for other third party devices (i.e. HSMs, PKI appliances and electronic identification products) and third party PKI application software (i.e. *EJBCA Enterprise* and digital signing software *SigningHub*), from third party suppliers.

The following is the breakdown of supplies between categories of our digital security solutions and electronic identification products:

| Products | 2015 | | FYE 31 December 2016 | | 2017 | | 4M-FPE 30 April 2018 | |
|---|--------------|-------------|----------------------|-------------|---------------|-------------|----------------------|--------------|
| | RM'000 | %* | RM'000 | %* | RM'000 | %* | RM'000 | %* |
| (a) Digital security solutions | | | | | | | | |
| - Software licensing protection dongles | 842 | 10.9 | 1,015 | 8.5 | 1,002 | 4.3 | 365 | 10.2 |
| | 279 | 3.6 | 454 | 3.8 | 203 | 0.9 | 66 | 1.8 |
| | | | | | | | | |
| - 2FA | 638 | 8.3 | 1,046 | 8.7 | 597 | 2.5 | 146 | 4.1 |
| - PKI | 1,377 | 17.8 | 2,248 | 18.8 | 2,280 | 9.7 | 1,105 | 30.8 |
| | 307 | 4.0 | 555 | 4.6 | 1,053 | 4.5 | - | - |
| | 155 | 2.0 | 322 | 2.7 | 1,414 | 6.0 | - | - |
| | 124 | 1.6 | 632 | 5.3 | 78 | 0.3 | - | - |
| (b) Electronic identification products | 977 | 12.7 | 2,502 | 20.9 | 2,992 | 12.7 | 1,044 | 29.1 |
| | 381 | 4.9 | 139 | 1.2 | 653 | 2.8 | 85 | 2.4 |
| Total | 5,080 | 65.8 | 8,913 | 74.5 | 10,272 | 43.7 | 2,811 | 78.4 |
| | | | | | | | | 1,765 |
| | | | | | | | | 58.8 |

Note:

* As a percentage of total Group's cost of sales for FYEs 31 December 2015 to 2017 and 4M-FPE 30 April 2018.

5. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, our Group has not experienced any difficulties in sourcing for supplies from third party suppliers as they are readily available. The prices of our supplies from third party suppliers are not subject to price fluctuations. We do not have any contractual obligations with our key suppliers.

5.8.5 Operating Capacities and Output

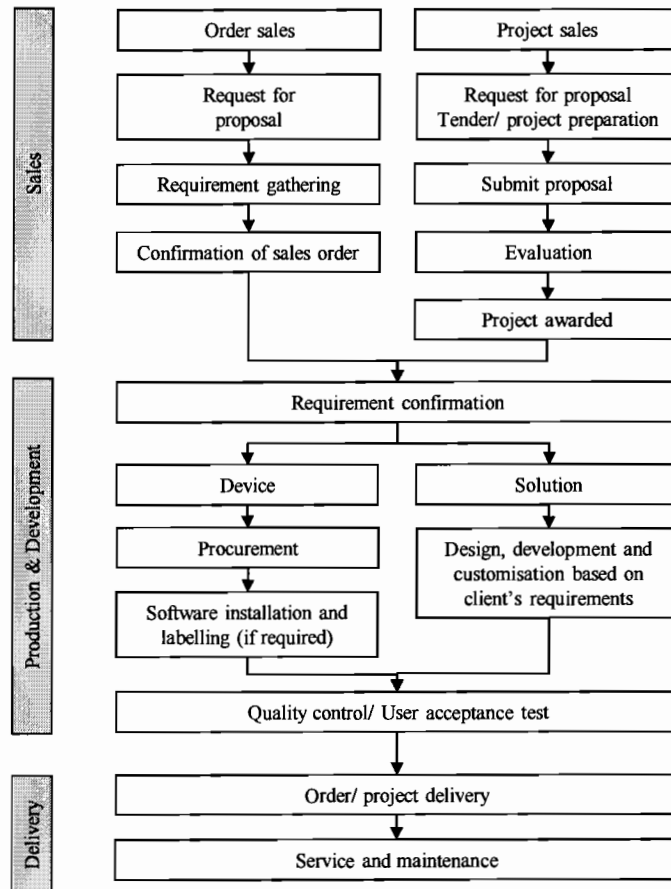
Measures of operating capacities and output are not applicable to the provision of digital security solutions, trading of electronic identification products and the provision of other related services by our Group.

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5. INFORMATION ON OUR GROUP (CONT'D)

5.8.6 Process flow

The following flow chart illustrates our typical business process:



Sales

Our sales, comprising order sales and project sales, are handled by our business development division. Our business development division comprises product sales department and project sales department.

Order sales comprise the sales of devices, namely software licensing protection dongles, OTP tokens, PKI tokens and electronic identification products. Deployment and installation services are not included in order sales.

Project sales comprise the sale of our customised 2FA, PKI and CENTAGATE® solutions, and our off-the-shelf solutions, namely PKI IN A BOX and CENTAGATE® BOX. Project sales include the sale of devices and application software as a solution, as well as services related to deployment and installation of the solutions.

For project sales, upon receiving either an invitation to tender or request for quotation, our project sales department will form a project team which includes a person in-charge from our project sales department, project management and support department. Depending on the requirements of the project, the project team may include our engineering department. The project team will gather requirements for the project before proceeding to proposal preparation. The proposal will then be submitted to our customer for evaluation. During the evaluation process, our customer may require us to meet and clarify issues such as pricing and technical details, and to respond to any other related queries. Once selected as the supplier, we will sign a letter of award or receive a purchase order as formal acceptance of our proposal.

5. INFORMATION ON OUR GROUP (CONT'D)

For order sales, upon receiving a request for proposal, our product sales department will gather requirements of the order and confirm the details of the orders with our customers. Order sales are typically repeat orders or orders for our off-the-shelf products.

Production and Development

Upon the confirmation of a project award or sales order, our business development division will confirm the requirements of the project or sales, and liaise with the respective departments internally to ensure the delivery of our solutions.

For project sales, a project manager will be assigned to oversee the entire project development and delivery process. Our project manager will lead the project team and formulate a development plan based on the requirements set out in letter of award/ purchase order.

For devices (i.e. software licensing protection dongles, OTP tokens, PKI tokens, PKI appliances, HSMs and electronic identification products), our operations and administrative department will check for the availability of stock to fulfil the order sales or project sales. If the stock is sufficient, our operations and administrative department will install the required software (including firmware, middleware and/or software development kit) and perform customised labelling, if required, for our proprietary software licensing protection dongles, OTP tokens and PKI tokens.

If there is insufficient stock, our operations and administrative department will arrange for production of the casings with printed circuit board and basic OS for our proprietary software licensing protection dongles, OTP tokens and PKI tokens with our third party manufacturer or for procurement of software licensing protection dongles, PKI appliances, HSMs or electronic identification products with our third party supplier. On average, our third party manufacturer takes between 2 to 6 weeks to manufacture and assemble the casings with printed circuit board and basic OS for our proprietary software licensing protection dongle, OTP token and PKI token. On average, our third party supplier also take between 2 to 6 weeks to supply third party's software licensing protection dongle, PKI appliances, HSMs and electronic identification products.

For solutions, our engineering department will be involved. All design and development work, and/or any customisation will be done based on the customer's requirement.

Prior to delivery, we will conduct a quality control inspection to ensure that the devices and solutions are in accordance with our customers' purchase order. For devices, we will check if the labelling and/or firmware, middleware and/or software development kit in the software CD-ROM are done correctly before packing. For solutions, we will conduct an internal quality assurance test, followed by user acceptance test ("UAT") at client's premises to confirm that the system is implemented as per project specifications.

Delivery

For order sales, the goods will be delivered to our customers according to schedule.

For project sales, the project team together with our customers' representatives will carry out an inspection of the system implemented. Once the UAT on the system is conducted and passed, the customer will accept and sign off.

5. INFORMATION ON OUR GROUP (CONT'D)

5.8.7 Quality assurance, standards and certifications

We carry out the following quality assurance:

(i) Quality assurance

Physical quality control inspection

Our operations and administrative team is responsible for conducting stock check on incoming goods and outgoing goods. The inspections will be conducted on a sample basis to ensure that it is in accordance to our purchase order for incoming goods; while outgoing goods are inspected to ensure that it is in accordance to our customer's specifications.

Software quality assurance

We have a quality assurance team consisting of four quality assurance engineers who are responsible for conducting quality assurance process to ensure all our software are tested before officially released to our clients.

UAT

Our project team is responsible for carrying out a UAT at the client's premises prior to the implementation of our system software. A UAT is conducted to confirm that the software has been customised and implemented in accordance with our customer's requirements.

(ii) Standards and certifications

We comply with the following local and international quality standards and were awarded the following certificates of compliance. These standards and certifications were awarded based on the scope of certification and do not have validity periods.

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5. INFORMATION ON OUR GROUP (CONT'D)

| Standard/certification | Certification body | Year awarded | Scope of certification | Description of standard |
|---|--|--------------|--|--|
| FCC marking | SGS-CSTC Standards Technical Services Co., Ltd | 2008 | The sale of our <i>SecureDongle</i> in the US territory, subject to compliance with the relevant requirements of the Federal Communications Commission | FCC marking is a certification mark employed on electronic products manufactured or sold in the US which certifies that the electromagnetic interference from the device is under the limits approved by the FCC. |
| FCC marking | SGS-CSTC Standards Technical Services Co., Ltd | 2008 | The sale of our <i>SecureToken</i> in the US territory, subject to compliance with the relevant requirements of the Federal Communications Commission | FCC marking is a certification mark employed on electronic products manufactured or sold in the US which certifies that the electromagnetic interference from the device is under the limits approved by the FCC. |
| CE marking | SGS-CSTC Standards Technical Services Co., Ltd | 2008 | The sale of our <i>SecureDongle</i> in the EU territory, subject to compliance with the relevant requirements of the European Council Directive | CE marking is a registration for products which certifies the products to be in compliance with the safety, health and environmental requirements in accordance with the Directives 2006/95/EC, 1999/5/EC and 2014/53/EU. |
| CE marking | SGS-CSTC Standards Technical Services Co., Ltd | 2008 | The sale of our <i>SecureToken</i> in the EU territory, subject to compliance with the relevant requirements of the European Council Directive | CE marking is a registration for products which certifies the products to be in compliance with the safety, health and environmental requirements in accordance with the Directives 2006/95/EC, 1999/5/EC and 2014/53/EU. |
| Common Criteria Certificate (EAL1) | CyberSecurity Malaysia (under MyCC scheme) | 2011 | Common Criteria for information technology security, for <i>SecureToken ST3 v1.0</i> | Common Criteria is a set of international guidelines and specifications developed for evaluating information security products, specifically to ensure the products meet an agreed-upon security standard for government deployments. EAL1 provides a basic level of assurance in term of functionality, and is supported by a search for possible vulnerabilities in the public domain and independent testing of the product's security functionality. It is recognised by CCRA. |
| MSC Malaysia Software Product Assessment & Rating Standard (Ver. 4.0) | Malaysia Digital Economy Corporation | 2012 | <i>SecureTMS RA</i> , Version 1.2 have been assessed against the requirement of MSC Malaysia Software Product Assessment & Rating Standard (Ver. 4.0) | A product quality benchmark for MSC-status companies to assess their software products. A unique standard covering both product and process elements of each software product, and able to assess quality of software products and provides consumer confidence. |

5. INFORMATION ON OUR GROUP (CONT'D)

| Standard/ certification | Certification body | Year awarded | Scope of certification | Description of standard |
|--|--|-----------------|---|--|
| Common Criteria Certificate (EAL2) | MyCC Scheme | 2013 | Common Criteria for information technology security evaluation, for <i>SecureToken ST3 ACE</i> (ST3 Ace Token Manager v1.0.13.927 and ST3 Ace Middleware v1.0.13.910) | Common Criteria is a set of international guidelines and specifications developed for evaluating information security products, specifically to ensure products meet an agreed-upon security standard for government deployments. EAL2 provides higher level of assurance in terms of functionally and structurally, it is supported by vulnerability analysis more than just in public domain, but based upon the functional specification, product design and security architecture description. It is recognised by CCRA. |
| FIPS 140-2 Validation Certification (Level 3) | FIPS | 2014 | <i>SecureToken ST3 ACE</i> | FIPS 140-2 specifies security requirements to be satisfied by a cryptographic module utilised within a security system protecting sensitive or protection information within computer and telecommunications systems (including voice systems). FIPS 140-2 provides four increasing, qualitative levels of security: Level 1, Level 2, Level 3 and Level 4. <u>Level 3</u> : Further enhance level 2 by require high possibility of detects and response to the unauthorised access to the critical security parameters. Require zeroization the plaintext critical security parameters when intrusion detected. |
| Common Criteria Certificate (EAL4+) | CyberSecurity Malaysia (under MyCC scheme) | 2017 | Common Criteria for information technology security evaluation, for CENTAGATE® v3.0.10-build13 | Common Criteria is a set of international guidelines and specifications developed for evaluating information security products, specifically to ensure products meet an agreed-upon security standard for government deployments. It is the augmented version of EAL 4. EAL4+ provides assurance on the security product where it is methodically designed, tested, and reviewed. It is supported by vulnerability analysis similar to EAL2 but with the addition of implementation representation analysis. It is recognised by CCRA. |

5. INFORMATION ON OUR GROUP (CONT'D)

5.8.8 Research and Development

Our R&D has been the cornerstone of our success to-date. We recognise the importance of R&D in ensuring we remain competitive to sustain the continuous growth of our business. Our R&D initiatives focus on the following:

- Continuously upgrading our products and solutions to ensure they are relevant to the current technology and security requirements,
- Continuously improving the quality our products and solutions provided, and
- Widening our range of products and solutions to our customers.

Resulting from our R&D efforts, we have successfully designed and developed several products and solutions as follows:

| Category | Digital security products | Device / application software/ solution | Description of technology used/implemented* | Year commenced research | Completion year | |
|---|---------------------------------------|---|--|----------------------------|-----------------|------|
| Past R&D Achievements | | | | | | |
| Devices development | Software licensing protection dongles | <i>SecureDongle X</i> | USB HID, JNI, Microsoft Visual Studio C++, GCC, XCode | 2008 | 2008 | |
| | | <i>SecureDongle</i> | | 2008 | 2008 | |
| | PKI | <i>SecureToken ST2</i> | | 2008 | 2008 | |
| | PKI | <i>SecureToken ST3</i> | | 2009 | 2009 | |
| | PKI | <i>SecureToken ST3 Ace</i> | | 2012 | 2013 | |
| | 2FA | <i>IDENOS</i> | | FIDO U2F, USB HID, JSON | 2015 | 2015 |
| | 2FA | <i>SecureOTP Event</i> | | OATH : HOTP, TOTP and OCRA | 2009 | 2009 |
| | 2FA | <i>SecureOTP Time</i> | | | 2009 | 2009 |
| 2FA | <i>SecureOTP CR</i> | 2009 | 2009 | | | |
| Application software development | PKI | <i>SecureTMS</i> | Java Enterprise Edition (JEE) Technology, Hibernate framework, AMQP, Multi-factor Authentication | 2009 | 2009 | |
| | 2FA | <i>SecureOTP AS</i> | | 2009 | 2009 | |
| | PKI | <i>SecureCA</i> | | 2010 | 2010 | |
| | PKI | <i>SecureTMS RA</i> | | 2011 | 2012 | |
| | CENTAGATE® | CENTAGATE® | | 2014 | 2016 | |
| Solution development | PKI | PKI IN A BOX | Kernel Virtual Machine (KVM), Open vSwitch, PKCS#11 Token Component API, Galera Cluster | 2012 | 2013 | |
| | CENTAGATE® | CENTAGATE® BOX | | 2016 | 2017 | |
| Mobile application software development | 2FA | <i>SecureOTP mobile application</i> | OATH: TOTP, OCRA, XCode, Android Studio, JNI | 2009 | 2009 | |
| | CENTAGATE® | CENTAGATE® mobile application | | 2015 | 2016 | |

Note:

- * Section 5.8.9 of this Prospectus further describes each technology used/implemented.

5. INFORMATION ON OUR GROUP (CONT'D)

Our on-going and upcoming R&D projects are as follows:

| Category | Digital security products | Solution | Description | Targeted period for commencement of research | Targeted period for launch of solutions |
|----------------------------------|---------------------------|------------------------------|---|--|---|
| Application software development | CENTAGATE® | CENTAGATE® on Cloud | Java Enterprise Edition (JEE) Technology, PKCS#11 Token Component API, Hybrid Risk-Based Scoring Engine | 4 th quarter of 2018 | 1 st quarter of 2019 |
| | PKI | Digital Signing-as-a-Service | | 4 th quarter of 2018 | 1 st quarter of 2020 |
| Solution development | PKI | PKI IN A BOX for IOT | Kernel Virtual Machine (KVM), Open vSwitch, PKCS#11 Token Component API, Galera Cluster | 1 st quarter of 2019 | 2 nd quarter of 2019 |
| | CENTAGATE® | CENTAGATE® BOX for FinTech | | 4 th quarter of 2019 | 1 st quarter of 2021 |

As at the LPD, our Group does not have specific patents for our products. However, we have made applications to patent our inventions (e.g. processes and methodologies) used for the development of our products as shown in **Section 5.8.15**.

The amounts spent on our Engineering Department are as below:

| Engineering Department | FYE 31 December | | | | | | 4M-FPE 30 April | |
|--------------------------------------|-----------------|-----------|--------|-----------|--------|-----------|-----------------|-----------|
| | 2015 | | 2016 | | 2017 | | 2018 | |
| | RM'000 | % revenue | RM'000 | % revenue | RM'000 | % revenue | RM'000 | % revenue |
| Payroll | 1,013 | 6.0 | 1,425 | 5.8 | 1,873 | 4.2 | 888 | 12.7 |
| Depreciation for server used for R&D | 32 | 0.2 | 42 | 0.2 | 48 | 0.1 | 21 | 0.3 |

Save for the above, there is no other cost incurred by our Engineering Department to undertake our Group's R&D.

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 April 2018, our Engineering Department has 15, 21, 27 and 29 engineers, respectively.

5.8.9 Technology used

Our Group has the necessary expertise and software tools/platforms to perform and apply the following technologies in our digital security solutions:

| Technology | Description |
|--|---|
| Advanced Message Queuing Protocol ("AMQP") | AMQP is an open standard protocol for message-oriented middleware. It defines message queuing and reliable and secure routing. |
| Android Studio | Android Studio is an official IDE for Google Android OS. It is built based on JetBrains IntelliJ IDEA software designed specifically for Android development. |

5. INFORMATION ON OUR GROUP (CONT'D)

| Technology | Description |
|------------------------------------|--|
| FIDO U2F | U2F is an open authentication standard that enable internet user to securely access any number of online service, with just a single device, instantly and without drivers or any client software needed. IDENOS is an FIDO U2F authentication device that used cryptography to provide stronger authentication. It comes with embedded security algorithm ECDSA and SHA256. All credentials are physically protected by hard security chip. |
| GNU Compiler Collection ("GCC") | GCC is compiler system produced by GNU projects that supports C, C++, Objective-C, Fortran, Ada, and Go. GCC was originally written as the compiler for GNU OS. |
| Hibernate Framework | Hibernate framework is an object-relational mapping tool for Java programming. It provides a framework for mapping object-oriented models to a relational database. Hibernate framework solves object-relational impedance mismatch problems by replacing direct, persistent database access with high-level object handling functions. |
| Hybrid Risk-Based Scoring Engine | This is a risk-based scoring engine that is based on user login context (geolocation, browser, OS, Internet Protocol, time) and calculates the user login risk based on the scoring. The score will be calculated based on user behaviour and defined rules. A user with high risk scoring will be required to perform a step-up authentication or the login session will be terminated. |
| OATH | <p>The Initiative for Open Authentication is an initiative to develop standard, open technology that is available to all and to promote the adoption of strong authentication by all users on all devices across all networks. OATH comprises the following:</p> <p><u>OATH Hash Message Authentication Code-based one-time password ("HOTP")</u> HOTP is an algorithm that is based on an increasing counter and event text value based on a shared secret symmetric key known only to the token and the validation service.</p> <p><u>OATH Time-based-One-Time Password ("TOTP")</u> OATH TOTP is an algorithm that computes a one-time password from the current time based on a shared secret symmetric key known only to the token and the validation service.</p> <p><u>OATH Challenge-Response Algorithm ("OCRA")</u> OATH OCRA is an evolution algorithm from HOTP. OCRA will first require the server to generate a challenge. The user will use the challenge to generate an OTP. The server will validate the OTP based on the challenge stored on the server.</p> |
| Java Enterprise Edition Technology | Java Platform, Enterprise Edition or Java EE is a platform for development and deployment of enterprise software. It uses object oriented programming to achieve multi-tier architecture and web services development. |

5. INFORMATION ON OUR GROUP (CONT'D)

| Technology | Description |
|-------------------------------------|--|
| Java Native Interface (“JNI”) | JNI is a programming framework that enables Java code running in a Java Virtual Machine (“JVM”) to call and be called by native applications and libraries written in other languages such as C, C++ and assembly. |
| JavaScript Object Notation (“JSON”) | JSON is a lightweight data interchange format that is easy to read, write and parse or generate by machines. JSON is build based on a subset of JavaScript Programming Language. |
| Microsoft Visual Studio C++ | Microsoft Visual Studio C++ is an IDE from Microsoft used to develop desktop-based applications using C/C++ programming language. |
| Multi-factor Authentication | A method of computer access control that supports several types of evidence. A user is authenticated only after successfully showing the required evidence. The types of evidence include what you know (password), what you have (token, mobile apps), who you are (biometric) and where you are (geofencing). |
| PKCS#11 Token Component API | PKCS#11 is the programming interface to handle cryptographic tokens. It defines functions such as create/generate, modify, delete of cryptographic object such as RSA keys, X.509 certificate, AES keys and so on. |
| USB Human Interface Device (“HID”) | USB HID is part of USB specification used for computer peripherals such as keyboard, mice, game controller, and etc. This specification allowed humans control over a PC. |
| XCode | This software is an IDE that runs on the MacOS. Xcode supports a variety of programming languages such as C, C++, Objective-C and Swift. XCode can be used to build universal binary files, which allows software to be run on both PowerPC and Intel-based architecture (x86 & x64). |
| Galera Cluster | Galera Cluster is a multi-master database cluster solution based on synchronous replication. It supports XtraDB/InnoDB storage engine and it works well with MariaDB and MySQL database to provide read and write to any cluster node, replication up on row level. |
| Kernel Virtual Machine (KVM) | Kernel Virtual Machine or Kernel-based Virtual Machine (KVM) is a virtualization solution for Linux kernel that run on x86 processor (Intel or AMD) that support hardware virtualization extension, turning the Linux kernel into hypervisor. With KVM, multiple virtual machines can be created that runs on various famous OS such as Linux and Windows. Each of the virtual machine has its own private virtualized hardware such as network card, memory, CPU and hard disk. |
| Open vSwitch | Open vSwitch (OVS) is an open source implementation of distributed virtual multilayer switch. It is used for providing switching stack for virtualization environment. OVS supports multiple protocols and standard uses in computer network. |

5. INFORMATION ON OUR GROUP (CONT'D)

5.8.10 Marketing, distribution and sales strategies

Our Group's overall sales and marketing activities are led by our Non-Independent Executive Director and Chief Executive Officer, Law Seeh Key, and assisted by Mohd Affendi Bin Abdul Razak (Vice President of Project Sales) and Yen Chee Khan (Vice President of Product Sales). We actively engage in the following sales and marketing strategies:

(i) Direct approach

As the sales and marketing of our products and solutions require in-depth knowledge of our offerings, the direct approach allows us to deliver the required technical information and detailed explanations and descriptions accurately to our existing and potential customers.

Our sales are generated directly by our business development division through direct contact with customers and potential customers, as well as through referrals from our past and existing clients.

(ii) Marketing events

To further enhance our profile and visibility in the industry, we participate in trade exhibitions, public forums, conferences and workshops organised by various industry-related organisations and/or companies. Further, we also organise and co-organise digital security related events.

