7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our corporate developments over the years

Our Group's history can be traced back to the year 2007 when Mohd Hoshairy Bin Alias ("**Hoshairy**") and Syamsiah Sofia Binti Roseli ("**Syamsiah**") each acquired 50% equity interest in Infomina for a consideration of RM1.00 for 1 share each, from Saharuddin Bin Abdullah and Sumami Binti Kiman respectively, both of whom were subscribing shareholders that incorporated Infomina and held 1 share each. Infomina was then a dormant company. Hoshairy and Syamsiah were then appointed as our Directors following their acquisition of shares in Infomina. Hoshairy and Syamsiah acquired Infomina with the intention to venture into the IT industry due to the growing prospects of IT at that point in time.

In 2007, we commenced business undertaking IT services in relation to hardware and software supply and services for local small and medium enterprises. During the period between 2007 and 2011, we operated from a rented office unit located in Menara Citibank, Kuala Lumpur.

In 2009, we achieved a milestone when we secured a contract to support Customer H in the provision of system integration services.

In 2010, Hoshairy invited Yee Chee Meng as an IT consultant to Infomina to perform IT services for projects secured by Infomina. In 2011, we relocated our office to Solaris Mont Kiara. Yee Chee Meng and Hoshairy are distant relatives with Hoshairy being the husband of Yee Chee Meng's wife's cousin.

In 2014, we relocated our office to Menara UOA Bangsar. In the same year, Syamsiah disposed her entire equity interest in Infomina (representing 50% equity interest) to pursue other business interests as she had other ventures to take care of. Nasimah Binti Mohd Zain ("**Nasimah**") acquired the entire equity interest of Syamsiah for a consideration of RM1.00 and was appointed as a Director. Prior to this, Nasimah held roles as an administrator in local banks and saw an opportunity to venture further into IT systems administration through Infomina.

In 2014, we were registered with the MOF for government procurement relating to the supply and/or services under the ICT sector, which include software, hardware, data management, customisation and maintenance, networking and telecommunications. This allows us to participate in tenders with public institutions under the Government. Please refer to Section 6.7 for further details on our registration with the MOF as at LPD.

Following the registration with MOF, in 2014, Hoshairy was in the midst of securing a contract with Customer C relating to the delivery of IT services, and was required to demonstrate Infomina's financial capability to finance the contract. For this purpose, Hoshairy and Nasimah wrote to Yee Chee Meng requesting for him to lend up to RM1.0 million. As Yee Chee Meng saw potential in the business of Infomina, and with visibility of the contract with Customer C, he agreed vide a letter dated 1 September 2014 to lend up to RM1.0 million to Hoshairy and Nasimah ("**Loan**") to be utilised in relation to the contract with Customer C, at interest rate equal to the base lending rate (BLR), to be repaid within 3 years from the date of the agreement (i.e. by 1 September 2017), with an option for settlement of the Loan in exchange for 40.0% equity interest in Infomina ("**Option**"). Pursuant thereto, in September 2014, Yee Chee Meng had lent RM280,000 which was split equally between Hoshairy and Nasimah to invest in Infomina in equal proportion. With this assistance from Yee Chee Meng, we successfully secured the contract with Customer C in 2014.

Additionally, in 2014, Yee Chee Meng's consultancy role was expanded to include leading the business development activities of Infomina and positioning the company as a direct vendor of IT services to public and private sector customers. Particularly, he spearheaded the carrying out of the contract with Customer C. He also played an instrumental role initiating and forging the relationship between Infomina and CA Group.

Further in 2015, we began collaborating with CA Group to explore opportunities relating to the marketing of the latter's software technologies. In the same year, the contract with Customer C progressed and required further funding. Yee Chee Meng further lent RM700,000 under the Loan arrangement, which was split equally between Hoshairy and Nasimah.Yee Chee Meng had funded the Loan together with Lim Leong Ping @ Raymond Lim ("**Raymond**") who agreed to undertake half of the total Loan. In this regard, Yee Chee Meng had been exploring business ventures with Raymond, an entrepreneur with business interests in multiple industries, who had decided to venture into IT and technologies through Infomina due to the increasing demand for IT services regionally. Raymond was convinced that Infomina had potential given the progress of the contract with Customer C, and decided to fund 50.0% of the Loan and the remaining 50.0% was funded by Yee Chee Meng.

Following his contributions to the business, Yee Chee Meng was appointed as the managing director (non-Board position) of Infomina in 2017, and he spearheaded the strategic growth of the business in Malaysia, with a long-term goal of regional expansion. Based on the track record with Customer C, we secured a contract with Customer J in 2017. Additionally, we relocated to our present business premise in KL Eco City in 2017.

Subsequently in 2018, as Infomina had begun showing growth with the contract with Customer J, Yee Chee Meng (together with Raymond) decided to exercise the Option to own an aggregate of 40.0% shareholdings in Infomina as settlement of the Loan. Pursuant to the Option, Hoshairy and Nasimah mutually agreed for Yee Chee Meng and Raymond to each acquire 20.0% equity interest in Infomina from Nasimah and Hoshairy for RM200,000 respectively, and the remaining loan amount of RM580,000 was deemed fully repaid. In 2018, Yee Chee Meng was appointed to our Board as a Managing Director, being responsible for charting our Group's business direction, managing our strategic development and overseeing the regional expansion of our Group whilst Raymond was appointed to our Board in the same year as Executive Director/Chairman and assumed a key role overseeing the business development activities as well as operational matters of our Group.

In 2019, we began actively exploring the potential of venturing overseas and securing customers in neighbouring countries due to the growing demand for IT and technology services regionally. Tan Siang Pin subsequently joined Infomina as a Sales Director to grow our regional expansion efforts. Tan Siang Pin has held several senior marketing and sales positions in multinational IT technology firms since 1995.

With Raymond, Hoshairy, Nasimah and Tan Siang Pin supporting Yee Chee Meng in growing the business of Infomina, we were able to expand our business regionally to capture new business opportunities.

In 2019, we expanded our business to Singapore and incorporated our subsidiary, Infomina SG (where Infomina's shareholding in Infomina SG was 60.0%, while Yee Chee Meng and Tan Siang Pin's shareholding was 20.0% respectively), to serve as a sales office for our regional markets. We further expanded to Thailand and incorporated our subsidiary, Infomina TH, in the same year (where Infomina SG, Yee Chee Meng and Tan Siang Pin's shareholding in Infomina TH was 51.0%, 25.0% and 24.0% respectively). Subsequently in 2020, we incorporated Infomina ID and Infomina PH to support our expansion into Indonesia and the Philippines respectively.

In 2021, Tan Siang Pin became a shareholder of Infomina with 10.9% equity interest via a share swap arrangement, whereby 694,460 Infomina Shares were issued to Tan Siang Pin, at an issue price of RM4.32 each for the acquisition of his entire shareholding in Infomina SG (representing 20.0%), and his 4,799 shares in Infomina TH (representing approximately 11.70% of the entire issued share capital), which amounts to a total consideration of RM3.0 million. Please refer to Section 6.2.1 (b) for further details.

In the same year, we also incorporated Infomina HK to support our expansion into Hong Kong, Taiwan and China.

We focused on delivering technology application and infrastructure solutions to customers in Malaysia and expanding regionally

In 2014, following our registration with the MOF, we secured a contract relating to the delivery of IT services with Customer C, a statutory body that regulates converging communications and multimedia industry in Malaysia.

The contract was in relation to the implementation of a unified communication system at Customer C's new headquarters building at Cyberjaya, connecting the new headquarters to all Customer C's branch offices nationwide for a contract sum of approximately RM5.7 million. The contract included the setup of unified communication infrastructure for a Tier-4 ready data centre, specifically relating to the planning, configuration, commissioning and support services. The unified communication infrastructure also encompasses the headquarters of Customer C and extends across its branches nationwide.