These sessions normally attract a wide range of audience from the digital security industry to discuss and exchange ideas and knowledge, and to understand the latest product and technology developments relating to digital security. Through this platform, we can engage in targeted marketing programmes to highlight and reinforce the awareness of our Group and our capabilities.

The following are examples of events we organised since FYE 2015 up to the LPD:

| Year | Name of Event / Location |
|-------------|--|
| March 2015 | ASEAN Financial Institution Conference ("ASEANFIC") 10th Edition Phnom Penh 2015 |
| June 2015 | PKI Conference 2015 – Kuala Lumpur |
| June 2015 | ASEANFIC 11th Edition Manila 2015 |
| August 2016 | Authentication Security Roundtable Discussion - Hanoi |
| July 2017 | CENTAGATE® BOX Launch - Manila |

We also co-organised events with other third party organisers in the FYE 2015 and 4M-FPE 30 April 2018, respectively:

| Year | Name of Event / Location | Third party co-organiser |
|---------------|---|---|
| November 2015 | SecureDongle Workshop - Ho Chi Minh City | Vietnam Software & IT Services Association |
| March 2018 | ASEAN Mobile Application Security Roadshow 2018 - Malaysia, Myanmar, Indonesia, the Philippines and Vietnam | Promon AS (a digital security provider based in Norway) |

5. INFORMATION ON OUR GROUP (CONT'D)

We also participated in the following events organised by third parties since FYE 2015 up to the LPD:

| Year | Name of Event | Organiser | Location |
|----------------|--|--|-----------------|
| January 2015 | Mobile Money Payment & Digital Payment Asia 2015 | Clarions UK | Jakarta |
| April 2015 | Interpol World 2015 | Interpol | Singapore |
| June 2015 | Vietnam ICT Summit | The National Steering Committee on ICT/VINASA | Hanoi |
| July 2015 | RSA Conference 2015 | Pico Art International PTE United | Singapore |
| September 2015 | Cards and Payment Philippines 2015 | Terrapinn Holdings Pte Ltd | Manila |
| September 2015 | Cyber Security Malaysia Awards, Conference & Exhibition 2015 | CyberSecurity Malaysia | Kuala Lumpur |
| November 2015 | Softcon PH 2015 | Philippine Software Industry Association | Manila |
| March 2016 | Cybercrime Summit | Anti-CyberCrime Group, Philippines National Police | Manila |
| March 2016 | Chamber of Thrift Bank Annual Convention 2016 | Chamber of Thrift Banks | Manila |
| May 2016 | BankTech Manila 2016 | Knowledge Group of Companies | Manila |
| June 2016 | Asean Young Entrepreneurs Carnival | Malaysian Association of ASEAN Young Entrepreneurs | Kuala Lumpur |
| July 2016 | RSA Conference 2016 | SingEx Exhibitions Pte Ltd | Singapore |
| September 2016 | PKI Tech Days 2016 | PrimeKey Solutions AB | Stockholm |
| September 2016 | Information Security Officers Group ("ISOG") Summit 2016 | Information Security Officers | Manila |
| October 2016 | Technology and Equipment ("TechMart") Fair, Hanoi 2016 | Ministry of Science and Technology, Vietnam | Hanoi |
| October 2016 | CSM-ACE 2016 (CyberSecurity Malaysia Awards, Conference & Exhibition 2016) | CyberSecurity Malaysia | Kuala Lumpur |
| November 2016 | BankTech Asia Kuala Lumpur 2016 | Knowledge Group of Companies | Kuala Lumpur |
| November 2016 | IT Interaction Philippines ("ITIP") National Conference 2016 | IT Interaction Philippines | Manila |
| June 2017 | The Asian Banker – Future of Finance Summit 2017 | The Asian Banker | Singapore |
| July 2017 | Authentication Workshop for Banks | The State Bank of Vietnam | Ho Chi Minh |
| July 2017 | ISOG Summit 2017 | Amazing Ways Marketing Inc. | Manila |
| August 2017 | CyberSecurity: Safeguarding the Future for Innovative Financial Inclusion | Bank Negara Malaysia | Kuala Lumpur |
| September 2017 | GovWare 2017 | Image Engine Pte Ltd | Singapore |

5. INFORMATION ON OUR GROUP (CONT'D)

| Year | Name of Event | Organiser | Location |
|----------------|--|----------------------------|-----------------|
| September 2017 | Future of Payments, E-commerce and Retail | Terrapinn Holdings Pte Ltd | Manila |
| October 2017 | CyberSecurity Malaysia Awards, Conference and Exhibition | CyberSecurity Malaysia | Kuala Lumpur |
| March 2018 | Malaysia Fintech Expo 2018 | Persatuan Usahawan Dinamik | Kuala Lumpur |
| July 2018 | RSA Conference 2018 | SingEx Exhibitions Pte Ltd | Singapore |
| September 2018 | Cybersecurity Malaysia Awards, Conference and Exhibition | CyberSecurity Malaysia | Kuala Lumpur |
| September 2018 | Future of Payments, E-commerce and Retail | Terrapinn Holdings Pte Ltd | Manila |

(iii) Sales and marketing materials

We recognise the importance of sales and marketing materials as a tool to reach out to our existing clients and potential clients. We have invested in setting up our in-house advertising and promotion department to design and copywrite our marketing materials. As the sales and marketing of our products and solutions require in-depth knowledge of our offerings, the marketing materials produced by our in-house advertising and promotion department helps us to deliver the required technical information and detailed explanations and descriptions accurately.

We have printed product information sheets, product videos and annual magazines as our sales and marketing materials. These materials help our project sales department and product sales department to simplify sales efforts to make it more effective. Our sales and marketing materials also help us to promote our brand, highlight our capabilities and our track record.

Our printed product information sheets contain detailed descriptions, functions and features, applications and benefits of our offerings.

Our annual magazine demonstrates our knowledge and expertise in the industry, as well as our commitment to reach out to our existing and potential clients in raising awareness of digital security.

(iv) Corporate website

We have established our corporate website for Securemetric at <http://www.securemetric.com>, and for Softkey Indonesia at <http://www.esoftkey.com>, as well as a dedicated website for our CENTAGATE® at <http://www.centagate.com>, amongst others. These websites provide information on our Group and our offerings as well as digital security industry related news and updates. On our websites, we have an online store for overseas customers to purchase software licensing protection dongles.

The current widespread use of the Internet as a source of information and a platform for shoppers, enables us to cross geographical boundaries and facilitates access from any part of the world, enhancing our potential market reach and exposure.

5. INFORMATION ON OUR GROUP (CONT'D)

5.8.11 Competitive strengths and advantages**We have resilient technologies and expertise to adapt our solutions to the changing requirements of the digital security industry**

Under Softkey Malaysia, we commenced operations in 2001 as a distributor of third party digital security products. We have since evolved into the design, development as well as marketing and sale of our proprietary digital security solutions. We have continuously adapted our solutions to suit the evolving nature of the digital security industry.

One of our earliest offerings was the development and sale of digital security products, where we launched our first proprietary PKI token, *SecureToken ST2*, in 2008. Subsequently in 2009, we introduced *SecureToken ST3* with a higher processing capacity smart chip and ventured into providing PKI application software, such as *SecureTMS*, a PKI token management system to manage PKI token lifecycle.

In 2010, we introduced *SecureCA*, a back-end engine which is part of our PKI solutions. *SecureToken ST3* received MyCC EAL1 Certification in 2011. Within the same year, we also introduced a new version of PKI token management system, *SecureTMS RA* with enhanced user experience where most of the PKI processes can be automated and is transparent to the users.

In 2012, in partnership with PrimeKey Solutions AB, we successfully enhanced and integrated *EJBCA Enterprise* with HSM by Utimaco together with our *SecureTMS RA* to offer end-to-end PKI solutions for customers. We also introduced an enhanced PKI token, *SecureToken ST3 ACE* with EAL2 certification and FIPS validation certification (Level 3).

With our experience in providing PKI solutions, we successfully developed our first off-the-shelf PKI system, PKI IN A BOX, which combines our PKI system designed within a computer for quick deployment. Subsequently we developed CENTAGATE® which was also a consolidation of our years of experience and exposure in the areas of 2FA, PKI and cryptography, all into one centralised authentication management system. In 2017, we launched CENTAGATE® BOX as an off-the-shelf solution.

We also have the capabilities and expertise to implement customised solutions for our customers that meet their requirements. Over the years, we have provided solutions to Government institutions, financial institutions, public CA, software development companies and IT service providers.

We have demonstrated that our technologies are adaptable across multiple industry segments, which has proven resilient over time as we have been able to develop new or enhanced products with the changing landscape of the digital security industry.

Our engineering and R&D activities has provided the foundation and platform for our growth and expansion

Our Group's engineering and R&D activities have been critical to the development of our proprietary solutions. Since 2008, our engineering and R&D initiatives have successfully introduced numerous devices and application software under our brand, for example *SecureToken*, *SecureDongle*, *SecureOTP*, and *SecureTMS*. In addition, through our engineering and R&D efforts, we have succeeded in introducing an off-the-shelf PKI solution, namely our PKI IN A BOX, which allows us to roll out PKI implementation for our customers in a faster and more cost-effective manner. In 2016, we recorded another milestone when we secured a CENTAGATE® project and introduced another off-the-shelf product, namely CENTAGATE® BOX, in June 2017.

5. INFORMATION ON OUR GROUP (CONT'D)

Our Group's emphasis on engineering and R&D has been the cornerstone of our growth and expansion to-date, and will continue to drive our future development initiatives. Our engineering and R&D activities are driven by our engineering department. As at the LPD, we have 36 personnel in our engineering department (comprising 34.6% of total Group workforce), who focus on developing new and improved solutions. Our R&D efforts will help us to continuously introduce new solutions to meet evolving market demands in Malaysia and SEA, and to continuously improve our technologies as we seek to expand our market presence.

We have proven capabilities in selling our products and solutions to customers overseas

We have delivered our products and solutions to numerous countries in the past 3 FYEs 31 December 2015 to 2017 and 4M-FPE 30 April 2018 including Myanmar, Thailand, China (including Hong Kong and Macau), Egypt, Sweden, Switzerland, Germany, India, Italy, Netherlands, Spain, Turkey and United Kingdom.

Our exports reflect our global footprint in the digital security industry. In the past 3 FYEs 31 December 2015 to 2017 and 4M-FPE 30 April 2018, our revenue from overseas markets accounted for 74.4%, 83.4%, 87.8% and 85.4% respectively of our total revenue. During the same period, major SEA countries, including Malaysia, Vietnam, the Philippines, Indonesia and Singapore accounted for 65.6%, 65.4%, 86.4% and 62.2% respectively of our total revenue. Our penetration into international markets is testament to our industry reputation and track record, and has been facilitated by our conformance with international standards such as CE marking, FCC markings, FIPS 140-2 Level 3 and MyCC (EAL1, EAL2 and EAL4+).

Further, our success in the international markets serve as a reference for our Group as we continue to bid for new projects and secure new customers. These international markets serve as a vast market for our Group to tap into for future growth opportunities.

We have a wide range of solutions that caters to customers with different levels of digital security requirements

We have a product line-up that consists of digital security solutions that cater to customers with different levels of digital security requirements.

Our software licensing protection dongle is an electronic device which contains content protection software that prevents unauthorised execution of the software. This is used by software development companies to protect their software.

Our 2FA solutions cater for customers who want simple two-factor authentication. For customers who have higher digital security requirements, our PKI solutions are designed to provide enhanced security protection.

In addition, our latest offering, CENTAGATE[®], is a system designed to support multiple authentication mechanism such as QR Code, 2FA and PKI and incorporated with a risk scoring feature, which interprets users' previous login information (such as the OS, browser, time, location and transaction behaviour) to predict the authentication threat, and reacts to the predicted threat by invoking the required authentication factor(s).

Over the years, we have secured Government organisations, financial institutions, public CAs, software development companies and IT service providers as our customers internationally. These customers have different levels of digital security requirements and we are able to cater for their needs.

5. INFORMATION ON OUR GROUP (CONT'D)

We have digital security solutions that are certified to international security standards

Since the commencement of our business, we have ensured that our solutions meet the relevant market requirements and for some of our key products, we have obtained internationally-certified security standards.

Our PKI token, namely *SecureToken ST3*, completed MyCC EAL1 certification in 2011. *SecureToken ST3 ACE*, another one of our PKI tokens, completed MyCC EAL2 certification in 2013 and FIPS 140-2 validation certification (Level 3) in 2014.

Further, our token management system, namely *SecureTMS RA*, was certified by MSC Malaysia Software Product Assessment & Rating Standard (Ver4.0) and independently reviewed by TUV Rheinland, a technical services provider based in Germany, in 2012. Additionally, our IDENOS OTP token was certified by FIDO U2F in 2015.

We achieved our highest security standards to-date when CENTAGATE® completed the MyCC EAL4+ certification in June 2017. As at the LPD, CENTAGATE® is one of only four products in Malaysia awarded with MyCC EAL4+ certification by CyberSecurity Malaysia, and we are only the second Malaysian company which has a product with MyCC EAL 4+ certification.

We offer efficient and reliable customer and technical support to our customers via our regional support network

We are committed to providing efficient and reliable customer and technical support to our customers in order to maintain strong relationships with our customers.

We have a dedicated customer support team located at our head office in Malaysia to provide customer and technical support to all of our existing customers, as well as to support the implementation of new projects in Malaysia and overseas. We also have project management and local support teams in our offices in the Philippines, Vietnam and Indonesia. These overseas teams may also assist in addressing basic support enquiries from customers while our dedicated technical support team in Malaysia will act as the main contact point to address all enquiries that could not be solved by the overseas teams.

Having customer service and project management teams across the SEA region ensures that we are in close proximity to our customers, thus enabling us to respond to requests for on-site technical support. This has accorded us with our industry reputation as a trusted and reliable digital security solutions provider amongst our customers.

We have an experienced and technically strong management team

We have been operating our business since 2007, and we are led by an experienced and technically strong senior management team. Throughout these years, we have built an established industry reputation through our management's experience, technical know-how and industry knowledge. Our ability to provide reliable solutions, coupled with our consistent levels of dependable service, has been instrumental in attracting new customers, and has enabled us to maintain our business relationships with our existing customers.

Our Chief Executive Officer, Law Seeh Key has played a pivotal role in steering our strategic direction and growth. His experience, drive and passion for our business have been instrumental to our Group's success to-date. During his tenure with us, Law Seeh Key has consistently placed critical importance on developing our own products and on R&D as the foundation of our Group's long term sustainability. Under his leadership, we secured numerous contracts with several Government institutions, financial institutions, public CA, software development companies and IT service providers, which have been central to our growth and expansion.

5. INFORMATION ON OUR GROUP (CONT'D)

Our Chief Executive Officer is supported by the following experienced management team:

| Key senior management | Designation | Year joined | Years with us | Years of working experience |
|------------------------------|--|-------------|---------------|-----------------------------|
| Nioo Yu Siong | Chief Operating Officer | 2008 | 10 | 22 |
| Yong Kim Fui | Non-Independent Executive Director and Chief Financial Officer | 2017 | 1 | 23 |
| Yee Wen Biau | Vice President of Engineering | 2010 | 8 | 13 |
| Mohd Affendi Bin Abdul Razak | Vice President of Project Sales | 2015 | 3 | 18 |
| Yen Chee Khan | Vice President of Product Sales | 2008 | 10 | 15 |
| Tan Yu Win | Vice President of Project Management and Support | 2014 | 4 | 17 |

We believe that the strength and experience of our key senior management team will enable us to continue to further grow our business and expand our market presence.

We are well-positioned for future regional expansion

In FYE 2017, our export sales comprised 87.8% of our total sales, with the major SEA countries accounting for 86.4% of our total sales. In light of the in-roads we have made in SEA, we are poised to continue expanding our market presence therein.

According to the IMR Report prepared by SMITH ZANDER, the digital security market in SEA is expected to demonstrate the following growth:

- Software licensing protection dongles market in SEA is forecast to grow at a CAGR of 7.50% from USD17.16 million (RM73.80 million) in 2017 to USD21.32 million (RM91.70 million) in 2020.
- 2FA market in SEA is forecast to grow at a CAGR of 28.18% from USD752.34 million (RM3,235.66 million) in 2017 to USD1,584.52 million (RM6,814.70 million) in 2020.
- PKI market in SEA is forecast to grow at a CAGR of 8.13% from USD85.20 million (RM366.43 million) in 2017 to USD107.71 million (RM463.24 million) in 2020.
- Authentication management system market in SEA is forecast to grow at a CAGR of 13.91% from USD175.62 million (RM755.31 million) in 2017 to USD259.54 million (RM1,116.23 million) in 2020.

With the anticipated and sustained growth in the digital security market in SEA driving growth for digital security solutions, we are well-positioned to benefit from this growth and continue on our long term growth in the region.

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5. INFORMATION ON OUR GROUP (CONT'D)

5.8.12 Other factors affecting our business

5.8.12.1 Seasonality

We are subject to seasonality in our business due to annual budget cycles of certain of our customers, hence, proportionately more invoices are billed/issued in the second half of our financial years. Therefore, we generally have higher billings in the second half of our financial years. Seasonality is a characteristic of product demand in which the demand experiences predictable changes which recur within every calendar year.

We do not experience any cyclical in our business because the digital security industry is not cyclical in nature. A cyclical industry is one which experiences predictable changes which recur over a period of several years.

5.8.12.2 Dependency on industrial, commercial and financial contracts

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

5.8.12.3 Interruptions to business and operations

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

5.8.12.4 Dependency on licenses and permits

Other than major licences and permits set out in **Section 5.8.13**, there are no other licenses and permits on which our Group is dependent.

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5. INFORMATION ON OUR GROUP (CONT'D)

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|-------------------|--------------------------|----------------------|------------------------|---|----------------------|
| | | | | | proposed use of the strategic items, have known that the strategic items are intended or likely to be used, wholly or in part, for or in connection with a restricted activity; | |
| | | | | | (iii) the permit holder shall not export, import any strategic items other than that specified in the permit nor exceeding the quantity specified in the permit; and | Complied |
| | | | | | (iv) the permit holder shall not transfer or assign the permit to any other person. | Complied |

(b) Securemetric Vietnam

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|--------------------------|--|----------------------|---|--|----------------------|
| 0103682805-KD | Hanoi People's Committee | Business licence for implementation of export right, import right, wholesale distribution right and retail distribution right (without establishment of wholesale and retail units) the registered goods under laws and regulations of Vietnam with the HS codes of: | 15 December 2017 | 30 March 2029 / 11 years and 3.5 months | (i) The company shall only carry out the export, import and distribution after fulfilling the specialized management conditions and obtaining other relevant approvals under Vietnam laws; | Complied |

5. INFORMATION ON OUR GROUP (CONT'D)

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|-------------------|--|----------------------|------------------------|--|---|
| | | 8471: Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included; | | | (ii) For the goods under HS code 8517, the company must not import and/or distribute product of mobile phone for the purpose of personal consumption; | Not applicable as company does not deal with goods under HS code 8517 |
| | | 8523: Discs, tapes, solid-state non-volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of Chapter 37 (Photographic or cinematographic goods); | | | (iii) For the goods under HS code 8523, the company must not import and/or distribute devices with recorded information contained therein; and | Complied |
| | | 4911: Other printed matter, including printed pictures and photographs; | | | (iv) For the goods under HS code 4911, the Company must not import, right to distribute with newspapers, specialised journals and periodical publications; have/don't have illustrative of images or have advertisement contents and kind of books, newspapers, journals specified in Addendum no. 02 and 03 of Circular No. 34/2013/TT-BCT. | Not applicable as company does not deal with goods under HS code 4911 |
| | | 8504: Electrical transformers, static converters (for example, rectifiers) and inductors; | | | | |
| | | 8472: Other office machines (for example, hectograph or stencil duplicating machines, addressing machines, automatic banknote dispensers, coin-sorting machines, coin-counting or wrapping machines, pencil-sharpening machines, perforating or stapling machines); | | | | |

5. INFORMATION ON OUR GROUP (CONT'D)

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|-------------------------------------|---|----------------------|-----------------------------|--|----------------------|
| | | 8517: Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28; and 8302: Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat-racks, hat-pegs, brackets and similar fixtures; castors with mountings of base metal; automatic door closers of base metal. | | | | |
| 41/2017/GPKD-BCY | Vietnam Government Cipher Committee | Trading civil cryptography products and services | 19 December 2017 | 19 December 2027 / 10 years | The company is only entitled to do business in relation to the products provided in the list of permitted civil cryptography products and services attached in the said licence. | Complied |
| 01/2018/GPXN K-BCY | Vietnam Government Cipher Committee | Importation and exportation of civil cryptography products | 9 January 2018 | 9 January 2019 / 1 year | The company is only entitled to do business in relation to the products provided in the list of permitted civil cryptography products and services attached in the said licence. | Complied |

5. INFORMATION ON OUR GROUP (CONT'D)

(c) Securemetric Philippines

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|-------------------------------------|--------------------------|----------------------|--------------------------------|--------------------------|----------------------|
| Permit No. 2018-01769 | Makati City Business Permits Office | Mayor's business permit | 18 January 2018 | 31 December 2018 / 11.5 months | - | - |

(d) Securemetric Indonesia

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|---------------------------------|--|--------------------------|----------------------|--|---|----------------------|
| 991/I/PMA/2008 | Indonesia's Investment Coordinating Board (BKPM) | Investment Approval | 18 June 2008 | Valid until the company decides to cease its operation | Company shall present its Investment Activities Report every 6 months to: <ul style="list-style-type: none"> - Mayor of Jakarta Pusat; - Badan Penanaman Modal and Pendayagunaan Kekayaan & Usaha Daerah; and - The deputy of investment controller of BKPM. | Complied |
| 633/1/IU/I/PMA/PERDAGANGAN/2011 | Indonesia's Investment Coordinating Board (BKPM) | Business License | 23 September 2011 | Valid until the company decides to cease its operation | (i) Company shall implement the management and monitoring of environment matters in accordance with applicable regulations; and (ii) Company shall present its Investment Activities Report every 6 months to: <ul style="list-style-type: none"> - Mayor of Jakarta Pusat - Badan Penanaman Modal and Pendayagunaan Kekayaan & Usaha Daerah - The deputy of investment controller of BKPM. | Complied |

5. INFORMATION ON OUR GROUP (CONT'D)

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|--|--|----------------------|--|---|----------------------|
| 34/1/IU-PL/PMA/2014 | Indonesia's Investment Coordinating Board (BKPM) | Business Expansion License | 24 February 2014 | Valid until the company decides to cease its operation | (i) Company shall implement the management and monitoring of environment matters in accordance with applicable regulations; and (ii) Company shall present its Investment Activities Report every 6 months to: <ul style="list-style-type: none"> - Mayor of Jakarta Pusat - Head of BKPM of 'Daerah Khusus Ibukota' Jakarta - The deputy of investment controller of BKPM. | Complied |
| 694/1/IU-PB/PMA/2017 | Indonesia's Investment Coordinating Board (BKPM) | Amendment of Business Licenses | 30 October 2017 | Valid until the company decides to cease its operation | - | - |
| 090210447-B | Indonesia's Investment Coordinating Board (BKPM) on behalf of Trade Ministry | General Importer's Identification Number | 12 December 2017 | Valid until the company decides to cease its operation | (i) Company shall report to BKPM within 30 calendar days if: <ul style="list-style-type: none"> - there is a change in its business activities; or - there is any change in company's board of directors/commissioners, and registered address; and (ii) Company shall submit its import realisation report every 3 months to BKPM. | Complied |
| 01.048237 | Directorate General of Custom | Custom Identification Number | 3 January 2018 | - | - | - |

5. INFORMATION ON OUR GROUP (CONT'D)

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|--|-------------------------------|----------------------|--|--------------------------|----------------------|
| 97/SPPL/IP/XII/2013 | Office of Environment of Jakarta Pusat | Environmental License | 6 December 2013 | - | - | - |
| 8120109940533 | Management and Organizing Institution of Online Single Submission of Indonesia | Business Registration Number* | 3 September 2018 | Valid until the company decides to cease its operation | - | - |

Note:

* The Business Registration Number was obtained due to the implementation of the Online Single Submission ("OSS") system by the Indonesian government on 21 June 2018. The OSS system is an online system which companies in Indonesia are required to use for the purpose of transacting with the government authorities (i.e. application for licences). The Business Registration Number enables Securemetric Indonesia to have access to the OSS system.

(e) Softkey Indonesia

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|--|--------------------------|----------------------|---------------------------|--|----------------------|
| 8/I/PMA/2006 | Indonesia's Investment Coordinating Board (BKPM) | Investment Approval | 3 January 2006 | 3 January 2036 / 30 years | Company shall present its Investment Activities Report every 6 months to: <ul style="list-style-type: none"> - Mayor of Jakarta Selatan - Badan Penanaman Modal and Pendayagunaan Kekayaan & Usaha Daerah - The deputy of investment controller of BKPM | Complied |

5. INFORMATION ON OUR GROUP (CONT'D)

| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|-----------------------------|--|---|----------------------|--|--|----------------------|
| 1369/1/IP-PB/PMA/2016 | Indonesia's Investment Coordinating Board (BKPM) | Amendment of Principal License for Investment | 20 April 2016 | Valid until the company decides to cease its operation | - | - |
| 300/T/Perdagangan/2009 | Indonesia's Investment Coordinating Board (BKPM) | Permanent Business License | 27 March 2009 | Valid until the company decides to cease its operation | (i) Company shall only conduct major trade (primary distributor) and not retail; and (ii) Shall present its Investment Activities Report no later than 31 January in every year to: - Mayor of Jakarta Pusat; - 'Badan Penanaman Modal dan Promosi, Daerah Khusus Ibukota Jakarta'; and - The deputy of investment controller of BKPM. | Complied |
| 789/1/IU-PB/PMA/2017 | Indonesia's Investment Coordinating Board (BKPM) | Amendment of Business Licenses | 11 December 2017 | Valid until the company decides to cease its operation | - | - |
| 090209202-B | Indonesia's Investment Coordinating Board (BKPM) on behalf of Trade Ministry | General Importer's Identification Number | 14 December 2017 | Valid until the company decides to cease its operation | (i) Company shall report to BKPM within 30 calendar days if: - there is a change in its business activities; or - there is any change in company's board of directors/ commissioners, and registered address; and | Complied |

5. INFORMATION ON OUR GROUP (CONT'D)


| Licence no. / Reference no. | Issuing authority | Subject matter / Purpose | Issue / Renewal date | Expiry date / Duration | Major conditions imposed | Status of compliance |
|--------------------------------|--|-------------------------------|----------------------|--|---|----------------------|
| 01.042950 | Directorate General of Custom | Custom Identification Number | 16 January 2018 | - | (ii) Company shall submit its import realisation report every 3 months to BKPM. | - |
| 04/K.17/31.73.03/1.774.15/2017 | Office of Environment of Jakarta Barat | Environmental License | 11 September 2017 | - | - | - |
| 8120009813011 | Management and Organizing Institution of Online Single Submission of Indonesia | Business Registration Number* | 31 August 2018 | Valid until the company decides to cease its operation | - | - |

Note:

* The Business Registration Number was obtained due to the implementation of the Online Single Submission ("OSS") system by the Indonesian government on 21 June 2018. The OSS system is an online system which companies in Indonesia are required to use for the purpose of transacting with the government authorities (i.e. application for licences). The Business Registration Number enables Sofkey Indonesia to have access to the OSS system.

5. INFORMATION ON OUR GROUP (CONT'D)**5.8.14 Trademarks**

Generally, trademarks are registered in those countries in which the Group has operation in. As at the LPD, Securemetric Malaysia has registered the following trademarks in Malaysia:

| No. | Registered owner | Representation of trademark | Application number | Issuing authority | Date of certification or effective date / Expiry or renewal date | Classification |
|-----|-----------------------|---|--------------------|---|--|----------------|
| 1. | Securemetric Malaysia | CENTAGATE | 2011052864 | Intellectual Property Corporation of Malaysia | 11 August 2011 to 11 August 2021 | Class 9 |
| 2. | Securemetric Malaysia | CENTAGATE | 2011052865 | Intellectual Property Corporation of Malaysia | 11 August 2011 to 11 August 2021 | Class 42 |
| 3. | Securemetric Malaysia |  SECUREMETRIC TECHNOLOGY | 08006614 | Intellectual Property Corporation of Malaysia | 4 April 2018 to 4 April 2028 | Class 42 |

Securemetric Malaysia had applied for the registration of the trademark "PKI IN A BOX" with the Intellectual Property Corporation of Malaysia vide application No. 2014006027 on 29 May 2014. The application was rejected on 24 December 2014 due to the reason that the trademark is not distinctive and does not satisfy Section 10(1)(d) Trade Marks Act, 1976 which requires the trademark to contain "a word having no direct reference to the character or quality of the goods or services not being, according to its ordinary meaning, a geographical name or surname". Securemetric Malaysia decided not to appeal against the rejection as it did not wish to rename its product to comply with Section(10)(1)(d) of the Trade Marks Act, 1976. Renaming the product would have incurred time and financial cost including explanation required to be made to its existing customers. Securemetric Malaysia is of the view that the absence of a registered trademark would not affect its ability to sell its product and to secure projects.

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5. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, our Group has registered the following trademarks in other countries:

| No. | Registered owner | Representation of trademark | Registration number | Issuing authority | Place of registration | Date of certification or effective date / Expiry or renewal date | Classification |
|-----|-----------------------|-----------------------------|--|---|-----------------------|--|----------------|
| 1. | Securemetric Malaysia | CENTAGATE | IDM000469498 | Directorate General of Intellectual Property Rights | Indonesia | 13 November 2012 to 13 November 2022 | Class 9 |
| 2. | Securemetric Malaysia | CENTAGATE | KOR401495 | Department of Intellectual Property of Thailand | Thailand | 21 December 2012 to 21 December 2022 | Class 9 |
| 3. | Securemetric Malaysia | CENTAGATE | 218699 | National Office of Intellectual Property of Vietnam | Vietnam | 16 November 2012 to 16 November 2022 | Class 9 |
| 4. | Securemetric Malaysia | CENTAGATE | 4/2012/00013858 | Intellectual Property Office of the Philippines | The Philippines | 18 April 2013 to 18 April 2023 | Class 9 |
| 5. | Securemetric Malaysia | CENTAGATE | T1217090C | Intellectual Property Office of Singapore | Singapore | 12 November 2012 to 12 November 2022 | Class 9 |
| 6. | Securemetric Vietnam | PKI IN A BOX | 268323 | National office of Intellectual Property of Vietnam | Vietnam | 31 July 2014 to 31 July 2024 | Class 9 |
| 7. | Securemetric Vietnam | PKI IN A BOX | 40201516887Q International Registration number: 1266103 | Intellectual Property Office of Singapore | Singapore | 13 August 2015 to 13 August 2025 | Class 9 |
| 8. | Securemetric Vietnam | PKI IN A BOX | International Registration number: 1266103 | Intellectual Property Office of the Philippines | The Philippines | 13 August 2015 to 13 August 2025 | Class 9 |

5. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, Securemetric Malaysia has applied to register the following trademarks:

| No. | Applicant | Representation of trademark | Application number | Issuing authority | Proposed place of registration | Classification | Date of application | Status of application as at the LPD | Certification processing time |
|-----|-----------------------|-----------------------------|--------------------|---|--------------------------------|----------------|---------------------|---|------------------------------------|
| 1 | Securemetric Malaysia | CENTAGATE® BOX | 2017064939 | Intellectual Property Corporation of Malaysia | Malaysia | Class 9 | 4 August 2017 | Approved and pending issuance of certificate of registration | Estimated 1 to 2 months from LPD |
| 2. | Securemetric Malaysia | PKI IN A BOX | DOO2014027141 | Directorate General of Intellectual Property Rights | Indonesia | Class 9 | 13 June 2014 | Pending notification of any opposition to the trademark application | Estimated 13 to 19 months from LPD |

Note:

The classification referred to in the tables above refers to the NICE Classification. The NICE Classification is based on the NICE Agreement, which was concluded in 1957, concerning the international classification of goods and services for the purposes of the registration of marks. It comprises class headings, which describes the nature of goods and services in each of the thirty four (34) classes of goods and eleven (11) classes of services.

Description of classes under the NICE Classification:

Class 9: scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs, compact discs, DVDs and other digital recording media; mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing machines, computers; computer software; fire-extinguishing apparatus.

Class 42: scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

5. INFORMATION ON OUR GROUP (CONT'D)**5.8.15 Copyright and patents**

As at the LPD, we do not have any rejected copyright applications and Securemetric Malaysia has made the following application to copyright the contents of our marketing material for CENTAGATE BOX:

| No. | Applicant | Title of work | Application number | Issuing authority | Proposed place of registration | Date of application | Type of work | Status of application as at the LPD | Certification processing time |
|-----|-----------------------|---------------|--------------------|---|--------------------------------|---------------------|--------------|--|----------------------------------|
| 1. | Securemetric Malaysia | CENTAGATE BOX | LY2017001998 | Intellectual Property Corporation of Malaysia | Malaysia | 22 June 2017 | Literary | Approved and pending issuance of certificate of registration | Estimated 2 to 3 months from LPD |

Our patents that are being applied for (which are pending registration approval) are not in respect of our products and are instead associated with our methodologies (i.e. algorithm workflow) in our digital security solutions. The methodologies are not required to be successfully patented in order for them to continue to be used in our business operations. Our rationale for seeking registration of patents is to potentially create value for the patented inventions. As at the LPD, our Group does not have any registered patents. Our decision on the countries in which to apply for the registration of patents is made after considering the fact that the chosen countries predominantly conduct their business operations in English and also the potential value to be derived from registering the patents in these countries. The registration of a patent will normally take approximately 5 years from the date of application or longer depending on the complexity of the invention.

Securemetric Malaysia had applied to patent its "Hybrid Adaptive Authentication Scoring System" via patent application number US 14/843,665 with the United States Patent and Trademarks Office on 2 September 2015. The patent application was rejected on 18 April 2018 by the United States Patent and Trademarks Office due to the reason that more inventive steps (i.e. new idea or invention that is not obvious to a skilled person in that particular field) are required and documented in order to comply with Title 35 of the United States Code number 103. Securemetric Malaysia decided not to appeal against the rejection as it would involve additional time and costs. Securemetric Malaysia does not foresee that the unsuccessful application would affect Securemetric Malaysia's ability to secure projects as the patent is not required to be successfully patented in order for it to continue to be used in our business operations. We may however be faced with financial impact if the module (i.e. "Hybrid Adaptive Authentication Scoring System") behind the applied patent is also adopted by our competitors. The patent is associated with our module in CENTAGATE® and we will continue to offer the module to our customers.

5. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, Securemetric Malaysia has made applications to patent the following inventions:

| No. | Applicant | Title of Invention / Related to which product | Application number | Issuing authority | Proposed place of registration | Date of application | Status of application as at LPD |
|-----|-----------------------|--|--------------------|---|--------------------------------|---------------------|----------------------------------|
| 1. | Securemetric Malaysia | Hybrid Adaptive Authentication Scoring System ("HAASS") / CENTAGATE® | PI 2014702457 | Intellectual Property Corporation of Malaysia | Malaysia | 2 September 2014 | Applied for and pending approval |
| 2. | Securemetric Malaysia | OTP Token Device / 2FA | PH 1-2015-000292 | Intellectual Property Office of the Philippines | The Philippines | 2 September 2015 | Applied for and pending approval |
| 3. | Securemetric Malaysia | System and Method for Remote Unblocking of Security Token / PKI | PI 2014000054 | Intellectual Property Corporation of Malaysia | Malaysia | 7 January 2014 | Applied for and pending approval |
| 4. | Securemetric Malaysia | System and Method for Mobile Digital Signature Generation and Validation / PKI | PI 2013004472 | Intellectual Property Corporation of Malaysia | Malaysia | 11 December 2013 | Applied for and pending approval |
| 5. | Securemetric Malaysia | Secured Mobile Security Token Life Cycle Protection / CENTAGATE® | PI 2017701748 | Intellectual Property Corporation of Malaysia | Malaysia | 17 May 2017 | Applied for and pending approval |
| | | | PI 2017701745 | Intellectual Property Corporation of Malaysia | Malaysia | 17 May 2017 | Applied for and pending approval |

5. INFORMATION ON OUR GROUP (CONT'D)

5.8.16 Properties

As at the LPD, we do not own any properties. All properties being used for our operations are rented, as follows:

| No. | Tenant | Landlord | Location | Description and existing use | Built-up area | Rental rate (per month) | Rental/ Lease Period | Details of CF/ CCC |
|-----|------------------------|--|---|---|---|---|-------------------------------------|---|
| 1. | Securemetric Malaysia | Technology Park Malaysia Corporation Sdn Bhd | L5-E-6, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia. | Office space for Securemetric Malaysia | 464.5 square metres | RM 18,285 | 1 May 2017 to 30 April 2019 | Issue Date: 13 December 2001 Certificate No.: BP B990017 |
| 2. | Securemetric Malaysia | Technology Park Malaysia Corporation Sdn Bhd | L5-E-7B, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia. | Office space for Securemetric Malaysia | 250.8 square metres for the first two years 373.8 square metres for the remaining third year | RM 9,315 (for the first two years) RM13,882.80 (for the remaining one year) | 1 October 2018 to 30 September 2021 | Issue Date: 13 December 2001 Certificate No.: BP B990017 |
| 3. | Securemetric Indonesia | Hasim Anwar | Ketapang Business Center, 1 st and 2 nd Floor, Block C No. 11, Jl. KH. Zainul Arifin No. 20, Kel. Krukut, Kec. Tamansari, Jakarta Barat 11140, Indonesia. | Office space for Securemetric Indonesia | 136 square metres | IDR 7,104,166.67 (equivalent to RM2,013 at the exchange rate of RM1 : IDR3,529 as at LPD) | 1 September 2018 to 31 August 2020 | - |

5. INFORMATION ON OUR GROUP (CONT'D)

| No. | Tenant | Landlord | Location | Description and existing use | Built-up area | Rental rate (per month) | Rental/ Lease Period | Details of CF/ CCC |
|-----|--------------------------|-------------------------------------|---|---|---|---|--------------------------------|---|
| 4. | Securemetric Vietnam | Tung Duc-TDL Company Limited | Room 203B, TDL Office Building, No. 22, Lang Ha Street, Lang Ha Ward, Dong Da District, Hanoi, Vietnam. | Office space for Securemetric Vietnam | 75.2 square metres | VND 31,437,510 (equivalent to RM5,485 at the exchange rate of RM1 : VND5,732 as at LPD) | 11 May 2018 to 10 May 2020 | Certificate of Land use right No.: 000864QSDD* Issue Date: 23 September 2004 |
| 5. | Securemetric Vietnam | Tracodi Service Joint Stock Company | L14-08B, 14th floor, Vincom Tower, No.72 Le Thanh Ton Street, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam. | 2 workstations in a shared office for Securemetric Vietnam | Workspace of total 6 square metres in a shared office of 35 square metres | VND 6,490,000 (equivalent to RM1,132 at the exchange rate of RM1 : VND5,732 as at LPD) | 1 May 2018 to 31 October 2018 | Certificate of Land use right No.: BK629435* Issue Date: 11 June 2013 |
| 6. | Securemetric Philippines | JCamano Commercial Space Leasing | Unit 7D, 7 th Floor, Athenaeum Building, 160 L.P Leviste St, Salcedo Village, Makati City 1227, Philippines. | Office space for Securemetric Philippines | 119.64 square metres | PHP 70,408.14 (equivalent to RM5,342 at the exchange rate of RM1 : PHP13.18 as at LPD) | 1 April 2018 to 31 March 2020 | Issue Date: 16 June 2014 Certificate No.: OP-0614-0713 |
| 7. | Securemetric Singapore | Signature Space Pte Ltd | 105 Cecil Street, #06-01 The Octagon, 069534 Singapore. | Virtual office for the purpose of Securemetric Singapore's business mailing address | - | SGD 125.00 (equivalent to RM372 at the exchange rate of RM1 : SGD0.3357 as at LPD) | 6 August 2018 to 5 August 2019 | Issue Date: 14 May 1985 Certificate No.: CF 000543 |

5. INFORMATION ON OUR GROUP (CONT'D)

| No. | Tenant | Landlord | Location | Description and existing use | Built-up area | Rental rate (per month) | Rental/ Lease Period | Details of CF/ CCC |
|-----|-------------------|-------------|---|------------------------------------|-------------------|---|------------------------------------|--------------------|
| 8. | Softkey Indonesia | Hasim Anwar | Ketapang Business Center, 3 rd and 4 th Floor, Block C No. 11, Jl. KH. Zainul Arifin No. 20, Kel. Krukut, Kec. Tamansari, Jakarta Barat 11140, Indonesia. | Office space for Softkey Indonesia | 136 square metres | IDR 7,104,166.67 (equivalent to RM2,013 at the exchange rate of IDR1 : RM3,529 as at LPD) | 1 September 2018 to 31 August 2020 | - |

Note:

- * Under the laws of Vietnam, there is no requirement for certificates of fitness for occupation to be issued for the Vietnamese office premises. In order for the premises to be used as offices, they must be issued with certificates of land use right which have been issued. The certificate of land use right disclosed in Section 5.8.16 (4) was issued by the People's Committee of Hanoi City and the certificate of land use right disclosed under Section 5.8.16 (5) was issued by the People's Committee of Ho Chi Minh City.

Save for office spaces under item 2 (Securemetric Indonesia) and item 7 (Softkey Indonesia), all the other rented properties are in compliance with the relevant/applicable laws, rules and regulations for the occupation of the said properties, and we do not face any regulatory requirement or environmental issue which may materially affect our operations and utilisation of the above rented properties. We have not in the past had any penalties imposed on us with regards to any of the rented properties.

The rented office premises set out in items 2 and 7 above (office spaces for Securemetric Indonesia and Softkey Indonesia respectively) currently do not possess the local versions of the certificates of completion and compliance known as the "Sertifikat Laik Fungsi", which are the responsibilities of the respective landlords to obtain. In the event our use of the office premises is terminated by the local authority due to the absence of the "Sertifikat Laik Fungsi" we plan to relocate our offices to other office premises with the "Sertifikat Laik Fungsi" within the vicinity of the current office premises. We foresee that any relocation of our offices will not take more than a week and hence will not disrupt our operations in Indonesia. We also foresee that the cost of relocation will not be substantial and to be between IDR50 million and IDR80 million.

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5. INFORMATION ON OUR GROUP (CONT'D)**5.8.17 Top 5 major suppliers****FYE 31 December 2015**

| Major Suppliers | Supply items | RM'000 | %* | Length of relationship |
|---|--|--------------|-------------|------------------------|
| Feitian Technologies Co., Ltd ("Feitian") | OTP tokens and PKI tokens, software licensing protection dongles, smart card readers | 3,624 | 62.7 | 10 years |
| Advanced Card Systems Ltd | Smart cards and smart card readers | 518 | 9.0 | 8 years |
| SecuGen Corporation | Fingerprint readers | 372 | 6.4 | 4 years |
| Afiintra Technologies Sdn Bhd | HSMs | 327 | 5.7 | 3 years |
| Utimaco IS GmbH | HSMs | 251 | 4.3 | 6 years |
| Subtotal | | 5,092 | 88.1 | |

FYE 31 December 2016

| Major Suppliers | Supply items | RM'000 | %* | Length of relationship |
|---------------------------|--|--------------|-------------|------------------------|
| Feitian | OTP tokens and PKI tokens, software licensing protection dongles, smart card readers | 7,109 | 70.1 | 10 years |
| Ascertia Limited | <i>SigningHub</i> (digital signing software) | 768 | 7.6 | 5 years |
| Primekey Solutions AB | <i>EJBCA Enterprise</i> and PKI appliances | 484 | 4.8 | 6 years |
| Utimaco IS GmbH | HSMs | 409 | 4.0 | 6 years |
| Advanced Card Systems Ltd | Smart cards and smart card readers | 352 | 3.5 | 8 years |
| Subtotal | | 9,122 | 90.0 | |

FYE 31 December 2017

| Major Suppliers | Supply items | RM'000 | %* | Length of relationship |
|---------------------------|--|---------------|-------------|------------------------|
| Feitian | OTP tokens and PKI tokens, software licensing protection dongles, smart card readers | 6,534 | 53.4 | 10 years |
| Primekey Solutions AB | <i>EJBCA Enterprise</i> and PKI appliances | 2,660 | 21.7 | 6 years |
| Utimaco IS GmbH | HSMs | 943 | 7.7 | 6 years |
| SecuGen Corporation | Fingerprint readers | 700 | 5.7 | 4 years |
| Advanced Card Systems Ltd | Smart cards and smart card readers | 472 | 3.9 | 8 years |
| Subtotal | | 11,309 | 92.4 | |

4M-FPE 30 April 2018

| Major Suppliers | Supply items | RM'000 | %* | Length of relationship |
|-------------------------------|--|--------------|-------------|------------------------|
| Feitian | OTP tokens and PKI tokens, software licensing protection dongles, smart card readers | 1,788 | 80.9 | 10 years |
| Utimaco IS GmbH | HSMs | 62 | 2.8 | 6 years |
| Advanced Card Systems Ltd | Smart cards and smart card readers | 55 | 2.5 | 8 years |
| Afiintra Technologies Sdn Bhd | HSMs | 49 | 2.2 | 3 years |
| SecuGen Corporation | Fingerprint readers | 32 | 1.4 | 4 years |
| Subtotal | | 1,986 | 89.8 | |

5. INFORMATION ON OUR GROUP (CONT'D)

Note:

- * *As a percentage of total purchases for FYEs 31 December 2015 to 2017 and 4M-FPE 30 April 2018 of RM5.78 million, RM10.14 million, RM12.23 million and RM2.21 million, respectively.*

The increase in purchases from Feitian for the FYE 31 December 2016 from RM3.62 million to RM7.11 million were mainly due to the sales of PKI tokens and softkey licensing protection dongles from Securemetric Vietnam (Cong ty Co phan Thuong mai - Dich vu Ung dung Di dong amounting to RM1.26 million and Cong ty Co phan Chu ky so Vina amounting to RM0.84 million) and Malaysia (Harf Information Technology Co amounting to RM0.53 million and Augmented Technology Sdn Bhd amounting to RM0.36 million). The increase in purchases from Primekey Solutions AB for the FYE 31 December 2017 was mainly due to the increase in PKI solution from VAXUCO and CENTAGATE® project from PT Anabatic Technologies Tbk.

Feitian has been our supplier for 10 years, since we commenced our business in 2008. Feitian is the third party manufacturer for our software licensing protection dongles and 2FA/PKI tokens, and also our third party supplier for software licensing protection dongles. We have established a long-standing, trusted and mutually beneficial business relationship with Feitian, and as a result, it remains as our preferred supplier. We have access to 9 alternative suppliers for dongles and tokens if such a need arises or if we are no longer able to use Feitian as our main supplier. Save for Feitian, we have not made purchases constituting more than 10% of our total purchases for 4M-FPE 30 April 2018 from any other particular supplier.

We are not dependent on any particular major supplier as alternative suppliers are readily available for the supply items. We are able to collaborate with alternative suppliers to design and manufacture the relevant supply items. In addition, our management periodically considers new alternative suppliers to mitigate any risks of over-reliance on our major suppliers. We may incur potential switching costs, such as staff training, for familiarisation with the new products from alternative suppliers. However, we have taken these costs into consideration and do not anticipate any significant impact to our profit margin arising therefrom as we are confident that we would be able to negotiate favourable margins due to our regional business presence.