A Tier-4 ready data centre is the most complex facility with the most redundant components. Tier-4 ready data centres are required by enterprises that require uninterrupted availability. Government organisations and large enterprises with mission-critical servers and intense business demands are typical users of a Tier-4 facility. This Tier-4 ready data centre allows virtual convergence of data storage servers, networking and input or output into one cohesive infrastructure. The scope of work of the contract was subsequently expanded to include the relocation of Customer C's data centre and end-user computing platform to its then new headquarters building in Cyberjaya.

These abovementioned projects were led and managed by Yee Chee Meng.

We expanded our customer base to financial services institutions and secured contracts for the provision of technology application and infrastructure services to Bank Simpanan Nasional ("**BSN**") in 2016 for a contract value of approximately RM1.4 million and Customer M in 2018 for a contract value of approximately RM1.5 million.

In 2017, we secured a turnkey and maintenance contract from Customer J, where we were engaged to support its core activities in relation to its digital transformation, operational support, system maintenance, security access and control, source code management, application design and analysis, inclusive of system continuous improvement, and integrated card services centre support. This contract extended across all Customer J offices nationwide. We achieved a milestone in 2019 when we secured our first overseas customer, being a customer from Hong Kong which subscribed for Broadcom Mainframe Software for a contract value of approximately USD0.9 million. In 2020, we expanded our business to Thailand when we secured a contract from The Siam Commercial Bank Public Company Limited, a financial services institution in Thailand, for the provision of technology application and infrastructure operations, maintenance and support services. The aforementioned overseas customers are existing users of Broadcom Mainframe Software, who have low usage and limited support from Broadcom in relation to their Broadcom Mainframe Software. Leveraging on our existing market contacts, we approached these existing users to offer them value added operations, maintenance and support services in addition to subscription of updated Broadcom Mainframe Software. We also provided additional support to these customers which allowed them to broaden and optimise their usage of the Broadcom Mainframe Software range.

For clarity, we have also secured other customers in the CA Partner Regions who are not Broadcom Mainframe Software users. Instead of engaging us, the aforementioned customers (including the limited support Broadcom Mainframe Software users) have the option of retaining the use of their existing mainframe technology without engaging us; or selecting another mainframe technology of their preference.

Nonetheless, we attribute our success in securing projects and customers in these foreign markets to our ability to understand the business process and technology requirements of these customers, our knowledge of latest industry trends, track record with existing customers, comprehension of Broadcom's software technologies as well as competitiveness against other solution providers.

In 2020, we further secured other overseas customers during the year, namely Customer P and Bangkok Bank Public Company Limited in the Philippines and Thailand for contract sums of approximately PHP1.4 billion and USD5.6 million respectively. As part of our business strategy to venture into national security and technology solutions, we secured a contract from a Customer K in relation to the supply, delivery, installation, testing, training and maintenance as well as infrastructure works for 7 cargo scanning machines and related systems to be implemented in the seaports of Sabah and Sarawak. To comply with the implementation of this project, we secured licenses from the AELB and CIDB. Specifically, the AELB license allowed us to import irradiating equipment and components used for the installation of cargo scanning machines for the said project.

In 2021, we further expanded our presence to Taiwan when we secured a contract for the support and subscription of technology application and infrastructure solutions for the Taiwan Business Bank with an approximate contract value of USD0.1 million.

We further achieved a milestone in 2020 when we successfully launched Project Wspace, a business collaboration and communication platform application that we developed internally, which was made available on Google Play Store and Apple App Store. Subsequently in 2022, Project Wspace was relaunched as VIDESPACE upon successful registration of the VIDESPACE trademark. VIDESPACE allows users to initiate, manage and monitor daily tasks and activities. Please refer to Section 7.13 for further details on VIDESPACE.