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5. INFORMATION ON OUR GROUP (CONT'D)**5.8.18 Top 5 major customers****FYE 31 December 2015**

| Major Customers | Revenue items | RM'000 | %* | Length of relationship |
|---------------------------------------|---------------|--------------|-------------|------------------------|
| Commerce Dot Com Sdn Bhd | PKI tokens | 1,080 | 6.4 | 9 years |
| Feitian | CENTAGATE® | 1,025 | 6.0 | 6 years |
| China Travel Hi-Tech Computer H.K Ltd | PKI project | 923 | 5.4 | 3 years |
| Myanma Computer Company Ltd | 2FA | 838 | 4.9 | 6 years |
| Scan Associates Berhad | PKI tokens | 507 | 3.0 | 6 years |
| Subtotal | | 4,373 | 25.7 | |

FYE 31 December 2016

| Major Customers | Revenue items | RM'000 | %* | Length of relationship |
|---|--------------------|--------------|-------------|------------------------|
| Bank of the Philippine Islands | CENTAGATE® | 2,838 | 11.5 | 2 years |
| Thursby Software System, Inc | Smart card readers | 2,336 | 9.4 | 3 years |
| VAXUCO | PKI project | 2,157 | 8.7 | 2 years |
| Commerce Dot Com Sdn Bhd | PKI tokens | 1,350 | 5.5 | 9 years |
| Cong ty Co phan Thuong mai - Dich vu Ung dung Di dong (Commercial Mobile Application Trading Joint Stock Company) | PKI tokens | 1,262 | 5.1 | 2 years |
| Subtotal | | 9,943 | 40.2 | |

FYE 31 December 2017

| Major Customers | Revenue items | RM'000 | %* | Length of relationship |
|---|--------------------|---------------|-------------|------------------------|
| VAXUCO | PKI project | 16,962 | 37.9 | 2 years |
| Standard Chartered Bank | PKI project | 4,270 | 9.5 | 1 year |
| Thursby Software System, Inc | Smart card readers | 2,665 | 6.0 | 3 years |
| Công ty Cổ phần Chữ ký số VINA (Vina Digital Signature Joint Stock Company) | PKI tokens | 1,957 | 4.4 | 4 years |
| Anabatic Technologies Tbk, PT | CENTAGATE® | 1,082 | 2.4 | 1 year |
| Subtotal | | 26,936 | 60.2 | |

4M-FPE 30 April 2018

| Major Customers | Revenue items | RM'000 | %* | Length of relationship |
|-----------------------------------|--------------------|--------------|-------------|------------------------|
| Thursby Software System, Inc | Smart card readers | 953 | 13.7 | 3 years |
| Hypersecu Information Systems Inc | CENTAGATE® | 944 | 13.5 | 1 year |
| Bank of the Philippine Islands | CENTAGATE® | 514 | 7.4 | 2 years |
| Tenaga Nasional Berhad | PKI project | 478 | 6.9 | 1 year |
| Standard Chartered Bank | PKI project | 343 | 4.9 | 1 year |
| Subtotal | | 3,232 | 46.4 | |

Note:

* As a percentage of total revenues for FYEs 31 December 2015 to 2017 and the 4M-FPE 30 April 2018 of RM16.98 million, RM24.75 million, RM44.77 million and RM6.97 million, respectively.

5. INFORMATION ON OUR GROUP (CONT'D)

Bank of the Philippine Islands was our major customer in FYE 31 December 2016 for the implementation of our CENTAGATE® solution. VAXUCO emerged as our main revenue contributor for FYE 31 December 2017 due to work done for PKI projects secured from VAXUCO in 2016 and the PKI project was completed in October 2017. As some of our solutions are project-based, we may derive substantial revenue from different customers each year. We are not dependent on any particular major customer for our revenue as we continually seek new customers.

5.8.19 Business strategies and prospects**Business strategies****(i) We plan to expand our regional offices as we focus our growth on SEA**

The growth and expansion of our Group has historically been centred on our growing business in SEA. Over the past 3 FYEs December 2015 to 2017, our average revenue from major countries in SEA, such as Malaysia, Vietnam, Singapore, The Philippines and Indonesia have accounted for 18.1%, 31.0%, 4.7%, 7.2% and 11.4% of our average total revenue respectively. The revenue from these major SEA countries collectively recorded a CAGR of 86.4% from FYEs December 2015 to 2017.

Based on the revenue contribution and growth of these major SEA countries, our regional track record provides us with a foundation and platform for further expansion and growth in the SEA market, as we are able to leverage on our presence in this region, as well as our established relationships with our existing customers and business partners in these countries. Given our historical track record, we expect to be able to tap into further opportunities in the existing markets in which we operate.

With this, we plan to expand our current offices in Malaysia and the Philippines as well as to increase headcounts in our project management and support, marketing, business development, customer support and technology divisions in Malaysia, Indonesia, Vietnam and the Philippines. These costs will comprise rental and renovation costs for office expansion, as well as salary and related costs for new additions to our team. These are expected to amount to approximately RM6.68 million which will be fully funded by the proceeds from our listing, and the expansion is targeted to be completed within 2 years from our Listing, as set out in **Section 3.8(a)(i)**, **Section 3.8(b)(ii)** and **Section 3.8(d)(i)** of this Prospectus.

With these opportunities and drivers for growth in SEA, we anticipate long term sustainability for our Group as we continue to focus on growth in the digital security and authentication solutions market in SEA. This is expected to contribute to the continued expansion of our Group's business, as well as to enhance the results of our operations and financial performance.

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5. INFORMATION ON OUR GROUP (CONT'D)

(ii) We will continue to expand our presence in the SEA market through increased sales and marketing activities

In order to continue increasing our market share and strengthening our presence in the SEA region, we plan to adopt the following sales and marketing strategies:

- (i) Participate in external events, exhibitions and seminars together with self-organised Chief Information Officer/Chief Security Officer roundtables where we can showcase the advantages and benefits of our solutions. We have identified the following events, exhibitions and seminars that we intend to participate in over the next two years, comprising primarily banking and IT security related events:
- CSM ACE in Malaysia
 - BankTech Asia in The Philippines
 - The Philippine Software Industry Conference in The Philippines
 - Information Security Officer Group Summit in The Philippines
 - Asian Banker Summit in Singapore
 - RSA Conference Asia Pacific and Japan in Singapore
 - ASEAN Chief Information Officer /Chief Security Officer Summit in Vietnam
 - Vietnam Digital Government in Vietnam
 - Banking Vietnam in Vietnam
 - Cyber Security Indonesia in Indonesia
 - ASEAN IT Security Conference in Indonesia
 - Self-organised Chief Information Officer roundtables in Malaysia, Singapore, Indonesia, Vietnam and The Philippines
- (ii) Leverage on our existing business relationships with our customers and business associates throughout SEA by continuing to engage them and keeping them updated on our existing and new solutions

The cost to participate in events, exhibitions and seminars, as well as our general sales and marketing expenses, is expected to amount to approximately RM1.0 million, and this amount will be fully funded by our Listing Proceeds. These expenses are targeted to be incurred over the next 2 years.

Showcasing our solutions and our track record at events, exhibitions and seminars will raise the profile and reputation of our Group in the digital security industry. Increasing our sales and marketing activities will help create enhanced visibility for our Group and our solutions. Both elements will be important as we embark on our next phase of business expansion as a public listed company.

(iii) We will continue to develop new digital security solutions to maintain our growth and sustainability in the industry

Since the commencement of our business, we have demonstrated our capabilities in developing new products and solutions using newer technologies to cater to the needs of our customers. From a distributor of third party products, we have evolved into the development of customised solutions such as 2FA, PKI and CENTAGATE®. The adoption of newer technologies to enhance the security levels of our products and solutions is evidenced by the Common Criteria certifications that we have received over the years. **Section 5.8.7(ii)** of this Prospectus sets out details of our Common Criteria certifications.

5. INFORMATION ON OUR GROUP (CONT'D)

In line with our ongoing expansion plans, we will continue to develop solutions with the latest digital security technologies to meet evolving market needs and demands. Amongst some of the new solutions that we have earmarked are as follows:

- CENTAGATE® on Cloud

We target to expand our CENTAGATE® to offer Authentication-as-a-Service. As this will be a subscription-based model, the cost will be less prohibitive as compared to a customised CENTAGATE® solution, and hence will be targeted at smaller organisations or small and medium enterprises (“SMEs”) with lesser user base and budgetary constraints. This will enable us to expand our customer base for CENTAGATE®.

- CENTAGATE® BOX for financial technology (“FinTech”)

We intend to develop a customised version of our CENTAGATE® solution for FinTech applications. Two key areas of focus will be as follows:

- (i) tokenisation to comply with PCI DSS requirements; and
- (ii) secure mobile execution environment

- Digital Signing-as-a-Service

We plan to consolidate our past PKI and digital signing project experience to offer digital signing as a subscription-based service. Digital signing is a service to apply digital signatures to formal documents to prevent unauthorised copying. As at the LPD, we have identified the following digital signing services to be developed:

- Electronic Scroll for universities, colleges and schools
- Electronic Notary for public notaries
- Electronic Invoice for enterprises
- Electronic Contract for legal firms and lawyers

- PKI IN A BOX for IOT

With the potential growth in IOT, our Group anticipates that there will be increasing demand for digital security solutions for IOT applications. This will present opportunities for our Group to customise our PKI IN A BOX to be deployed to IOT devices.

We have ongoing R&D activities focusing on the above solutions, with targeted launch of the solutions as follows:

- CENTAGATE® on Cloud by 1st quarter of 2019
- PKI IN A BOX for IOT by 2nd quarter of 2019
- Digital Signing-as-a-Service by 1st quarter of 2020
- CENTAGATE® BOX for FinTech by 1st quarter of 2021

We anticipate that the R&D cost for these new solutions will amount to approximately RM5.70 million to be funded by our Listing Proceeds and shall be utilised within 2 years from our Listing. We are allocating RM2.8 million for investment in R&D equipment for the development and testing of these new solutions, RM0.5 million for development and registration of patents related to IOT, digital signing and FinTech solutions, and RM2.40 million to expand the R&D team comprising experienced mobile security and IOT engineers.

5. INFORMATION ON OUR GROUP (CONT'D)

Our continued focus on R&D for the ongoing development of new solutions will provide our Group with the platform for long term sustainable growth. We will remain committed to investments in R&D and technology as this will continue to ensure the expansion of our Group's business and growth in our financial performance.

Prospects

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

- (a) We have resilient technologies and expertise to adapt our solutions to the changing requirements of the digital security industry;
- (b) Our engineering and R&D activities has provided the foundation and platform for our growth and expansion;
- (c) We have proven capabilities in selling our products and solutions to customers overseas;
- (d) We have a wide range of solutions that caters to customers with different levels of digital security requirements;
- (e) We have digital security solutions that are certified to international security standards;
- (f) We offer efficient and reliable customer and technical support to our customers via our regional support network;
- (g) We have an experienced and technically strong management team; and
- (h) We are well-positioned for future regional expansion.

Further details of our competitive strengths are set out in **Section 5.8.11** of this Prospectus.

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6. INDEPENDENT MARKET RESEARCH REPORT

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)
15-01, Level 15, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia
T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

25 SEP 2018

The Board of Directors

Securemetric Berhad
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Dear Sirs,

Industry Overview of Digital Security and Electronic Identification in Southeast Asia (“Industry Overview”)

This Industry Overview has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“SMITH ZANDER”) for inclusion in the Prospectus in conjunction with the listing of Securemetric Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

SMITH ZANDER

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The research for this Industry Overview was completed on 25 September 2018.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 20 years of experience in market research and strategy consulting, including over 15 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

1 INTRODUCTION

Objective of the study

This Industry Overview has been prepared in conjunction with the listing of Securemetric Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this Industry Overview is to provide an independent view of the industry and market(s) in which Securemetric Berhad and its subsidiaries ("Securemetric Group") operate and to offer a clear understanding of industry and market dynamics.

Rationale and scope of work

Securemetric Group is principally involved in the provision of digital security solutions as well as the trading of electronic identification products, and other related services. The scope of work for this Industry Overview will thus address the following three (3) areas:

- (i) The digital security industry, which is the broad industry in which Securemetric Group operates in;
- (ii) The software licensing protection dongles, two factor authentication ("2FA"), public key infrastructure ("PKI") and authentication management system markets, as these digital security solutions are the key revenue contribution to Securemetric Group at 82.8% of its total revenue for the financial year end ("FYE") 31 December 2017, and the electronic identification market, as the revenue contribution from this segment was 13.1% of Securemetric Group's total revenue for FYE 31 December 2017.

In FYE 31 December 2017, Securemetric Group's export sales comprised 87.8% of its total sales, with the major SEA countries accounting for 86.4% of its total sales. Therefore, this report will cover the software licensing protection dongles, 2FA, PKI, authentication management system and electronic identification markets in SEA; and

- (iii) The competitive landscape of the digital security industry in Malaysia and Vietnam, as Securemetric Group is based in Malaysia and its digital security solutions in Malaysia and Vietnam were the two largest revenue contributors for its FYE 31 December 2015 to FYE 31 December 2017, as well as the competitive landscape of the digital security industry in the Philippines, as Securemetric Group plans to expand its current office in the Philippines.

2 INTRODUCTION TO THE DIGITAL SECURITY INDUSTRY

There is a growing awareness of the importance of digital security with the increasing dependency on Information Technology ("IT") usage in our daily activities. IT refers to the usage of computers, networking, software and other equipment to manage information.

Organisations ranging from government agencies to business organisations are increasingly hosting large amounts of digital data on their servers, much of which is sensitive data including information about personnel and proprietary knowledge. The need to access this data in real-time, either onsite or offsite, has driven the usage of web-based management systems and applications, Internet-enabled mobile devices, wireless networks, social and peer-to-peer networks, cloud computing and virtual networks. The increasing integration of IT solutions into corporations and business as well as Government operations and infrastructure has created a complex environment of interdependencies.

All of this digital data is highly susceptible to threats such as virus attacks, espionage and digital identity theft as increasingly large amounts of hacking and malicious software is being written and released into the Internet. Digital security threats may either be targeted, whereby the perpetrator attacks a specific individual/ organisation, or automated, whereby a random vulnerable individual/ network is attacked. As a result of these threats, organisations invest in digital security solutions and systems to effectively defend their networks, servers and user devices at all times.

However, as important as it may seem, digital security solution adoption is often not a top priority for many organisations. For example, when a new business is established, priority is often placed in investing in hiring, purchasing/production of goods/services, adoption of accounting systems and purchases of computers and software to operate the business. The urgency to have adequate protection for the organisations' data as well as computer hardware and software is often overlooked. Only as digital security threats continue to evolve, will the urgency to adopt digital security solutions increase.

As with the IT industry in general, the digital security industry is undergoing continuous technological development, with increasing levels of sophistication and scale of digital threats and attacks. Digital threats

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

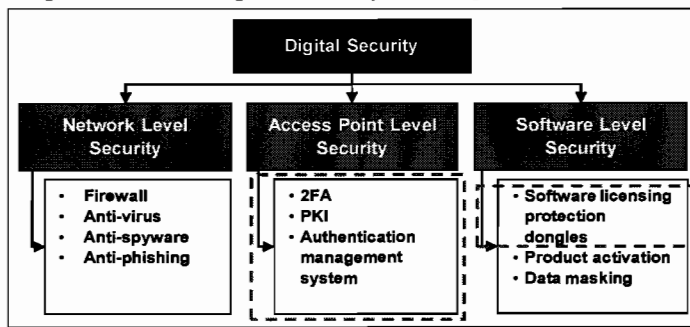
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and attacks have evolved from password guessing, hijacking of user accounts, creation and usage of viruses to invade and hack into computers, organisations, websites or systems, to increasing in volume of attack coordination targeting high-value organisations such as Government organisations and financial institutions.

Therefore, it is critical that proper digital security measures be in place at different levels of the IT infrastructure to deter, mitigate or minimise risks, vulnerabilities, threats or attacks to digital data, electronic devices and networks. Digital security solution providers who are able to provide their customers with the relevant solutions will also help to generate greater awareness and sense of urgency among their customers to adopt digital security solutions.

The digital security industry can be broadly segmented into three categories, namely network level security, access point level security and software level security.

Segmentation of Digital Security Industry



Notes:

- The examples in the chart are not exhaustive.
- [Dashed box] denotes the segments in which Securemetric Group is involved in, amongst other business activities.

Source: SMITH ZANDER

Network Level Security

Network level security provides perimeter protection to a network that connects electronic devices to the internet or intranet, from external attacks such as malicious software (i.e. viruses, spywares and ransomware) and hackers.

Network level security provides protection to the hardware and software within the network. It is important to prevent unauthorised access, extraction or alteration of important information from a network of electronic devices, such as a company's servers and storage devices. It also stops malicious software from entering or spreading in the network. Some examples of network level security are firewall, anti-virus, anti-spyware and anti-phishing.

Access Point Level Security

Access point level security provides protection to individual access points connected to a network by authenticating the identity of the access points and encrypting the transmitted information between access points. Access points can be in the form of a user/person, an electronic device (i.e. computer or mobile device) or a server. Authentication of access points is a process to verify the identity of the user, electronic device or server which is transmitting and receiving information. This is to ensure one access point knows that the other access point is who it claims to be. Access point level security is generally adopted by organisations with large amounts of private and sensitive digital data, such as Government agencies, financial institutions, data centres, and telecommunication operators. Some of the examples of access point security are 2FA, PKI and authentication management system.

Below are some of the examples of the implementation of access point level security tools:

- **2FA**
2FA is widely used in the banking industry, especially for online banking platforms. The first authentication level is when the user logs into the online banking website with their username and password. The second level of authentication is triggered when the user wants to perform a transaction within the account. With the additional required authentication the user is protected from the risk of unauthorised transactions in the event that the user's username and password are compromised.
- **PKI**
With the enforcement of passport standards by the International Civil Aviation Organisation ("ICAO"), there has been a global shift to move towards e-passports which contain an electronic chip that stores the personal information printed on the passport's data page, as well as other biometric information and biometric identifiers.

In Malaysia, as an initiative to align Malaysian passports to the ICAO standard, the Government has adopted PKI in e-passports for authentication of identities and biometric information stored in the e-

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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passport for strong border control. Similar PKI technology for passports has been implemented in the United States, the United Kingdom, Taiwan, Singapore, Ireland, Slovakia, Croatia, Slovenia, New Zealand, Canada and Finland. The implementation of PKI in e-passports ensures that the transmission of personal information through the machine and central database is encrypted and highly secured.

Software Level Security

Software level security provides protection to software by preventing unauthorised access, copy, imitation and distribution of software. Software level security is important to protect the code, design and sensitive data within the software. It also protects against reverse-engineering of intellectual property embedded in the software. Software level security is most commonly adopted by software developers and organisations who need to protect their data and software against risk of compromising critical and confidential information. Some of the examples of software level security are software licensing protection dongles and data masking.

3 SOFTWARE LICENSING PROTECTION DONGLES, 2FA, PKI AND AUTHENTICATION MANAGEMENT SYSTEM MARKETS IN SEA

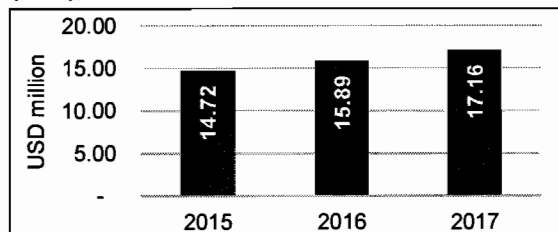
Market Performance, Size and Growth

Software licensing protection dongles

The software licensing protection dongles market in SEA grew from USD14.72 million (RM57.52 million¹) in 2015 to USD17.16 million (RM73.80 million²) in 2017, registering a Compound Annual Growth Rate ("CAGR") of 7.97% during the period.

SMITH ZANDER forecasts the software licensing protection dongles market in SEA to increase from USD17.16 million (RM73.80 million) in 2017 to USD21.32 million (RM91.70 million³) in 2020, at a CAGR of 7.50% during the period.

Software licensing protection dongle sales (SEA), 2015 to 2017



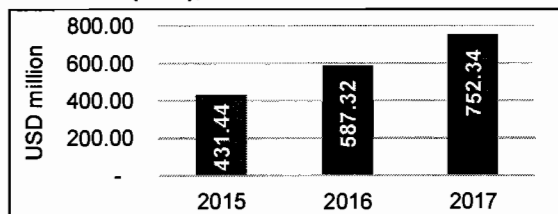
Source: SMITH ZANDER

2FA

The 2FA market in SEA grew from USD431.44 million (RM1,685.76 million) in 2015 to USD752.34 million (RM3,235.66 million) in 2017, registering a CAGR of 32.05% during the period.

SMITH ZANDER forecasts the 2FA market in SEA to increase from USD752.34 million (RM3,235.66 million) in 2017 to USD1,584.52 million (RM6,814.70 million) in 2020, at a CAGR of 28.18% during the period.

2FA sales (SEA), 2015 to 2017



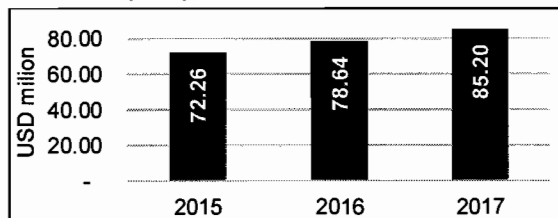
Source: SMITH ZANDER

PKI

The PKI market in SEA grew from USD72.26 million (RM282.34 million) in 2015 to USD85.20 million (RM366.43 million) in 2017, registering a CAGR of 8.59% during the period.

SMITH ZANDER forecasts the PKI market in SEA to increase from USD85.20 million (RM366.43 million) in 2017 to USD107.71 million (RM463.24 million) in 2020, at a CAGR of 8.13% during the period.

PKI sales (SEA), 2015 to 2017



Source: SMITH ZANDER

¹ Exchange rate from USD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at USD1=RM3.9073

² Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at USD1=RM4.3008

³ Exchange rate from USD to RM in 2020 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at USD1=RM4.3008

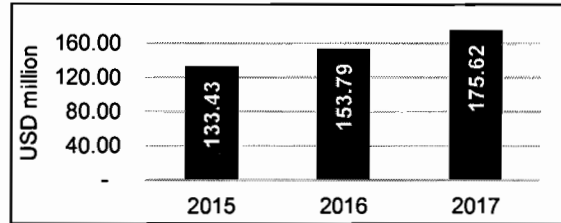
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Authentication management system

The authentication management system market in SEA grew from USD133.43 million (RM521.35 million) in 2015 to USD175.62 million (RM755.31 million) in 2017, registering a CAGR of 14.73% during the period.

SMITH ZANDER forecasts the authentication management system market in SEA to increase from USD175.62 million (RM755.31 million) in 2017 to USD259.54 million (RM1,116.23 million) in 2020, at a CAGR of 13.91% during the period.

Authentication management system sales (SEA), 2015 to 2017



Source: SMITH ZANDER

Key Demand Conditions: Market Drivers

Government initiatives will encourage the usage of digital security products

Many countries in the SEA market have recognised the importance of IT in spurring the development of a nation by driving efficiency. Many governments have launched national initiatives to increase IT development within the public sector, raise awareness of the importance of adequate adoption of digital security solutions and improve the competitiveness of digital security solutions provided by local industry players. In driving the integration of IT in government and enterprise operations, the digital security solutions industry would benefit from these initiatives taken in the IT sector. Below are some of the initiatives taken by selected SEA countries:

Malaysia

- Information Communication Technology (“ICT”) Strategic Plan (2016 – 2020) aims to align the use of technology with the business direction of the public sector, focusing on improving the productivity and efficiency of the operations and services offered by the public sector⁴.
- Digitalisation of Government services allows the public to have access to Government services in a more efficient and convenient manner. Some of the electronic services introduced by the Government of Malaysia includes e-Perolehan, myIDENTITY and e-Filing⁵.
- The Malaysia Common Criteria Evaluation and Certification (MyCC) Scheme was established under the 9th Malaysian Plan to increase Malaysia’s competitiveness in quality assurance of digital security based on Common Criteria standards and to build consumers’ confidence in Malaysian information security products⁶.

The Philippines

- National Cybersecurity Plan 2022 aims to provide recommendations on policies that will have impact on the digitalisation of Government transactions and formulate guidelines that will include the protection of electronic documents in transit, at rest, or during processing using cryptography to ensure the integrity and authenticity of the documents processed during Government transactions⁷.
- E-Government Master Plan’s Integrated Government Philippines (“iGovPhil”) program aims to interconnect all the Government agencies to improve online coordination among the Government agencies to enhance the quality of its services to the public.

As part of the security measures to ensure the confidentiality and integrity of information stored in iGovPhil, the Philippine National Public Key Infrastructure (PNPKI) was introduced as a key security feature to ensure all digital communications within the Government system under the iGovPhil program are authenticated and secured⁸.

Vietnam

- National PKI System enables customers of E-Government services to access a range of Government services electronically using a single electronic identity⁹.
- Circular No.35/2016/TT-NHNN was released by the State Bank of Vietnam on November 2016 on Security and Confidentiality in the Provision of Banking Services on the Internet.

⁴ Source: Malaysian Administrative Modernisation and Management Planning Unit

⁵ Source: Ministry of Finance, myIDENTITY, Inland Revenue Board of Malaysia

⁶ Source: Cyber Security Malaysia

⁷ Source: Republic of the Philippines – Department of Information and Communications Technology

⁸ Source: Integrated Government Philippines Program

⁹ Source: Ministry of Information and Communications of the Socialist Republic of Vietnam

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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This regulation sets out four specific limits on online transactions whereby transactions with a higher value require a more secure form of authentication. Authentication comes in multiple forms from short message services ("SMS"), one time password ("OTP") to PKI which provides the highest form of authentication and security. Effective from 1 January 2019, all banks and financial institutions in Vietnam are required to apply different authentication methods according to the transaction value¹⁰.

- Electronic Identity-based Service Delivery Framework, a pilot project by The Government of Vietnam on a new National Identity System to implement unique identification numbers for identifying and authenticating residents for Government service delivery¹¹.

Singapore

- One of the key initiatives under Singapore's Cybersecurity Strategy include strengthening the resilience of Critical Information Infrastructures for essential public services such as emergency services, e-Government, banking and finance, utilities, transport and healthcare. Actions to be taken include enhancing capability to respond to cyber threats, strengthening cybersecurity governance and legislative framework and making Government systems more secure¹².
- Under the Singapore Budget 2017, the Government of Singapore revealed that SG\$2.4 billion will be set aside as the budget for technology development. The key focuses of the budget are on digital & data, cybersecurity and Smart Nation applications¹³.

Thailand

- One of the 15 strategies under the 2017 Budget is "integrating the digital economy", where several actions are planned to adopt technology or digital solutions into daily businesses. THB2 billion was allocated to the Ministry of Digital Economy and Society to upgrade telecom infrastructure; and THB33.69 million was allocated to the Ministry of Commerce to ensure more small and medium enterprises ("SMEs") embrace the digital economy¹⁴.
- The Digital Government Plan 2017-2021 aims to broaden digital usage in all sectors, i.e. government, agriculture, tourism, education, medical and disaster prevention¹⁵.
- The Digital Economy and Society Development Plan is a 20-year plan led by the Ministry of Digital Economy and Society to transform Thailand into "Digital Thailand".
Six strategies were developed under this plan with a focus on building high-capacity digital infrastructure nationwide, increasing the usage of digital technology in all sectors, and in enhancing the level of digital security to ensure technology infrastructure and network are safe¹⁶.
- The National e-Payment Master Plan includes the implementation of an eTax system whereby the submission of tax documents, tax payments and tax refunds can be done online; and the introduction of an electronic social welfare and government ePayment system that aims to upgrade government financial transactions from traditional cash to electronic form¹⁷.

Indonesia

- Go Digital Vision 2020 aims to make Indonesia the largest digital economy in SEA by 2020. Under this vision, multiple programs have been proposed such as programs to create 1,000 technology-based entrepreneurs, to get 1 million farmers and fishermen to be involved in business digitalisation by selling and promoting their products online, and to achieve USD130 billion worth of electronic commerce ("e-commerce") transactions by 2020¹⁸.
- Roadmap e-Government 2016-2019 lays out the development plans for an integrated e-Government system with the aim to realise the nation's goal towards becoming a digital society by 2030¹⁹.

Increasing digitalisation of data leading to higher susceptibility to security threats

With the widespread adoption of IT, many organisations in the private and public sectors are integrating IT into their routine business operations, for more effective management of resources and increased productivity. Organisations today store large amounts of data in their IT systems, including personal information, financial information, military information, intellectual property and sensitive proprietary

¹⁰ Source: State Bank of Vietnam

¹¹ Source: Worldbank

¹² Source: Cyber Security Agency of Singapore

¹³ Source: Ministry of Finance Singapore

¹⁴ Source: Bureau of the Budget, Thailand

¹⁵ Source: Electronic Government Agency of Thailand

¹⁶ Source: Ministry of Digital Economy and Society

¹⁷ Source: Ministry of Finance Thailand

¹⁸ Source: Ministry of Foreign Affairs - Republic of Indonesia, Digital News Asia

¹⁹ Source: Ministry of Communication and Information Technology – Republic of Indonesia

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information, amongst others. Any security attacks to an organisation's IT systems could bring about harmful consequences and may cause failure in their business operations and reputational damage. Hence, these organisations cannot afford to have breaches in the security of their IT systems.

Organisations must ensure that their database systems are not breached by security threats, which could lead to the leakage of sensitive data. Many countries in SEA have enacted guidelines and directives in relation to data privacy and protection for the purpose of protecting individuals and placing accountability on organisations to ensure proper management of data. Hence, there is now an even more compelling reason for organisations to ensure that their IT systems are comprehensively secured to avoid any digital attacks. This benefits the digital security solutions industry as organisations look at implementing appropriate digital security measures to protect organisational data and IT infrastructure from digital threats.

Growth in the adoption of internet of things ("IoT") technology

IoT is the interconnectivity between human and devices to exchange information and knowledge. These devices have the ability to connect to the Internet, also known as "smart devices" and includes everyday items such as mobile phones, computers, lights and watches, as well as non-everyday items such as airplanes and machines. These smart devices are fitted with sensors that collect data, which are then analysed to produce useful information. This information in combination with human knowledge, will enhance human intelligence, productivity and efficiency, thereby enhancing the quality of life and promoting economic growth.

The adoption of IoT technology is driven by various factors, such as the growth in the usage of mobile phones, greater access to broadband internet, growth in the sales of sensors and the reduction in price of sensors, as well as availability of new wireless technologies. The demand for IoT technology and the awareness of the importance of secure internet connection will boost the demand for digital security.

4 COMPETITIVE LANDSCAPE OF THE DIGITAL SECURITY SOLUTIONS INDUSTRY IN MALAYSIA, VIETNAM AND THE PHILIPPINES

Malaysia

The competitive landscape of the digital security solutions industry in Malaysia comprises local and foreign companies:

- **Foreign companies**

Foreign digital security solutions industry players include global digital security solutions providers such as Symantec Corporation ("Symantec"), Ezmcom Inc, VASCO Data Security International ("Vasco"), Gemalto N.V. ("Gemalto") and Thales e-Security, Inc. ("Thales").

These foreign digital security solutions industry players may set up their own locally incorporated companies in Malaysia to support their sales and marketing activities and provision of technical support to their local clients. For example, Symantec Corporation (M) Sdn. Bhd. is the locally incorporated company of Symantec, and Eighth Intuition Sdn Bhd, is the locally incorporated company of Ezmcom Inc.

Foreign digital security solutions industry players may also distribute their products and services through appointed local distributors. These distributors may also provide technical support to their customers.

- **Local companies**

Local digital security solutions industry players consist of players who have their own products, solutions and brands, as well as distributors of foreign brands.

Examples of local digital security solutions industry players who have their own products, solutions and brands are Securemetric Group, Simple Advantage Sdn Bhd, i-Sprint Innovations Sdn Bhd and Intellego Solutions Sdn Bhd. Some of these companies also distribute third party products sourced from foreign brands.

Examples of local digital security solutions industry players who distribute foreign digital security solutions brands are Software Exc (M) Sdn Bhd, a local distributor for Symantec's software licensing protection dongles; Pacific Intech Distribution Sdn Bhd, a local distributor for Vasco's 2FA and Thales' hardware security module (hardware for PKI solution); Blue Fortress Sdn Bhd, a local distributor for Gemalto's 2FA; and Augmented Technology Sdn Bhd, a local distributor for Gemalto's PKI.

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Key industry players in Malaysia

Securemetric Group is based in Malaysia and derive its revenue mainly from the provision of digital security solutions comprising software licensing protection dongles, 2FA, PKI and authentication management system solutions. Therefore, the closest comparable companies to Securemetric Group are identified in this report based on the following:

- companies incorporated in Malaysia; and
- these companies are involved in the development, sale and trading of software licensing protection dongles, 2FA, PKI and/or authentication management system, amongst other business activities.

The following sets out the latest available revenues of the industry players which are the closest comparable companies to Securemetric Group:

| Company | Example of digital security products and solutions | Latest Available Financial Year | Revenue (RM million) |
|-------------------------------------|--|---------------------------------|----------------------|
| MIMOS Berhad | 2FA, PKI and authentication management system | 31 December 2016 | 34.42 |
| Securemetric Group | 2FA, PKI, authentication management system and software licensing protection dongles | 31 December 2017 | 44.77 |
| Pacific Intech Distribution Sdn Bhd | 2FA and PKI | 31 March 2017 | 16.73 |
| Eighth Intuition Sdn Bhd | 2FA, PKI and authentication management system | 31 December 2016 | 11.14 |
| Blue Fortress Sdn Bhd | 2FA and authentication management system | 30 June 2017 | 8.72 |
| Symantec Corporation (M) Sdn Bhd | 2FA and PKI | 31 March 2017 | 5.20 |
| Intellego Solutions Sdn Bhd | 2FA, PKI and authentication management system | 31 October 2017 | 4.73 |
| Software Exc (M) Sdn Bhd | Software licensing protection dongles | 30 June 2017 | 2.65 |
| Augmented Technology Sdn Bhd | PKI | 28 February 2017 | 8.95 |
| i-Sprint Innovations Sdn Bhd | 2FA | 31 December 2017 | 4.71 |
| Simple Advantage Sdn Bhd | PKI | 31 December 2016 | 1.65 |

Notes:

- This list is not exhaustive.
- Latest available figures as at 25 September 2018.

Source: Various company websites, Companies Commission of Malaysia ("CCM"), SMITH ZANDER

The latest revenue of the industry players listed above are extracted as per their respective latest available audited financial statements. The revenue may include revenue derived from businesses other than software licensing protection dongles, 2FA, PKI and authentication management system solutions; and revenue derived from outside Malaysia. This is due to differing segmental revenue definitions of industry players and the segmental revenue information for these industry players are not publicly available and are also not available in their respective latest available audited financial statements.

Vietnam

The competitive landscape in Vietnam is largely dominated by foreign digital security solutions providers. Generally, these players establish their presence in Vietnam either by setting up their own locally incorporated companies or representative offices, or by establishing partnerships with local companies who are either distributors or system integrators.

- **Foreign companies**

Foreign digital security solutions industry players in Vietnam include global digital security solutions providers such as Gemalto, GlobalSign Group ("GlobalSign"), Thales and VeriSign, Inc. ("VeriSign").

These foreign digital security solutions industry players may set up their own locally incorporated companies or representative offices in Vietnam to support their sales and marketing activities and/ or to provide technical support to their local clients. For example, Gemalto has a representative office in Hanoi.

Foreign digital security solutions industry players may also distribute their products and services through appointed local distributors or system integrators. These distributors may also provide technical support to their clients.

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

- **Local companies**

Local digital security solutions industry players in Vietnam consist primarily of companies who are distributors or system integrators of foreign brands. Examples of local digital security solutions industry players who are distributors or system integrators of foreign digital security solutions brands are Vietnam Digital Signature Authentication Corporation, a public certification authority ("CA") of Vietnam, which has a partnership with GlobalSign; Hung Phat Investment Development Corporation, a local distributor/ system integrator for Thales; and VietUnion Online Services Corporation, a payment service provider licensed by the State Bank of Vietnam who has a partnership with VeriSign.

Philippines

The competitive landscape in the Philippines is largely dominated by foreign digital security solutions providers. These players establish their presence in the Philippines either by setting up their own locally incorporated companies or representative offices, or by establishing partnerships with local companies who are either distributors or system integrators.

- **Foreign companies**

Foreign digital security solutions industry players in the Philippines include global digital security solutions providers such as Aircuve Inc. ("Aircuve"), Gemalto, GlobalSign, Netrust Pte Ltd ("Netrust"), and Symantec.

These foreign digital security solutions industry players may set up their own locally incorporated companies or representative offices in the Philippines to support their sales and marketing activities and/ or to provide technical support to their local clients. For example, Gemalto has a representative office in Makati City and Laguna; GMO GlobalSign Inc is the locally incorporated company of GlobalSign; and Netrust Philippines Corporation is the locally incorporated company of Netrust.

Foreign digital security solutions industry players may also distribute their products and services through appointed local distributors or system integrators. These distributors and system integrators may also provide technical support to their customers.

- **Local companies**

Local digital security solutions industry players in the Philippines consist primarily of companies who are distributors or system integrators of foreign brands. Examples of local digital security solutions industry players who are distributors or system integrators of foreign digital security solutions brands are APTSecure Technologies Inc., a distributor/ system integrator for Aircuve; Information Technology Security Distribution, Inc., a distributor/ system integrator for Gemalto and Symantec; as well as companies who are distributors/ system integrators of Symantec's brands such as, amongst others, Creative Infosolutions, Inc., M-Security Tech Philippines Inc., Nexus Technologies, Inc., Shellsoft Technology Corporation, and Trends & Technologies, Inc..

Market share

In order to compute the market share of Securemetric Group in Malaysia, the market size for digital security solutions in Malaysia is required for the computation. As the market size for digital security solutions in Malaysia could not be derived and is not publicly available, the market share of Securemetric Group in Malaysia could not be computed.

To derive the market size for digital security solutions in Malaysia, the revenue generated by local and foreign digital security solutions industry players in Malaysia has to be taken into consideration. The revenue generated by the local digital security solutions industry players (i.e. the closest comparable locally incorporated industry players in Malaysia) can be derived from their latest available audited accounts. However, there are foreign digital security solutions industry players, those with or without locally incorporated companies and/or local distributors, who may participate directly in digital security solution projects in Malaysia via their foreign-owned entities. In such cases, the revenue generated by these foreign digital security solutions industry players are directed back to their foreign-owned entities and are not captured by any locally incorporated companies and/or local distributors in Malaysia. Without the revenue generated by these foreign digital security solutions industry players, there is insufficient information to derive the market size for digital security solutions in Malaysia.

Further, there is no publicly available and/or published information on the market size for digital security solutions in Malaysia. While the market size of the overall IT market in Malaysia is publicly available, the market size for digital security solutions in Malaysia, which is a sub-segment of the IT market, is not publicly available.

5 ELECTRONIC IDENTIFICATION MARKET IN SEA

Overview

Electronic identification is adopted across a wide range of industries, including financial services, manufacturing, logistics, retail, food and beverage, transportation and agriculture industries. Electronic identification technology reduces the need for manual tracking and recording, and includes smart cards, Radio-Frequency Identification ("RFID"), barcodes and biometric identification.

A smart card is a pocket-sized card with an embedded chip to store, process and transfer information. The embedded chip functions as a memory chip or a microprocessor with security features to protect the data stored in the chip. Smart cards are often used in applications that require secure transactions and fast transfer of information from the card to the reader, such as access control cards, bank cards and identification cards.

RFID allows contactless identification at a relatively further distance between the RFID tag and reader as compared to other electronic identification technology. It is commonly used in logistics and tracking of moving objects. For example, RFID tags attached to boxes for inventory tracking, heavy duty RFID tags attached to shipping containers, heavy machinery, trucks and trains for tracking purposes, ricegrain-sized RFID tags fitted under an animal's skin for livestock tracking and anti-theft hard plastic tags containing RFID chips attached to store merchandise to prevent shoplifting.

A barcode is a printed set of lines and spaces, sometimes with a set of numbers. The printing on the barcode is unique and it is used to label items for identification and tracking purposes. As barcode readers require a direct line of sight to the printed barcode, tracking a large quantity of items individually with barcodes can be time consuming.

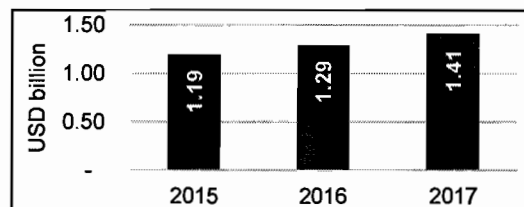
Biometric identification is used to authenticate a person's identity through unique identification of an individual's biological traits, for example fingerprints, face geometry as well as retina and iris patterns. Examples of biometric identification application are in identification cards and in electronic passports where fingerprint data is stored for identification purposes.

Market Performance, Size and Growth

The electronics identification market in SEA, represented by the total sales of smart cards, RFIDs, barcode printers and readers, and biometric identification, grew from USD1.19 billion (RM4.65 billion) in 2015 to USD1.41 billion (RM6.06 billion) in 2017 at a CAGR of 8.85%.

SMITH ZANDER forecasts the electronic identification market in SEA to increase from USD1.41 billion (RM6.06 billion) in 2017 to USD1.82 billion (RM7.83 billion) in 2020, at a CAGR of 8.88% during the period.

Electronic identification sales (SEA), 2015-2017



Source: SMITH ZANDER

Key Demand Conditions: Market Drivers

Government initiatives will encourage the usage of electronic identification

Governments in many SEA countries have recognised the importance of technology in spurring the development of a nation by driving efficiency. These countries have adopted electronic identification technology in national identification, immigration, financial services and toll road systems. As the Governments in the SEA countries continue to introduce measures to improve and enhance public services and national infrastructure through digitalisation, electronic identification as a supporting sector will benefit from these initiatives. Below are some of the initiatives taken by selected SEA countries:

Malaysia

- To encourage the country's migration towards e-payment as an aspiration to become a cheque-less economy and to reduce dependence on cash transactions, Bank Negara Malaysia introduced a lower and more transparent fee structure under its Payment Card Reform Framework in 2015, which contributed to the expansion in the number of point of sale terminals. The reduction in the average merchant discount rates for accepting debit cards by up to 28% for domestic brand debit card networks and up to 25% for the international brand debit card networks, is expected to improve the acceptance level of debit card by merchants and further increase debit card usage moving forward²⁰.

²⁰ Source: Bank Negara Malaysia

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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The Philippines

- The Philippines House of Representatives had in September 2017 approved a bill for the implementation of a National Identification System. This system aims to create a unified national identification system in the country. A national identification card to be issued under this system will contain personal information and biometric information of an individual and could be used to facilitate banking transactions and public services²¹.

Vietnam

- The scheme on the development of non-cash payments in Vietnam (2016 – 2020) led by the State Bank of Vietnam aims to reduce cash payments by promoting the use of electronic payments through card payments and online payments. Some of the measures include increasing the number of point of sale terminals, promoting the use of electronic payments in e-commerce and in Government sectors²².

Indonesia

- The national electronic identity card, also known as Kartu Tanda Penduduk Elektronik (e-KTP) was launched in 2012 to issue new identity cards to Indonesian citizens. This identity card uses contactless smart card technology and contains biometric identification²³.
- Implementation of a national standard for chip technology and 6-digit personal identity number ("PIN") technology for all automated teller machines ("ATM") and/or debit cards by Bank Indonesia, as part of its ongoing effort to mitigate fraud and align ATM and debit card standards in Indonesia, requires all users to replace their ATM and debit cards with new cards which are compliant to the new technologies. Effective 1 January 2022, all domestic ATM and/or debit card transactions are required to use cards with national standard of chip technology, and by 1 July 2017, 6-digit PINs must be used for all domestic ATM and/or debit card transactions instead of 4-digit PINs²⁴.
- Bank Indonesia and the Ministry of Public Works and Public Housing on May 2017, signed an agreement to cooperate on the expansion of electronic toll roads system nationwide. Electronic cards will be used for toll payment instead of cash²⁵.

Growth in the end user sectors drives demand for electronic identification products

Electronic identification products are widely used across various sectors, such as the financial services, manufacturing, logistics and retail sectors. Electronic identification helps businesses to improve operational efficiency and to remain competitive. In the financial sector, smart cards are used as ATM, debit and credit cards for payment transactions and biometric identification is used for a higher level of security to authenticate an account holder's identity at the bank. Between 2015 to 2017, the gross domestic product ("GDP") from the financial sector grew at a CAGR of 3.09% in Malaysia, at 7.78% in the Philippines, at 8.14% in Vietnam and at 7.18% in Indonesia.

RFID tags and barcodes are widely used for inventory tracking and management in the manufacturing sector. Electronic identification is an important part of inventory management as it helps to reduce manual processes and reduce the reliance on manpower as labour intensive tasks can be carried out faster and more effectively. Smart cards are also used as access control in manufacturing facilities to prevent unauthorised personnel accessing restricted areas. Between 2015 to 2017, the GDP from the manufacturing sector grew at a CAGR of 5.22% in Malaysia, at 7.71% in the Philippines, at 14.40% in Vietnam and at 4.26% in Indonesia.

In logistics, electronic identification is essential for tracking of goods and vehicles. Between 2015 to 2017, the GDP from the logistics sector grew at a CAGR of 5.97% in Malaysia, at 4.65% in the Philippines, at 7.91% in Vietnam and at 7.97% in Indonesia.

Electronic identification has wide applications in retail, for example, barcodes are used for tracking of goods, RFID tags are used for inventory tracking and to prevent shoplifting and smart cards are used as payment cards, gift cards and loyalty program cards. Between 2015 to 2017, the GDP from the retail sector grew at a CAGR of 8.26% in Malaysia, at 7.49% in the Philippines, at 8.36% in Vietnam and at 4.23% in Indonesia.

The demand for electronic identification products is expected to grow to support the growth of these sectors.

²¹ Source: Republic of the Philippines – House of Representatives

²² Source: The State Bank of Vietnam

²³ Source: ANTARA News

²⁴ Source: Bank Indonesia

²⁵ Source: Bank Indonesia

7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

7.1 Promoters and substantial shareholders

7.1.1 Profiles of Promoters and substantial shareholders

The profiles of our Promoters are as follows:

- (i) **Law Seeh Key**, a Malaysian, age 46, is our Promoter and controlling shareholder. He is also our Non-Independent Executive Director and Chief Executive Officer.

He was appointed to our Board on 2 February 2018. He is responsible for the overall strategic direction of Securemetric companies while overseeing business development activities especially on strategic projects and partnerships. He has over 20 years of experience in the ICT and digital security industry.

He graduated with a degree in Bachelor of Science in Information System from Campbell University, North Carolina, United States of America in July 1996.

He began his career with IBI Systems (M) Sdn Bhd in October 1996 as a Business Development Manager. He was responsible for setting up and managing computer retail chain outlets as well as leading the company's sales division. In February 2001, he left IBI System (M) Sdn Bhd and co-founded Softkey Malaysia, where he was responsible for leading and managing its overall business operations and strategic direction.

In January 2007, he co-founded Securemetric Malaysia and assumed the role of Chief Executive Officer.

Section 7.2.3 of this Prospectus contains details of Law Seeh Key's directorships and business activities performed outside our Group.

- (ii) **Nioo Yu Siong**, a Malaysian, age 44, is our Promoter and Chief Operating Officer. He is responsible for our internal operations, including production planning, procurement, inventory management and logistics.

He graduated with a Diploma in Computer Engineering from Institut Teknologi Pertama, Kuala Lumpur in December 1995.

He began his career with Computer Zone Sdn Bhd in May 1996, as a computer technician responsible for the assembly and repair of computers. In March 1997, he left Computer Zone Sdn Bhd to join PC Partners (Johor) Sdn Bhd, a subsidiary of IBI Systems, as an Assistant Technical Manager. He led technical teams to provide on-site maintenance service, repair and assembly of new computers as well as the set-up of cybercafés through the provision of computer, network cabling and management systems. In April 2000, he left PC Partners (Johor) Sdn Bhd to join IBI Systems (M) Sdn Bhd as the Technical Manager responsible for overseeing technical teams located at company headquarters and branches. In March 2003, he left IBI Systems (M) Sdn Bhd to join Softkey Malaysia as Operations Manager responsible for overall internal operations.

In January 2007, he co-founded Securemetric Malaysia and assumed the position of Chief Operating Officer.

Section 7.4.3 of this Prospectus contains details of Nioo Yu Siong's directorships and business activities performed outside our Group.

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

- (iii) **Yong Kim Fui**, a Malaysian, age 46, is our Promoter. He is also our Non-Independent Executive Director and Chief Financial Officer.

He was appointed to our Board on 2 February 2018. He is responsible for planning, implementing, managing and controlling financial and related activities for our Group.

He graduated with a Bachelor of Commerce from University of Southern Queensland, Australia in September 1996. He obtained his Certified Practising Accountant (CPA), Australia status from The Australian Society of Certified Practising Accountants (now known as CPA Australia) in March 2000 and became a Chartered Accountant with the Malaysian Institute of Accountants in June 2001.

He began his career with Coopers & Lybrand (now known as PricewaterhouseCoopers) as an auditor in January 1995. He specialised in finance and manufacturing sectors, and was involved in corporate restructuring, review of financial statements and projections for bonds and other debt instruments, initial public offerings and investigations. In August 2000, he left PricewaterhouseCoopers. In September 2000, he co-founded and took up the positions of Principal and Director in KYL Consulting Sdn Bhd, which provided accounting, taxation and advisory services. He was also involved in tax investigations, reviews of profit and cashflow forecasts and projections for corporate restructuring, reviews of financial statements for debt facilities and bonds, and refund of sales taxes.

He acted as a financial advisor to Securemetric Malaysia from January 2010 to December 2016 in order to strengthen our Group's finance function during the period. Prior to this, our Group's daily finance-related matters, including book-keeping and financial tasks, were the responsibilities of only a finance executive and an accounts clerk, with Law Seeh Key in an overseeing role. He was involved in overseeing the financial preparation process and issuance of financial information, tax, budgeting and capital planning, implementation of standard operating standards for the finance division, and the implementation of ISO 9001 and ISO 10002 for Securemetric Group. He was also involved in assisting our Group to obtain a grant from the Ministry of Science, Technology and Innovation. In December 2016, he left KYL Consulting Sdn Bhd and joined our Group as Chief Financial Officer in January 2017.

As at the LPD, he is an Independent Director of G3 Global Berhad (*formerly known as Yen Global Berhad*) (since 29 January 2016), which is listed on the Main Market of Bursa Securities. **Section 7.2.3** of this Prospectus contains details of Yong Kim Fui's directorships and business activities performed outside our Group.

- (iv) **Li Jianjun**, a Chinese, age 44, is our Promoter.

He began his career with Beijing Dingheng Cultural Development Centre as an office clerk in July 1997 and was responsible for contacting publishing houses for book publication issues. He left the company in August 2001. In September 2001, he joined Beijing Jiuzhou Shuyuan Books Co., Ltd as an Assistant Manager, where he was responsible in providing assistance in book publications. He left Beijing Jiuzhou Shuyuan Books Co., Ltd on November 2006. In December 2006, he joined Beijing Tiandi Zhidian Business Gift Design and Development Co., Ltd as sales manager responsible for sales promotion and product development. He left the company in June 2012 and in the same month, joined Beijing Tiandi Zhidian Technology Ltd (a sales monitoring equipment provider which does not have similar principal activity as our Group) as a sales manager, a position which he still holds today. He is currently responsible for sales promotion and product development of Beijing Tiandi Zhidian Technology Ltd. There is no conflict of interest as a result of his role in Beijing Tiandi Zhidian Technology Ltd and as a Promoter of Securemetric. Li Jianjun was referred to Law Seeh Key through a mutual friend. He does not have any relationship with the Promoters, substantial shareholders or Directors.

7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**7.1.2 Shareholdings**

The direct and indirect shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

| Name | Designation | Nationality | Before IPO | | After IPO | |
|---------------|---|-------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | | | Direct No. of Shares | Indirect No. of Shares | Direct No. of Shares | Indirect No. of Shares |
| Law Seeh Key | Chief Executive Officer, Director, substantial shareholder and Promoter | Malaysian | 126,337,605 | - | 126,337,605 | - |
| Nioo Yu Siong | Chief Operating Officer, substantial shareholder and Promoter | Malaysian | 22,587,895 | - | 22,587,895 | - |
| Yong Kim Fui | Chief Financial Officer, Director, substantial shareholder and Promoter | Malaysian | 14,662,500 | - | 14,662,500 | - |
| Li Jianjun | Promoter | Chinese | 12,012,000 | - | 12,012,000 | - |

Notes:

(1) Based on the enlarged number of issued shares of 175,600,000 Secured Shares after the Restructuring.

(2) Based on the enlarged number of issued shares of 243,600,000 Secured Shares after our IPO.

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7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**7.1.3 Changes in the Promoters' and substantial shareholders' shareholdings in our Company**

Save as disclosed below, there are no other changes in the shareholdings of our Promoters and substantial shareholders in our Company since its incorporation on 6 June 2017 as well as before and after our IPO:

| Name | As at 6 June 2017 (date of incorporation) | | Before IPO / As at the LPD | | After IPO | |
|---------------|---|----------|----------------------------|------------------|---------------|------------------|
| | Direct | Indirect | Direct | Indirect | Direct | Indirect |
| | No. of Shares | % | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽²⁾ |
| Law Seeh Key | - | - | 126,337,605 | 71.95 | 126,337,605 | 51.87 |
| Nioo Yu Siong | - | - | 22,587,895 | 12.86 | 22,587,895 | 9.27 |
| Yong Kim Fui | - | - | 14,662,500 | 8.35 | 14,662,500 | 6.02 |
| Li Jianjun | - | - | 12,012,000 | 6.84 | 12,012,000 | 4.93 |

Notes:

- (1) Based on the enlarged number of issued Shares of 175,600,000 Securemetric Shares after the Restructuring.
- (2) Based on the enlarged number of issued Shares of 243,600,000 Securemetric Shares after our IPO.

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

7.1.4 Voting rights of substantial shareholders and promoters in our Company

The substantial shareholders and promoters do not have different voting rights from the other shareholders in our Company.

7.2 Directors

Our Board believe that our current Board composition provides the appropriate balance in terms of skills, knowledge, experience and gender diversity to promote the interests of all shareholders and to govern our Group effectively. In adopting gender diversity, steps are taken to ensure female candidates are sought in the Company's recruitment exercise for Board representation purposes and the Company ensures that both genders are represented on its Board.

7.2.1 Profiles

As at the LPD, our Board comprises 5 members, 2 of whom are Non-Independent Executive Directors and 3 are Independent Non-Executive Directors.

| Name | Age | Gender | Date of appointment | Designation |
|---|-----|--------|---------------------|--|
| Clifton Heath Fernandez | 46 | Male | 2 February 2018 | Independent Non-Executive Chairman |
| Shireen Chia Yin Ting | 44 | Female | 2 February 2018 | Independent Non-Executive Director |
| Mohamad Rizatuddin Noor Bin Mohamed Ramli | 47 | Male | 2 February 2018 | Independent Non-Executive Director |
| Law Seeh Key | 46 | Male | 2 February 2018 | Non-Independent Executive Director / Chief Executive Officer |
| Yong Kim Fui | 46 | Male | 2 February 2018 | Non-Independent Executive Director / Chief Financial Officer |

The profiles of our Directors and chief executives are as follows:

- (i) **Clifton Heath Fernandez**, a Malaysian, age 46, is our Independent Non-Executive Chairman. He was appointed to our Board on 2 February 2018.

In June 1996, he passed his Foundation Stage Examinations from the Malaysian Institute of Accountants. He has since obtained several other professional qualifications and admitted as a:

- Certified Accounting Technician by Association of Chartered Certified Accountants in April 1998,
- Member of the Malaysian Institute of Human Resource Management in October 2001,
- Member of the Malaysian Institute of Management in February 2002,
- Associate Member of the Institute of Quality Malaysia in October 2002,
- Member of The Association of Credit Management Malaysia in January 2004,
- Chartered Member of The Institute of Internal Auditors Malaysia in April 2004,
- Associate of the Chartered Quality Institute in April 2011,
- Fellow of the Association of Chartered Certified Accountants in December 2014, and
- Member of the Malaysian Institute of Accountants in December 2017.

He began his career with TCMK Associates as an Audit, Accounting and Tax Trainee in March 1995. During his tenure with TCMK Associates, he was responsible for providing audit, taxation, accounting and management services to clients from construction, engineering and other services related industries.

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

In September 1998, he joined CEL Tractors Sdn Bhd as an Assistant Accountant, and was subsequently promoted to Human Resources, Accounts and Administration Manager in January 1999. He was responsible for developing and implementing policies and control procedures for the company. He also acted as the company's internal auditor for its Malaysian operations. He was the chair person for the credit control committee.

In November 2000, he joined QMI-Quest Sdn Bhd as a Senior Manager of Finance and Administration. He was responsible for cash management, credit control, foreign exchange control, and banking and tax matters for the company's operations in Asia as well as conducting training and consultancy activities in the area of standards and improvements.

In July 2002, he joined Quality Management Excellence Sdn Bhd as a Project Manager, Consultant and Lead Auditor. He was responsible for conducting training, consultancy and independent compliance audit services in the areas of finance, management, human resources and quality for his clients.

In January 2007, he co-founded RCERT (SEA) Sdn Bhd, a representative office of Royalcert International Registrar in the SEA region. The company was set up to provide certification services under Royalcert International Registrar as the certification body.

In July 2007, he joined Resorts World Berhad (now known as Genting Malaysia Berhad) as a Manager of Hotel Planning. He was responsible for business process re-engineering where he analysed and designed organisational business processes, business process management and process improvement activities in the company's IT planning, finance, accounting, human resources, casino and hotel operations divisions.

In March 2009, he joined Galaxy Entertainment Group Ltd as the Senior Manager of Projects and Compliance. He was responsible for strategising and scheduling implementation plans, monitoring milestones and task deliverables for the owner's gaming resort as well as for the partner's hotels, namely Okura Nikko Hotels and Banyan Tree Hotels and Resorts.

In January 2011, he joined Star Cruises (HK) Limited as a Senior Manager in Human Resources & Administration. He was the project lead for the human resources information system. He was also the Audit Lead representative for the human resources functional audit compliance, international safety management shipping standard audits and internal control review and audits.

In January 2012, he joined Venetian Orient Limited as a Senior Manager of IT Project and Compliance for Sheraton Macao Hotel and St. Regis Hotel Macao. He served as a liaison between the business unit and the IT unit in planning and coordinating systems analysis, design and implementation on projects to automate processing or improve business systems.

In September 2013, he left Venetian Orient Limited and resumed his role as the Managing Director of RCERT (SEA) Sdn Bhd. He is currently involved in the facilitation of standards and improvement programs for the company.

Clifton Heath Fernandez became acquainted with Law Seeh Key due to the provision of ISO services by RCERT (SEA) Sdn Bhd to certain Securemetric companies.

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

- (ii) **Shireen Chia Yin Ting**, a Malaysian, age 44, is our Independent Non-Executive Director. She was appointed to our Board on 2 February 2018.

She graduated with a Bachelor of Arts in Accounting and Finance from Middlesex University, United Kingdom in July 1996. In September 2003, she was certified as a Chartered Accountant by the Malaysian Institute of Accountants.

She started her career with Coopers & Lybrand (now known as PricewaterhouseCoopers) as an Audit Assistant in November 1996. She was responsible for assisting Senior Associates and Managers in audit assignments. In December 1999, she was promoted to Senior Associate and was responsible for the audit of medium and large-sized organisations, specialising in manufacturing and insurance sectors.

In May 2000, she left PricewaterhouseCoopers to join Xybase Technologies Sdn Bhd, a software solution provider as a Project Manager. She was responsible for developing concepts and business structure and identifying revenue streams for the company's electronic portal division.

In August 2001, she left Xybase Technologies Sdn Bhd to join Tune Air Sdn Bhd as a Management Accountant. As one of the pioneer staff, she was responsible for developing a business plan and feasibility study for the acquisition of AirAsia Sdn Bhd.

In December 2001, she was transferred to AirAsia Sdn Bhd as a Management Accountant after the acquisition of AirAsia Sdn Bhd by Tune Air Sdn Bhd. She was responsible for the company's budget exercise. She was involved in the listing exercise of AirAsia Berhad and was responsible for assisting the Chief Financial Officer in the due diligence exercise. Her scope of work for the due diligence exercise included providing financial documents and information for the prospectus and for the listing submission, preparation of pro forma balance sheets, forecasts and projections. In January 2004, she was promoted to Regional Management Accountant of AirAsia Berhad. She was responsible for overseeing management accounting related matters and supporting the streamlining of cost structure for the company's operations in Malaysia, Thailand and Indonesia. In November 2006, she was promoted to Regional Director of Procurement and Efficiency. She was responsible for leading the centralised procurement function of the company's operations in Malaysia, Thailand and Indonesia, including the purchase of aircraft spares, food and beverages, merchandises, duty free products and general office products. In January 2009, she was promoted to the Group Head of Catering and Inflight Business and was responsible for overseeing the overall catering and supply chain operation of the company.

She left AirAsia Berhad in January 2013 and in April 2013, she joined Malaysia Marine and Heavy Engineering Sdn Bhd as the General Manager Business Optimisation of the Offshore Business Unit. She led the development of various business process changes and launched improvement programs to upgrade business procedures. She left the company in August 2014.

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

Between September 2014 and December 2014, she was planning and preparing to set up her own advisory business. In January 2015, she founded SCG Advisory Services to provide consultation services focusing on assisting start-up companies in reorganising corporate structure and business processes. SCG Advisory Services is also involved in guiding senior management to create annual budgets and projections.

In April 2015, as part of her consultation service, she joined Tune Hotels Regional Services Sdn Bhd as Group Chief Financial Officer to lead a cost reduction exercise for the company. She was responsible for resizing and reorganising the finance, human resources, legal and procurement departments. She left the company upon the successful completion of the cost reduction exercise in November 2015. In April 2016, as part of her consultation service, she joined MIG Mobile Tech Berhad as the General Manager of Corporate Planning to facilitate the setting up of the business and operation as well as to oversee the finance department. She left the company in October 2016 and continues to provide consultation services through SCG Advisory Services to clients. As at the LPD, she is the sole employee of SCG Advisory Services.

Shireen Chia Yin Ting was referred to Law Seeh Key as a candidate for Independent Director, by Yong Kim Fui. Shireen Chia Yin Ting and Yong Kim Fui were colleagues at Coopers & Lybrand (now known as PricewaterhouseCoopers) between 1996 and 2000.

- (iii) **Mohamad Rizatuddin Noor Bin Mohamed Ramli**, a Malaysian, age 47, is our Independent Non-Executive Director. He was appointed to our Board on 2 February 2018.

He graduated with a Bachelor of Science in Computer Information System and Operation from Indiana University, Bloomington, USA in December 1993. In July 2017, he obtained his Masters in Finance from Taylor's University Lakeside Subang Jaya. He has 23 years of experience in strategic consulting, business development, technical marketing and advisory services.

He began his career with Intel Technology Sdn Bhd as Systems Analyst in January 1994 and was responsible for the design and maintenance of various business applications of the company, development and implementation of relational database for clients, site maintenance and system troubleshooting.

In January 1995, he joined Dataprep Open Systems (Asia Pacific) Sdn Bhd as an Application Software Consultant and was responsible for providing consultancy and support services for enterprise resource planning packages for small to medium size companies.

In June 1996, he joined Oracle Systems Malaysia Sdn Bhd as an Associate Product Consultant and was responsible for the marketing, pre-sales and sales support of the company's products as well as the development of proposals and project consultancy. In August 1998, he was promoted to Business Development Manager and was Oracle's business development person for Malaysia's Multimedia Super Corridor Flagship initiatives, focusing on Telemedicine development and Electronic Government Product Management Office and Human Resource Information System projects.

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

In November 1998, he joined Multimedia Development Corporation Sdn Bhd (now known as Malaysian Digital Economy Corporation Sdn Bhd) as an Account Manager and was responsible for evaluating the investment propositions of technical companies to obtain the MSC status. In April 2000, he was promoted to Manager and was responsible for evaluating the R&D and grant schemes applications of the technical companies. In March 2002, he was promoted to Senior Manager and was responsible for evaluating the R&D and grant schemes applications, managing R&D funds and the production of creative contents. In January 2007, he was promoted to General Manager and was involved in the development of cluster strategies, product marketing, portfolio management and branding of MSC Malaysia. During his tenure with Multimedia Development Corporation Sdn Bhd, he was also seconded to MOSTI from March 2004 to February 2006 as a Special Officer to MOSTI Minister. He was responsible for developing new ICT and biotechnology policies and strategic undertakings of the Ministry.

In September 2010, he joined the Special Innovation Unit of the Prime Minister's Office as an Executive Vice President. He was responsible for Malaysia's first Census of Intellectual Property as a baseline for the country's innovation efforts. In October 2011, he joined Malaysian Bio-XCell Sdn Bhd as the CEO and Director and was responsible for overseeing the overall development of the biotechnology park for biopharmaceutical and industrial biotechnology in Nusajaya Iskandar, Malaysia. In September 2015, he left Bio-XCell Sdn Bhd and took a short break before enrolling in the Masters of Finance course in Taylor's University, beginning November 2015.

While pursuing his Masters course, he joined Pinnacle Perintis Sdn Bhd as a part-time Senior Consultant in February 2016. He acted as an external advisor and project consultant to Johor Corporation where he assisted in formulating strategies and developmental plans for business structures and governance as well as the creation of new ICT-based projects.

In January 2018, he joined Kumpulan Perbadanan Johor Sdn Bhd (a wholly-owned subsidiary of Johor Corporation) as a General Manager with the responsibility of leading a team to develop innovative products and services for Johor Corporation.

Mohamad Rizatuddin Noor Bin Mohamed Ramli was referred to Law Seeh Key as a candidate for Independent Director, by a mutual friend.

(iv) **Law Seeh Key**

The profile of Law Seeh Key is set out in **Section 7.1.1** of this Prospectus.

(v) **Yong Kim Fui**

The profile of Yong Kim Fui is set out in **Section 7.1.1** of this Prospectus.

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7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**7.2.2 Particulars and Shareholdings**

The direct and indirect shareholdings of our Directors in our Company, before and after our IPO, are as follows:

| Name | Designation | Nationality | Before IPO / As at the LPD | | After IPO | |
|---|--|-------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | | | Direct No. of Shares | Indirect No. of Shares | Direct No. of Shares | Indirect No. of Shares |
| Clifton Heath Fernandez | Independent Non-Executive Chairman | Malaysian | - | - | - | - |
| Law Seeh Key | Non-Independent Executive Director / Chief Executive Officer | Malaysian | 126,337,605 | - | 126,337,605 | - |
| Yong Kim Fui | Non-Independent Executive Director / Chief Financial Officer | Malaysian | 14,662,500 | - | 14,662,500 | - |
| Shireen Chia Yin Ting | Independent Non-Executive Director | Malaysian | - | - | - | - |
| Mohamad Rizatuddin Noor Bin Mohamed Ramli | Independent Non-Executive Director | Malaysian | - | - | - | - |

Notes:

- (1) Based on the enlarged number of issued shares of 175,600,000 Securemetric Shares after the Restructuring.
(2) Based on the enlarged number of issued shares of 243,600,000 Securemetric Shares after our IPO.

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7. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)
7.2.3 Principal business activities performed outside our Group

Save as disclosed below, none of our Directors has any directorship or business activity performed outside our Group at present and in the last 5 years prior to the LPD:

| Director | Companies | Principal activities | Nature of interest or involvement | Date of appointment | Date of resignation | Effective shareholding as at the LPD (%) |
|-----------------------|---|---|-----------------------------------|---------------------|---------------------|--|
| Shireen Chia Yin Ting | Present SCG Advisory Services | Provision of consultancy and advisory services including training and business consulting services such as cost-reduction exercises, cost management and business process improvement programs. | Chief Executive Officer | 15 December 2014 | - | 100 |
| | Past Tune Hotels Capital Sdn Bhd ⁽¹⁾ | Investment holding. In the process of winding up. | Director | 18 June 2015 | 1 December 2015 | - |
| | Tune Hotels IP Sdn Bhd ⁽¹⁾ | Dormant. In the process of winding up. | Director | 18 June 2015 | 1 December 2015 | - |
| | Tune Hotels Real Estate Sdn Bhd ⁽¹⁾ | Dormant. In the process of winding up. | Director | 18 June 2015 | 1 December 2015 | - |
| | Tune Hotels 2 Sdn Bhd | Dormant. | Director | 18 June 2015 | 1 December 2015 | - |
| | THI Sdn Bhd ⁽¹⁾ | Construction, management and operation of hotel. In the process of winding up. | Director | 18 June 2015 | 1 December 2015 | - |
| | | | | | | |

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

| Director | Companies | Principal activities | Nature of interest or involvement | Date of appointment | Date of resignation | Effective shareholding as at the LPD (%) |
|-------------------------|--|---|---|---------------------|---------------------|--|
| Clifton Heath Fernandez | Present Analabs Resources Berhad | Investment holding and provision of management services. Its subsidiaries are principally involved in: i) Manufacturing, formulation and sale of resins, chemicals and building materials; ii) Recovery and sale of recycled products; iii) Culture and sale of prawns; iv) Investment holding and property letting; and v) Contract work, pipe laying and rehabilitation. | Independent Non-Executive Director | 16 February 2016 | - | - |
| | RCERT (SEA) Sdn Bhd | Training and certification services, research and organise programmes in International Standards for Organisations ("ISO") standards and improvements. | Managing Director and controlling shareholder | 1 December 2011 | - | 50 |
| | Past Klinik Fernandez Sdn Bhd | Dissolved. | Director | 10 February 2012 | - | - |
| | Schnells International Sdn Bhd | Dormant. | Director and shareholder | 14 August 2014 | 29 April 2017 | - |

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

| Director | Companies | Principal activities | Nature of interest or involvement | Date of appointment | Date of resignation | Effective shareholding as at the LPD (%) |
|---|---|--|--|----------------------|---------------------|--|
| Mohamad Rizatuddin Noor Bin Mohamed Ramli | Present Nashata Lifestyle Sdn Bhd | Trading in sportswear for Muslim women | Director and shareholder | 11 June 2013 | - | 24,999 |
| Law Seeh Key | Present Softkey Malaysia ⁽²⁾ | Trading and supplying digital security devices and solutions. In the process of being struck off. | Director and controlling shareholder | 28 February 2001 | - | 85 |
| | Past Numerical Venture Sdn Bhd ("Numerical Venture") | Dormant. It was incorporated with the intended principal activity of investment holding. | Director and controlling shareholder | 11 March 2016 | 28 February 2018 | - |
| | Flipbox Secure Sdn Bhd | Information technology services. | Director and controlling shareholder | 29 September 2016 | 15 December 2016 | - |
| | JAG Berhad | Investment holding and engaged in the business of computer software development, maintenance and support services. | Senior Independent Non- Executive Director | 13 October 2010 | 16 June 2014 | - |

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

| Director | Companies | Principal activities | Nature of interest or involvement | Date of appointment | Date of resignation | Effective shareholding as at the LPD (%) |
|--------------|--|--|------------------------------------|---------------------|---------------------|--|
| Yong Kim Fui | Present G3 Global Berhad <i>(formerly known as Yen Global Berhad)</i> | Principally involved in investment holding with its subsidiary companies principally involved in the provision of services relating to specialised treatment and finishing process of jeanswear, and marketing, distributing and retailing of jeanswear, footwear, ready-made clothing, handbags and other fashion apparels as well as distribution of ICT products and services, and products offering Internet of Things (IOT) related solutions and services. | Independent Non-Executive Director | 29 January 2016 | - | - |
| | Past KYL Consulting Sdn Bhd | Providing computer related services, accounting and consultancy services | Director | 15 September 2000 | 30 September 2016 | - |

Notes:

- (1) Shireen Chia Yin Ting has resigned as a director from these companies and as such, she is unaware of the definite/estimated timeframe to complete the winding up process for these companies.
- (2) An application to strike off Sofkey Malaysia has been submitted to the CCM by the director of the said company on 11 September 2017. The application is being processed by CCM. Upon being struck off, the name of Sofkey Malaysia will be gazetted and thereafter deemed dissolved pursuant to Section 551 (3) of the Act. There is no definite time frame for the entire process as it is dependent on the processing time by CCM.

Clifton Heath Fernandez is presently an Independent Non-Executive Director of Analabs Resources Berhad. He is not involved in the day-to-day operations of Analabs Resources Berhad, and his involvement is only to the extent of attending meetings and discharging his responsibilities as an Independent Director. As the Managing Director of RCERT (SEA) Sdn Bhd, he is presently involved in the training and consultancy business. His involvements with these companies are not expected to affect his ability to discharge his responsibilities as our Independent Non-Executive Chairman.

Law Seeh Key, as our Non-Independent Executive Director is not presently involved in any business activity outside the Group, as Sofkey Malaysia is in the process of being struck off.

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

Yong Kim Fui, as our Non-Independent Executive Director is not presently involved in any business activity outside the Group. As the Independent Director of G3 Global Berhad, he is not involved in its day-to-day operations. His involvement is only to the extent of attending meetings and discharging his responsibilities as an independent director, which has not and will not affect his contributions and commitment to our Group. The principal activities of G3 Global Berhad are not in competition with the principal activities of our Group. G3 Global Berhad through its subsidiary, Atilze Digital Sdn Bhd, provides IOT-related solutions and services such as Connected Car Solutions, Advanced Driver Assistance Systems (ADAS), Smart intelligent city, Smart Agriculture and aquaculture, Smart living home and D'Home smart services. These IOT-related solutions and services are not similar to our Group's principal activities.

Shireen Chia Yin Ting is presently the Chief Executive Officer of SCG Advisory Services which provides consultation services. Our Group does not have any interest or relationship nor any transaction with SCG Advisory Services. She is not presently a director of any other company nor is she involved in any other business which would affect her ability to discharge her responsibilities as our Independent Non-Executive Director.

Mohamad Rizatuddin Noor Bin Mohamed Ramli is presently a director and shareholder in Nashata Lifestyle Sdn Bhd, which trades in sportswear for Muslim women. His involvement in the business is not expected to affect his ability to discharge his responsibilities as our Independent Non-Executive Director.

Notwithstanding the above, our Audit Committee will review any existing or potential conflict of interest situation whenever declared or brought to the attention of the Audit Committee and the Directors of our Company will disclose such conflicts of interest situations, if any, for resolutions as and when they arise.

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

7.2.4 Board practices

Directors' term of office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office and the date of expiration of their respective term of office are set out below:

| Name | Age | Designation | Date of appointment | Date of expiration of the current term of office | No. of year(s) in office |
|---|-----|--|---------------------|--|--------------------------|
| Clifton Heath Fernandez | 46 | Independent Non-Executive Chairman | 2 February 2018 | Annual general meeting in 2018 | Less than 1 |
| Law Seeh Key | 46 | Non-Independent Executive Director / Chief Executive Officer | 2 February 2018 | Annual general meeting in 2018 | Less than 1 |
| Yong Kim Fui | 46 | Non-Independent Executive Director / Chief Financial Officer | 2 February 2018 | Annual general meeting in 2018 | Less than 1 |
| Shireen Chia Yin Ting | 44 | Independent Non-Executive Director | 2 February 2018 | Annual general meeting in 2018 | Less than 1 |
| Mohamad Rizatuddin Noor Bin Mohamed Ramli | 47 | Independent Non-Executive Director | 2 February 2018 | Annual general meeting in 2018 | Less than 1 |

Pursuant to our Constitution, at the first annual general meeting of the Company, all the Directors shall retire from office and at the annual general meeting in every subsequent year, 1/3 of our Directors for the time being, or, if their number is not a multiple of 3, the nearest 1/3 with minimum of 1, shall retire from office and an election of Director shall take place at each annual general meeting of the Company. Each Director shall eligible retire once in every 3 years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting. The Directors to retire in each year shall be those who have been longest in office since their last election or appointment. For Directors who became or were last re-elected Directors on the same day, the Directors to retire shall be determined by lot (unless they agree otherwise between themselves). The Directors shall have power at any time from time, to appoint, subject to recommendation by the Nomination Committee and the approval of the Board, any person to be a Director, either to fill a casual vacancy or as an additional Director to the existing Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with this Constitution. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are retire by rotation at such meeting.

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

7.3 Audit, risk management, remuneration and nomination committees

7.3.1 Audit Committee

The composition of our Audit Committee is set out below:

| Name | Designation | Directorship |
|---|-------------|------------------------------------|
| Shireen Chia Yin Ting | Chairperson | Independent Non-Executive Director |
| Clifton Heath Fernandez | Member | Independent Non-Executive Chairman |
| Mohamad Rizatuddin Noor Bin Mohamed Ramli | Member | Independent Non-Executive Director |

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting and financial reporting matters. The Audit Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) to review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practice, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) to review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (d) to consider the major findings and internal investigations and management's response; and
- (e) to perform such other functions as may be requested by our Board.

The recommendations of our Audit Committee are subject to approval of our Board.

7.3.2 Risk Management Committee

The composition of our Risk Management Committee is set out below:

| Name | Designation | Directorship / Designation |
|-------------------------|-------------|------------------------------------|
| Clifton Heath Fernandez | Chairman | Independent Non-Executive Chairman |
| Shireen Chia Yin Ting | Member | Independent Non-Executive Director |
| Yong Kim Fui | Member | Non-Independent Executive Director |
| Nioo Yu Siong | Member | Chief Operating Officer |

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

Our Board has the overall responsibility for risk oversight and risk management within our Group. However, as a committee of our Board, our Risk Management Committee shall lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality products and solutions and monitor the risk culture and processes throughout our Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives.

The duties and responsibilities as stated in the terms of reference of our Risk Management Committee include the following:

- (a) to oversee and recommend the risk management policies and procedures of our Group;
- (b) to review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (c) to implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (d) to set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
- (e) to review the risk profile of our Group including all our subsidiaries and to evaluate the measures taken to mitigate the business risks; and
- (f) to review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite.

The recommendations of our Risk Management Committee are subject to approval of our Board.

7.3.3 Remuneration Committee

The composition of our Remuneration Committee is set out below:

| Name | Designation | Directorship |
|---|-------------|------------------------------------|
| Shireen Chia Yin Ting | Chairperson | Independent Non-Executive Director |
| Clifton Heath Fernandez | Member | Independent Non-Executive Chairman |
| Mohamad Rizatuddin Noor Bin Mohamed Ramli | Member | Independent Non-Executive Director |

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

Our Remuneration Committee's term of reference includes, amongst others, the following:

- (i) to review and recommend to our Board the remuneration packages of our Non-Independent Executive Directors and if applicable, senior management, which should be aligned with the business strategy and long-term objectives of our Company. Any member of the Committee who is a Non-Independent Executive Director must not participate in the deliberation and in any decision on his/her own remuneration;
- (ii) to review annually the performance of our Directors and recommend to our Board specific adjustments in remuneration and/or reward payments to be passed at a general meeting;
- (iii) to formulate policies, guidelines and set criteria for remuneration packages for our Directors and to ensure that our Directors are fairly and appropriately remunerated according to the general market sentiments or conditions;
- (iv) to review and recommend to our Board the compensation payable to our Directors in connection with any loss or termination of their office or appointment or arrangements relating to dismissal or removal for misconduct and to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for our Company; and
- (v) to ensure that all remuneration packages and benefits given to the Directors are in compliance with the laws, rules, requirements, regulations and guidelines set by the relevant authorities and our Board from time to time.

The determination of the remuneration package of our Non-Executive Directors is by our Board as a whole and the Director concerned should abstain from discussing or deliberating his/her own remuneration.

7.3.4 Nomination Committee

The composition of our Nomination Committee is set out below:

| Name | Designation | Directorship |
|---|-------------|------------------------------------|
| Mohamad Rizatuddin Noor Bin Mohamed Ramli | Chairman | Independent Non-Executive Director |
| Clifton Heath Fernandez | Member | Independent Non-Executive Chairman |
| Shireen Chia Yin Ting | Member | Independent Non-Executive Director |

Our Nomination Committee's term of reference includes, amongst others, the following:

- (i) to assess and recommend to our Board, nominees for directorships and committee members, having regard to their competencies, expertise, experience, potential conflict of interests, commitment, contribution and performance;
- (ii) to assess and evaluate, on an annual basis, or as required, the desirability of the overall composition of our Board and the balance amongst executive, non-executive and independent directors;
- (iii) to establish a mechanism for annual assessment on the performance and effectiveness of our Board as a whole and the contribution of each Director to the performance of our Company. Such annual assessment should be based on objective performance criteria, which is in line with established key performance indicators, as approved by our Board;

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

- (iv) to recommend and ensure that our Board receives appropriate continuous training in order to maintain an adequate level of competency and to effectively discharge their roles as our Directors; and
- (v) to oversee the appointment, management succession planning and performance evaluation of our Board and committees.

7.3.5 Remuneration and Material Benefits-in-kind

The remuneration of our Directors, which includes salaries, bonuses, fees and allowances as well as other benefits, must be recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees must be further approved by our shareholders in a general meeting.

There have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the 2 years preceding the date of this Prospectus.

No remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) were paid for FYE 31 December 2017 to our Directors and chief executives as the Board members were appointed on 2 February 2018, which is after FYE 31 December 2017.

The remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) proposed to be paid for FYE 31 December 2018 to our Directors and chief executives are as follows:

| FYE 31 December 2018 | Estimated | | | | | |
|--|---------------|------------------|-----------------|--------------------------------|-------------------------------|-----------------|
| | Fee RM'000 | Salary RM'000 | Bonus RM'000 | Meeting allowance RM'000 | Other emoluments RM'000 | Total RM'000 |
| Directors | | | | | | |
| Law Seeh Key | 84 | 516 | - | - | - | 600 |
| Yong Kim Fui | 84 | 339 | - | - | - | 423 |
| Clifton Heath Fernandez | 42 | - | - | - | - | 42 |
| Shireen Chia Yin Ting | 36 | - | - | - | - | 36 |
| Mohamad Rizatuddin Noor Bin Mohamed Ramli | 36 | - | - | - | - | 36 |

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

7.4 Key senior management and key technical personnel

7.4.1 Profiles of our key senior management

Our key senior management is responsible for the day-to-day management and operations of our Group. As at the LPD, the members of our key senior management team are as follows:

| Name | Designation |
|------------------------------|---|
| Law Seeh Key | Non-Independent Executive Director / Chief Executive Officer |
| Yong Kim Fui | Non-Independent Executive Director / Chief Financial Officer |
| Nioo Yu Siong | Chief Operating Officer |
| Yee Wen Biau | Vice President of Engineering |
| Mohd Affendi Bin Abdul Razak | Vice President of Project Sales |
| Yen Chee Khan | Vice President of Product Sales |
| Tan Yu Win | Vice President of Project Management and Support |

The profiles of our key senior management are as follows:

(i) **Law Seeh Key**

The profile of Law Seeh Key is set out in **Section 7.1.1** of this Prospectus.

(ii) **Yong Kim Fui**

The profile of Yong Kim Fui is set out in **Section 7.1.1** of this Prospectus.

(iii) **Nioo Yu Siong**

The profile of Nioo Yu Siong is set out in **Section 7.1.1** of this Prospectus.

(iv) **Yee Wen Biau**, a Malaysian, age 35, is our Vice President of Engineering. He is responsible for our overall product and project development from planning, development of products and solutions, testing, installation and implementation.

He graduated with a Bachelor of Science in Computing from Staffordshire University, England in April 2005. In March 2011, he received his qualification and was admitted as a member under EC-Council Certified Secure Programmer from EC-Council and in November 2015, he received his certification for completing the Certified Information System Security Professional course conducted by AKATI Consulting (M) Sdn Bhd.

He started his career with Dayhol Sdn Bhd as a System Engineer in April 2005. He was responsible for software development, network maintenance and system support. In February 2006, he joined Chung Ching Middle School as an IT technician and Computer Teacher. He left in October 2006 to join Mach Telecommunications Systems Sdn Bhd as a Software Engineer. In February 2010, he left Mach Telecommunications Systems Sdn Bhd to join Securemetric Malaysia as a Senior Software Engineer. He was responsible for system analysis and design, system development, hardware integration with HSM and PKI tokens, and setup and maintenance of PKI systems. In January 2014, he was promoted to Software Development Manager and was subsequently promoted to our Group's Vice President of Engineering in January 2017.

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

- (v) **Mohd Affendi Bin Abdul Razak**, a Malaysian, age 44, is our Vice President of Project Sales. He is responsible for our Group's overall project sales, supervising the project sales team, identifying potential customers and maintaining contact with existing customers.

He graduated with a Bachelor of Science in Computer Engineering from the University of Hartford, Connecticut, USA in January 2000. He is a Microsoft Certified Professional.

In May 2000, he joined MSCTrustgate.com Sdn Bhd as a PKI Consultant where he was responsible in providing technical consultancies focusing in PKI technology and cryptography solution. In November 2006, he was promoted to Head of Technical and was responsible for managing the technical, operation and project development team. In January 2010, he was promoted to Chief Technology Officer where his responsibilities include conducting research, developing strategies and plans to identify new project development. He was also tasked with ensuring effective internal communication with the sales, operation and project development team.

In May 2015, he left MSCTrustgate.com Sdn Bhd and took up freelance jobs such as preparing technical proposals and providing technical advices before joining Securemetric Malaysia in August 2015 as Vice President of Project Sales.

- (vi) **Yen Chee Khan**, a Malaysian, age 38, is our Vice President of Product Sales. He is responsible for the strategic planning and coordination with each country's managers and team members for the sales and marketing of our Group's products, leading and managing our Group's product sales team, and sourcing for new products.

He graduated with a Diploma in Commerce and Administration Majoring in Accounting from New Era College, Malaysia in December 2002. In March 2003, he joined Ye Chiu Metal Smelting Berhad as a Management Trainee in the Product Sourcing Department where he assisted in sourcing for raw materials.

In September 2003, he left Ye Chiu Metal Smelting Berhad and joined Softkey Malaysia as an Assistant Product Manager where he was responsible for the sales and marketing of ICT security products and coordinating with branches for stocks and technical specification requirement gathering. In August 2006, he was promoted to become a Senior Product Manager responsible for leading and managing the product sales team to market and distribute ICT security products as well as to take charge of product sourcing. In January 2008, he joined Securemetric Malaysia to lead the Malaysian product sales team and coordinate with each branch's country manager to facilitate product sales. In January 2011, he was promoted to become our Vice President of Product Sales.

- (vii) **Tan Yu Win**, a Malaysian, age 39, is our Vice President of Project Management and Support. He is responsible for our Group's project deliveries, pre-sales consultancy and post-sales customer service.

He graduated with a Bachelor of Science (Communication and Information Technology) from Edith Cowan University, Western Australia in October 2003.

In April 2001, he joined MSCTrustgate.com Sdn Bhd as a Software Developer responsible for the analysis, design and development of systems. He implemented an alternative CA system for the company using EJBCA software which allowed the company to target new markets segments. In May 2008, he left MSCTrustgate.com Sdn Bhd and joined SignCharge Sdn Bhd as Vice President of Technology responsible for assisting the company to adopt mobile PKI technology as its core business offering in Malaysia.

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

In January 2011, he joined SignCharge Ltd (parent company of SignCharge Sdn Bhd) and was based in Beijing, China for 2 years as Chief Technology Officer responsible for the adaptation, integration and implementation of mobile PKI technology for telecommunication companies in Hong Kong, Macau and China.

In January 2014, he left SignCharge Ltd to join Securemetric Malaysia as Vice President of Project Management and Support. In the same year, he obtained a certification for Project Management Professional from Project Management Institute, USA and Project Leadership from PIKOM, Malaysia. Besides overseeing the project management team, he also personally pitched and won 3 overseas PKI projects for our Group.

7.4.2 Profiles of our key technical personnel

Our key technical personnel are responsible for the technical aspects of the products and solutions of our Group. As at the LPD, the members of our key technical team are as follows:

| Name | Designation |
|------------------------------|--|
| Law Seeh Key | Non-Independent Executive Director / Chief Executive Officer |
| Yee Wen Biau | Vice President of Engineering |
| Mohd Affendi Bin Abdul Razak | Vice President of Project Sales |
| Tan Yu Win | Vice President of Project Management and Support |

The profiles of our key technical team are as follows:

(i) **Law Seeh Key**

The profile of Law Seeh Key is set out in **Section 7.1.1** of this Prospectus.

(ii) **Yee Wen Biau**

The profile of Yee Wen Biau is set out in **Section 7.4.1** of this Prospectus.

(iii) **Mohd Affendi Bin Abdul Razak**

The profile of Mohd Affendi Bin Abdul Razak is set out in **Section 7.4.1** of this Prospectus.

(iv) **Tan Yu Win**

The profile of Tan Yu Win is set out in **Section 7.4.1** of this Prospectus.

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

The remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our key senior management and key technical personnel for services rendered in all capacities to our Group for FYE 31 December 2017 and FYE 31 December 2018 are as follows:

| FYE 31 December 2018 | Bands of RM50,000 | | | |
|------------------------------|-------------------|-----------------|---------------------|-----------------|
| | Salary RM'000 | Bonus RM'000 | Allowance RM'000 | Total RM'000 |
| Nioo Yu Siong | 201 – 250 | 0 – 50 | - | 201 – 250 |
| Yee Wen Biau | 151 – 200 | 0 – 50 | 0 – 50 | 151 – 200 |
| Mohd Affendi Bin Abdul Razak | 201 – 250 | 0 – 50 | 0 – 50 | 201 – 250 |
| Yen Chee Khan | 151 – 200 | 0 – 50 | 0 – 50 | 151 – 200 |
| Tan Yu Win | 201 – 250 | 0 – 50 | 0 – 50 | 201 – 250 |

| FYE 31 December 2017 | Bands of RM50,000 | | | |
|------------------------------|-------------------|-----------------|---------------------|-----------------|
| | Salary RM'000 | Bonus RM'000 | Allowance RM'000 | Total RM'000 |
| Law Seeh Key | 251 – 300 | 0 – 50 | - | 351 – 400 |
| Yong Kim Fui | 151 – 200 | 0 – 50 | - | 151 – 200 |
| Nioo Yu Siong | 201 – 250 | 0 – 50 | - | 201 – 250 |
| Yee Wen Biau | 101 – 150 | 0 – 50 | 0 – 50 | 151 – 200 |
| Mohd Affendi Bin Abdul Razak | 151 – 200 | 0 – 50 | 0 – 50 | 151 – 200 |
| Yen Chee Khan | 151 – 200 | 0 – 50 | 0 – 50 | 201 – 250 |
| Tan Yu Win | 151 – 200 | 0 – 50 | 0 – 50 | 201 – 250 |

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

7.4.3 Shareholdings of our key senior management and key technical personnel

The direct and indirect shareholdings of our key senior management and key technical personnel in our Company before and after our IPO are as follows:

| Name | Designation | Nationality | Age | Before IPO / As at the LPD | | After IPO | | | | | |
|------------------------------|--|-------------|-----|----------------------------|------------------|---------------------------|------------------|-------------------------|---------------------------|------------------|---|
| | | | | Direct No. of Shares | % ⁽¹⁾ | Indirect No. of Shares | % ⁽²⁾ | Direct No. of Shares | Indirect No. of Shares | % ⁽²⁾ | |
| Law Seeh Key | Non-Independent Executive Director / Chief Executive Officer | Malaysian | 46 | 126,337,605 | 71.95 | - | - | 126,337,605 | 51.87 | - | - |
| Yong Kim Fui | Non-Independent Executive Director / Chief Financial Officer | Malaysian | 46 | 14,662,500 | 8.35 | - | - | 14,662,500 | 6.02 | - | - |
| Nioo Yu Siong | Chief Operating Officer | Malaysian | 44 | 22,587,895 | 12.86 | - | - | 22,587,895 | 9.27 | - | - |
| Yee Wen Biau | Vice President of Engineering | Malaysian | 35 | - | - | - | - | 70,000 | 0.03 | - | - |
| Mohd Affendi Bin Abdul Razak | Vice President of Project Sales | Malaysian | 44 | - | - | - | - | 60,000 | 0.02 | - | - |
| Yen Chee Khan | Vice President of Product Sales | Malaysian | 38 | - | - | - | - | 70,000 | 0.03 | - | - |
| Tan Yu Win | Vice President of Project Management and Support | Malaysian | 39 | - | - | - | - | 65,000 | 0.03 | - | - |

Notes:

(1) Based on the enlarged number of issued shares of 175,600,000 Securemetric Shares after the Restructuring.

(2) Based on the enlarged number of issued shares of 243,600,000 Securemetric Shares after our IPO and assuming full subscription of the Shares reserved under the Pink Form Allocations.

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

7.4.4 Involvement of our key senior management in other businesses and corporations outside our Group

Save as disclosed below, none of our key senior management is involved in other businesses or corporations outside our Group at present and in the last 5 years prior to the LPD:

| Key senior management | Companies | Principal activities | Nature of involvement | Date of appointment | Date of resignation | Effective shareholding as at the LPD (%) |
|-----------------------|------------------------------------|--|--------------------------------------|---------------------|---------------------|--|
| Nioo Yu Siong | <u>Present</u> Softkey Malaysia | Trading and supplying digital security devices and solutions (in the process of being struck off). | Director and shareholder | 2 November 2006 | - | 5 |
| | <u>Past</u> Numerical Venture | Dormant (intended principal activity of investment holding). | Director and controlling shareholder | 11 March 2016 | 28 February 2018 | - |
| | NEP Trading | Internet, computer and accessories sales and services (registration expired on 28 November 2013). | Sole proprietor | - | - | - |
| | Adkey Sdn Bhd | Engaged in marketing and printing paper products (has been struck off on 8 June 2017). | Director and shareholder | 30 August 2006 | - | - |

Nioo Yu Siong, our Chief Operating Officer, is not presently involved in any business activity outside the Group, as Softkey Malaysia is in the process of being struck off.

Notwithstanding the above, our Audit Committee will review any conflict of interest or potential conflict of interest situations whenever declared or brought to the attention of the Audit Committee and the Directors of our Company will disclose such conflicts of interest situations, if any, for any resolutions as and when they arise.

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

7.5 Declarations from our Promoters, Directors and key senior management

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

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he/she was a director of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding. If convicted, the date must be calculated from the date of conviction or if sentenced to imprisonment, from the date of release from prison;
- (iv) in the last 10 years, any judgment, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;
- (vii) the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) whether there is any unsatisfied judgement against him/her.

7.6 Family relationships and/or association

There are no family relationships and/or association between any of our Directors, Promoters, substantial shareholders and key senior management.

7.7 Service agreements

There is no existing or proposed service contract between the Group and its Directors, key senior management or key technical personnel as at the LPD.

7.8 Change in operations

As at the LPD, there is no arrangement the operation of which may at a subsequent date result in a change in control of the Group.

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

7.9 Employees

| Category | No. of employees | |
|----------------------|------------------------|---------------|
| | As at 31 December 2017 | As at the LPD |
| Business development | 31 | 28 |
| Operations | 14 | 19 |
| Technology | 33 | 42 |
| Finance and accounts | 8 | 8 |
| Management | 7 | 7 |
| Total | 93 | 104 |

| Location | No. of employees | |
|----------------------------|------------------------|---------------|
| | As at 31 December 2017 | As at the LPD |
| Malaysia | 54* | 64 |
| Vietnam | 12 | 11 |
| The Philippines | 11 | 11 |
| Indonesia | 16 | 18 |
| Singapore (virtual office) | 0 | 0 |
| Total | 93 | 104 |

Note:

- * Inclusive of 51 knowledge workers, representing approximately 94% of Securemetric Malaysia's total number of employees.

As at the LPD, our Group's workforce has 104 employees, including 7 contractual employees. Malaysians accounted for 55%, with 45% being foreign nationals employed by Securemetric Malaysia and our foreign subsidiaries. All our foreign employees working in Malaysia have valid working permits. Our Group has not been and is not in breach of any immigration laws.

None of our employees, whether permanent or contractual, belong to any trade union and none has any labour relationship with any union. There have been no industrial disputes since we commenced our business. We have not encountered any major turnover in our workforce.

7.10 Management succession plan

Our Board believes that the success of our Group depends on the abilities and retention of our key senior management. Therefore, we have made efforts to train and remunerate our employees accordingly. Our future success will also depend on our ability to attract and retain skilled personnel.

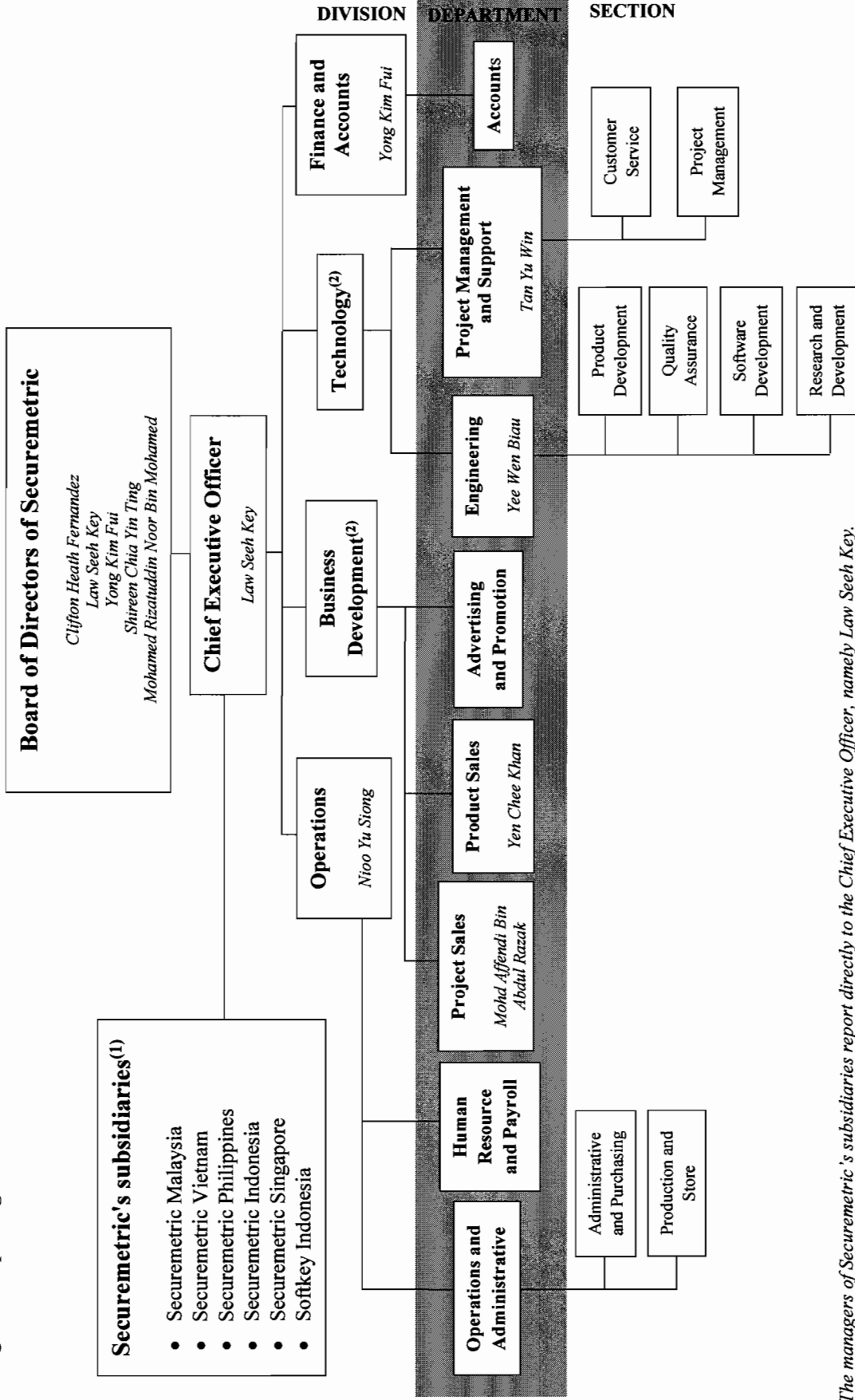
We have a management succession plan consisting of:

- (i) selection and recruitment;
- (ii) career planning and development; and
- (iii) continuous training and education.

As part of our management succession plan, we have put in place a process to groom new management staff to gradually assume the responsibilities of senior management. Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and requirements of candidates. If the need arises, we will recruit qualified personnel with knowledge and expertise of our business to enhance our operations. We believe that our employees are valuable assets to our Group and we provide the necessary training for their future development.

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

7.11 Management reporting structure



Notes:
 (1) The managers of Securemetric's subsidiaries report directly to the Chief Executive Officer, namely Law Seeh Key.
 (2) Business Development and Technology Divisions are currently overseen by the Chief Executive Officer, namely Law Seeh Key.

8. APPROVALS AND CONDITIONS

8.1 Approvals and conditions

8.1.1 Bursa Securities

Bursa Securities had through its letter dated 4 June 2018 (“**Bursa’s Letter**”) approved our admission to the Official List of the ACE Market as well as the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities.

The conditions imposed by Bursa Securities pursuant to its approval are as follows:

| No. | Conditions imposed | Status of our compliance |
|-----|---|--|
| 1. | Submission of the following information with respect to the moratorium on the shareholdings of the promoter to Bursa Depository: <ul style="list-style-type: none"> (a) Name of shareholders; (b) Number of shares; and (c) Date of expiry of the moratorium for each block of shares. | To be complied |
| 2. | Approvals from other relevant authorities have been obtained for implementation of the listing proposal. | Complied |
| 3. | Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements. | To be complied |
| 4. | Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of Securemetric on the first day of listing. | To be complied |
| 5. | Any director of Securemetric who has not attended the Mandatory Accreditation Programme must do so prior to the listing of Securemetric. | To be complied. Bursa Securities has on 28 September 2018 granted an extension of time until 7 December 2018 for compliance. |
| 6. | In relation to the public offering to be undertaken by Securemetric, please announce at least 2 Market Days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> (a) Level of subscription of public balloting and placement; (b) Basis of allotment / allocation; (c) A table showing the distribution for placement tranche as per the format in Appendix I of the Bursa’s Letter; and (d) Disclosure of placees who become substantial shareholders of Securemetric arising from the public offering, if any. <p>and to ensure that the overall distribution of Securemetric’s securities is properly carried out to mitigate any disorderly trading in the secondary market.</p> | To be complied |
| 7. | Securemetric / TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval upon the admission of Securemetric to the Official List of the ACE Market. | To be complied |

8. APPROVALS AND CONDITIONS (CONT'D)

8.1.2 SC

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

The SC had, through its letter dated 4 September 2018, taken note of the resultant equity structure of Securemetric pursuant to our Listing under the equity requirement for public listed companies ("**Equity Requirement**"). Securemetric Malaysia is an MSC Malaysia Status company and had contributed more than 50% of Securemetric Group's profit after tax for FYEs 31 December 2014 to 2016. Accordingly, Securemetric is exempted from the Equity Requirement.

TA Securities / Securemetric is required to update the SC if Securemetric Malaysia's contribution to Securemetric Group's profit after tax falls below 50% for the latest financial year prior to the listing. In such circumstance, Securemetric would be subjected to Equity Requirement.

If we undertake subsequent proposals involving:

- (i) a transfer of our listing status to the Main Market of Bursa Securities; or
- (ii) any acquisition which results in a significant change in our business direction or policy,

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

8.1.3 MDEC

Securemetric Malaysia was granted MSC Malaysia Status by the Government of Malaysia as evidenced by the MSC Malaysia Status certificate dated 8 May 2007. In order to maintain its preferential status, Securemetric Malaysia is expected to operate according to the following conditions imposed by MDEC:

| Conditions imposed | Status of our compliance |
|---|--------------------------|
| <p>The MSC Malaysia Status company agrees:</p> <p>(a) to complete business registration of the proposed entity as a locally incorporated company under the Act within 1 month from the date of the MDEC's letter, commence operations of the proposed entity within 6 months from the date of the MDEC's letter, and undertake such activities specified in the MSC Malaysia Status Company's business plan ("Business Plan") as approved by MDEC below ("MSC Qualifying Activities") within 6 months from the date of the MDEC's letter or by such date(s) as may be specified in the Business Plan (which date(s) may be extended or modified with the written consent of MDEC) and thereafter continue with such business and activities unless otherwise approved by MDEC. The MSC Qualifying Activities are as follows:</p> <p>(i) research, development and commercialization of the following digital security solutions:</p> <ul style="list-style-type: none"> - software licence & copyright protection security, known as SecureDongle; - PKI & network security known as SecureToken - data/drive encryption solution, known as SecureLockup; - one-time password security solution, known as SecureOTP; - security solution for mobile commerce, known as SecureMobile; | Complied |

8. APPROVALS AND CONDITIONS (CONT'D)

| Conditions imposed | Status of our compliance |
|--|--------------------------|
| <p>- back end infrastructure security solution, known as SecureBackbone.</p> <p>(ii) provision of maintenance and technical support services related to the solutions mentioned above.</p> | |
| (b) that any changes proposed to the above MSC Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDEC; | Complied |
| (c) to locate the implementation and operation of the MSC Qualifying Activities in a designated zone in Cybercity with minimum office space of 3,000 sq ft, within 6 months from the date of the MDEC's letter. The MSC Malaysia Status Company shall obtain MDEC's prior written approval in the event of any changes in the location or address of the company; | Complied |
| (d) to ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC Malaysia Status Company shall be "knowledge workers" (as defined by MDEC). "Knowledge workers" shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC Qualifying Activities. The recruitment, employment and/or appointment of foreign "knowledge workers" (if any) shall be the sole responsibility of the MSC Malaysia Status Company and MDEC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment; | Complied |
| (e) to ensure that any products produced pursuant to the MSC Qualifying Activities are original, and that no part or portion of such product is an infringement or violation of any intellectual property or any proprietary rights of any third party, or constitutes a misappropriation of know-how belonging to any third party; | Complied |
| (f) to submit to MDEC a copy of the MSC Malaysia Status Company's Annual Report and audited statements in parallel with submission to the CCM; | Complied |
| (g) to ensure that all information and/or documents furnished by the MSC Malaysia Status Company to MDEC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading; | Complied |
| (h) to inform and obtain the prior approval of MDEC for any proposed change in the name of the MSC Malaysia Status Company; | Complied |
| (i) to inform MDEC of any change in the equity structure or shareholding structure of the MSC Malaysia Status Company, or such other changes that may affect the direction or operation of the MSC Malaysia Status Company. MDEC must be informed of any change before steps are taken to effect such change; and | Complied |

8. APPROVALS AND CONDITIONS (CONT'D)

| Conditions imposed | Status of our compliance |
|--|--------------------------|
| (j) to comply with all such statutory regulatory and/or licensing requirements as may be applicable, including but not limited to the Transfer Pricing Guidelines issued by the Inland Revenue Board of Malaysia on 2 July 2003, and such other amendments as may be applicable from time to time. | Complied |
| (k) that the MSC Malaysia Status granted to the MSC Malaysia Status Company shall not be transferable or assignable in any way whatsoever without the prior written consent of MDEC. | Complied |

8.2 Moratorium on our Shares

In compliance with Rule 3.19 of the Listing Requirements, the following moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters:

- (i) the moratorium applies to the entire shareholdings of our Promoters for a period of six months from the date of admission to the ACE Market of Bursa Securities (“6-Month Moratorium”);
- (ii) upon the expiry of the 6-Month Moratorium, our Promoters’ aggregate shareholdings amounting to at least 45% of the nominal issued ordinary share capital of our Company shall remain under moratorium, for another period of six months; and
- (iii) our Promoters may thereafter sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight-line basis) of the Shares held under moratorium.

The moratorium to be imposed on our Promoters are as set out below:

| Promoters | Under moratorium for the first 6 months after Listing | | Under moratorium for the subsequent 6 months | |
|---------------|---|------------------|--|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| Law Seeh Key | 126,337,605 | 51.87 | 78,873,484 | 32.38 |
| Nioo Yu Siong | 22,587,895 | 9.27 | 14,095,955 | 5.79 |
| Yong Kim Fui | 14,662,500 | 6.02 | 9,154,007 | 3.76 |
| Li Jianjun | 12,012,000 | 4.93 | 7,496,554 | 3.07 |
| Total | 175,600,000 | 72.09 | 109,620,000 | 45.00 |

Note:

- (1) Based on our enlarged issued share capital of 243,600,000 Shares after our IPO.

Our Promoters have provided written undertakings that they will not sell, transfer or assign their shareholdings held under moratorium during the moratorium period. The moratorium restriction, which is fully accepted by our Promoters, are specifically endorsed on the share certificates representing the Shares held by our Promoters which are under moratorium to ensure that our share registrar does not register any transfer that would contravene the moratorium restriction.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

9.1 Related party transactions

Under the Listing Requirements, a 'related party transaction' is a transaction entered into by a listed corporation or its subsidiaries which involves the interest, direct or indirect, of a related party. A 'related party' of a listed corporation is:

- (i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company or a chief executive of the listed corporation, its subsidiary or holding company; or
- (ii) a major shareholder means a person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share or the aggregate of the nominal amounts of those shares is:
 - (a) 10% of the aggregate of the number of all the voting shares in the corporation;
 - (b) 5% or more of the aggregate of the number of all the voting shares in the corporation where such person is the largest shareholder of the corporation;

and includes any person who is or was within the preceding 6 months of the date on which terms of the transaction were agreed upon, a major shareholder of the listed corporation or any other corporation which is its subsidiary or holding company; or

- (iii) a person connected with such director or major shareholder.

Related party transactions can be deemed as recurrent if they are entered into at least once every 3 years, in the ordinary course of business and are of a revenue nature necessary for the day-to-day operations of our Group. After our Listing, we will be required to seek our shareholders' approval each time we enter into any material related party transaction, in accordance with the Listing Requirements. However, if these transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

Under the Listing Requirements, related party transactions may be aggregated to determine their materiality if the terms of such transactions were agreed upon within a 12-month period, are entered into with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one particular corporation/asset or of various parcels of land contiguous to each other.

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9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

There are no other existing or proposed related party transactions involving our Group between 1 January 2015 and the LPD, other than as disclosed below:

| Transacting parties and nature of transaction | Related party and nature of relationship | Transaction amount | | | |
|--|---|--------------------|------------------|-----------------|----------|
| | | FYE 31 December | 2017 | 4M-FPE 30 April | 2018 |
| | | 2015 (RM'000) | 2016 (RM'000) | (RM'000) | (RM'000) |
| Softkey Malaysia provided digital security devices and solutions to Securemetric Malaysia and Softkey Indonesia (non-recurrent and only up to the FYE 31 December 2015). Softkey Malaysia is in the process of being struck off. | Law Seeh Key and Nioo Yu Siong are the common directors of Softkey Malaysia , Securemetric Malaysia and Softkey Indonesia . | 418 | - | - | - |
| RCERT (SEA) Sdn Bhd provides ISO-related audit, registration, certification and surveillance services to Securemetric Malaysia (recurrent in nature). | Clifton Heath Fernandez is a director as well as controlling shareholder of RCERT (SEA) Sdn Bhd and also an independent director of Securemetric . | 255 | 255 | 10 | - |
| Breindel Accounting Support Services Pte. Ltd. provides secretarial, accounting and tax related services to Securemetric Singapore (recurrent in nature). | Tan Yung Hui, Gabriel is the owner, sole shareholder of Breindel Accounting Support Services Pte. Ltd. and also a director of Securemetric Singapore . He is in charge of providing such services to Securemetric Singapore . | 2 | 6 | 18 | 7 |

Pursuant to Guidance Note 9 of the Listing Requirements, an independent director must satisfy the definition of “independent director” as set out in Rule 1.01 of the Listing Requirements, whereby an independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or listed corporation. Based on the requirements stated in Guidance Note 9 of the Listing Requirements, **Clifton Heath Fernandez** is not disqualified from being an independent director of **Securemetric** despite the transactions undertaken between **RCERT (SEA) Sdn Bhd** (in which he is a director and controlling shareholder) and **Securemetric Malaysia** as stated above, in view of the following:

- (i) he had not been engaged personally as an adviser and he had not personally provided professional advisory services to **Securemetric Malaysia** within the last 2 years; and
- (ii) the aggregate consideration of the transactions within the last 2 years was not more than RM1 million.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Our Group does not intend to appoint RCERT (SEA) Sdn Bhd in the future for such transactions and will instead appoint a non-related party if such services are required. Our Group may continue to transact with Briendel Accounting Support Services Pte. Ltd, with the transaction value not expected to be material. Our Board had considered all aspects of the related party transactions and is of the opinion that these transactions were carried out on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

In order to safeguard the interests of our Group and our minority shareholders, as well as to mitigate any potential conflict of interest situation, our Audit Committee will review the terms of any related party transaction and report to our Board, as well as disclose them in our annual reports. If there is any proposed related party transaction involving the direct or indirect interest of our Directors, the interested Director shall disclose to our Board the nature and extent of the interest as well as all matters relating to the proposed related party transaction that he/she is or should reasonably be aware of. The interested Director shall also abstain from any Board deliberation and voting on the resolution pertaining to these transactions. If there is any proposed related party transaction requiring prior approval of our shareholders, the Directors, major shareholders and persons connected with them, who has direct or indirect interest in the transaction will also abstain from voting in respect of their direct and indirect shareholdings. They shall also undertake to ensure that any person connected with them will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

9.2 Unusual transactions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or our subsidiary companies was a party to, between 1 January 2015 and the LPD.

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9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

9.3 Outstanding loans and guarantees

There are no outstanding loans and guarantees made by our Group to or for the benefit of any related party, between 1 January 2014 and the LPD, other than as disclosed below:

| Advances of loans | Related party and Nature of relationship | Nature of transaction | Amount due from/(to) director | | | As at the LPD (RM'000) |
|--|---|--|-------------------------------|------------------------|----------------------|------------------------|
| | | | 2015 (RM'000) | 2016 (RM'000) | 2017 (RM'000) | |
| Up to FYE 31 December 2015, Securemetric Malaysia provided advances to Law Seeh Key. All advances were fully repaid by 31 December 2016. | Law Seeh Key is a controlling shareholder of Securemetric Malaysia prior to the Restructuring Exercise. He is a director of Securemetric Malaysia, Securemetric Indonesia, Securemetric Philippines, Securemetric Vietnam and Securemetric Singapore. | Long-term ⁽¹⁾ Short-term ⁽¹⁾ Long-term ⁽²⁾ Short-term ⁽²⁾ | - 340 - - | - - - - | - - - - | - - - - |
| Nioo Yu Siong, as director, provided advances to Securemetric Philippines, Securemetric Singapore and Securemetric Malaysia for their working capital and for increases in share capital, which were then repaid to him by the subsidiaries. The timings of the repayments gave rise to the amounts outstanding at the end of each financial year. | Nioo Yu Siong is a major shareholder of Securemetric Malaysia prior to the Restructuring Exercise. He is a director of Securemetric Malaysia, Securemetric Indonesia, Securemetric Philippines and Securemetric Singapore. | Long-term ⁽¹⁾ Short-term ⁽¹⁾ Long-term ⁽²⁾ Short-term ⁽²⁾ | - 910 (298) (58) | - - - (1,170) | - - - (368) | - - - - |
| Total | | | 894 | (1,170) | (368) | - |

Notes:

- (1) Advances from Securemetric Group to director.
(2) Advances from director to Securemetric Group.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Securemetric Malaysia provided advances to Nioo Yu Siong. These advances were not prohibited under the Act as the prohibition under Section 244 of the Act does not apply to an exempt private company. The advances were made to Nioo Yu Siong when Securemetric Malaysia was an exempt private company and Securemetric Malaysia does not have any shareholding in Securemetric Philippines and Securemetric Singapore. Nioo Yu Siong, in his capacity as a director of Securemetric Philippines, Securemetric Singapore and Securemetric Malaysia, made advances to Securemetric Philippines, Securemetric Singapore and Securemetric Malaysia for their working capital and for increases in share capital.

Part of the advances made by Nioo Yu Siong to Securemetric Philippines were converted to share capital for the purpose of increasing the share capital of Securemetric Philippines. For FYE 31 December 2016, Securemetric Philippines converted advances of PHP5,543,000 (RM475,961) from Nioo Yu Siong into share capital with new shares in Securemetric Philippines issued to Nioo Yu Siong, Law Seeh Key, Nonnatus P. Chua, Aimee Y. Asanza and Marc Joseph Bautista. Shares issued to Nonnatus P. Chua was later transferred to William J. Dimaano. Subsequent to FYE 31 December 2016, Securemetric Philippines has further converted advances of PHP3,957,000 (RM337,896) from Nioo Yu Siong into share capital with new shares in Securemetric Philippines issued to Nioo Yu Siong.

The advances were non-interest bearing, unsecured, and repayable on demand. The advances to Law Seeh Key have been fully repaid as at the LPD. The amount owed to Nioo Yu Siong as at the LPD, has been fully repaid in February 2018. These advances were not made on an arm's length basis as the advances were non-interest bearing. Our Group will not be providing any future advances (including loans and guarantees) to or for the benefit of related parties. All future transactions which involve the interests of related parties will be transacted at arm's length, on our normal commercial terms which are not more favourable to the related parties than those generally available to the public, and which are not to the detriment of the minority shareholders. The Audit Committee will supervise the terms of all related party transactions, and our Directors will report any such transactions in our annual reports.

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9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

9.4 Interests in similar businesses / Conflict of interest

None of our Directors, major shareholders and key senior management has any interest, direct or indirect, in other businesses and corporations carrying on a similar trade as our Group which would potentially give rise to a conflict of interest situation, as at the LPD.

Our Directors, major shareholders and key senior management had not been involved in similar businesses outside our Group, save as follows:

| Name | Designation | Name of companies | Director / Shareholder | Principal activities and remarks |
|---------------|--|-------------------|------------------------------|--|
| Law Seeh Key | Non-Independent Executive Director / Chief Executive Officer | Softkey Malaysia | Director and 85% shareholder | Softkey Malaysia traded and supplied digital security devices and solutions. It is currently dormant. As disclosed in Section 5.1 of this Prospectus, the incorporation of Securemetric Malaysia in 2007 resulted in the conversion of Softkey Malaysia's clients to Securemetric Malaysia's clients. An application to strike off Softkey Malaysia was submitted to the CCM on 11 September 2017 and is being processed by CCM. Upon being struck off, the name of Softkey Malaysia will be gazetted and thereafter deemed dissolved pursuant to Section 551 (3) of the Act. There is no definite time frame for the entire process as it would depend on the processing time taken by CCM. |
| Nioo Yu Siong | Chief Operating Officer | Softkey Malaysia | Director and 5% shareholder | Softkey Malaysia is in the process of being struck off. |

Our Group will not enter into any transactions with Softkey Malaysia. Our Board is of the view that there is no conflict of interest situation existing or is likely to exist as a result of the directorships and shareholdings as stated above.

Our Audit Committee will supervise any conflict of interest or potential conflict of interest of interest situations and our Board will disclose such conflict of interest situations, if any, for resolutions as and when they arise. As a measure to govern and supervise potential recurrent related party transactions, an internal framework and policy will be adopted by our Board to ensure that potential recurrent related party transactions will be carried out on an arm's length basis. In line with its terms of reference as stated in Section 7.3 of this Prospectus, the Audit Committee will review these potential recurrent related party transactions and conflict of interest situations that may arise therefrom.

As at the LPD, none of our Directors or major shareholders has any interest, direct or indirect, in any other businesses and corporations which are the customers or suppliers of our Group.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

9.5 Declarations by our advisers

TA Securities confirms that there is no existing or potential conflict of interest in respect of its roles as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our IPO.

Gary Teh & Ngiam confirms that there is no existing and potential conflict of interest in respect of its role as the Solicitors for our IPO.

UHY confirms that there is no existing and potential conflict of interest in respect of its role as the Auditors and Reporting Accountants for our IPO.

SMITH ZANDER confirms that there is no existing and potential conflict of interest in respect of its role as the Independent Market Researcher for our IPO.

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