In 2021, we established a regional Centre of Excellence where we intend to leverage upon to support the digital transformation drive of our customers and promote learning and development based on technology trends and development. We intend to leverage upon this regional Centre of Excellence for our Group's future growth across multiple industry verticals and in the countries where we have presence and/or projects. Our regional Centre of Excellence is presently located at TM Brickfields Exchange, Kuala Lumpur. We have set up a mainframe ecosystem at this location, which will enable us to offer organisations large storage, processing power and high level of reliability for fundamental business applications requiring high volumes of data processing. Please refer to Section 7.15.1 for further details on our future plans for our regional Centre of Excellence. In the same year, we secured a contract with a financial services institution in the Philippines, for the provision of technology infrastructure operations, maintenance and support services for a contract sum of approximately USD32.8 million.

Our technology solutions are strengthened by technology partnerships that we have established with established technology partners

In 2017, we entered into an agreement with a Japan-based digital solutions MNC relating to the marketing and sales of its hardware and software in Malaysia.

In 2019, we entered into a partnership with Broadcom Inc.'s subsidiary, CA Singapore, pursuant to the Regional Partner Agreement, whereby Infomina was appointed to resell and distribute Broadcom software technologies (comprising Broadcom Enterprise Software and Broadcom Mainframe Software). Infomina was also recognised as a Premier Tier 1 VAD pursuant to the Regional Partner Agreement for purposes of marketing Broadcom software technologies in Malaysia, Singapore, Thailand, Indonesia, the Philippines, Hong Kong and Taiwan. Subsequently, this appointment to resell and distribute Broadcom Enterprise Software was extended to China in 2021 and the right to resell and distribute the Broadcom Mainframe Software was extended to China in 2022 (the aforementioned countries referred to as "**CA Partner Regions**"). Infomina's appointment by CA Singapore as a Premier Tier 1 VAD commenced on 24 June 2019, and it is automatically renewed annually unless CA Singapore decides not to renew the Regional Partner Agreement or the Regional Partner Agreement is terminated.

Premier Tier 1 VAD is a status accorded to our Company as a preferred partner of CA Singapore.

For avoidance of doubt, the Regional Partner Agreement, CA Singapore and Broadcom do not individually define "Tier 1", "VAD" or "Tier 1 VAD". Based on management's understanding, "Tier 1" indicates that our Company can directly purchase from CA Singapore, and "VAD" (which stands for Value Added Distributor) indicates that Infomina is a distributor that delivers value above and beyond the mere distribution of CA Singapore's offerings, and may also distribute to resellers.

Being appointed as Premier Tier 1 VAD gives customers confidence and implicitly acknowledges our Company's capabilities in attaining the status. It therefore serves as an upfront status recognition, which is useful for marketing and facilitating negotiations with customers.

Broadcom Inc. is a global technology leader that designs, develops and supplies a broad range of semiconductor and infrastructure software solutions. Broadcom Inc., via CA Singapore, provides mainframe services to our Company in 3 different areas, namely Development Operations (DevOps) and Application Development, Enterprise Security and Compliance, and Intelligent Operations and Management.

Pursuant to the Regional Partner Agreement, we are able to engage and procure Broadcom software technologies directly from CA Singapore and to resell and distribute Broadcom software technologies to distributors and resellers in the CA Partner Regions. Additionally, the Regional Partner Agreement sets out the overall manner of conducting business in relation to CA Singapore such as ordering and records, marketing, confidentiality and compliance with laws, whilst fees and pricing are quoted separately by CA Singapore which may change from time to time. This helps to facilitate negotiations with potential customers.

Please refer to Section 7.3.3 for further details of our business relationship with CA Group.

In 2020, we were appointed as a business partner to Supplier I for technology solutions. As a business partner, we are able to engage and procure hardware and software directly from Supplier I. During the year, we also registered as an indirect channel partner of China-based ICT infrastructure and smart devices provider, for the marketing and sales of video conferencing technologies. We further entered into a VMware Partner Connect Agreement with VMware, Inc. in 2020 for the marketing and sales of VMware software solutions in Malaysia.

In 2021, we entered into an agreement with a leading American IT and networking MNC, for the distribution of its hardware and software in Malaysia. We further registered for the PartnerConnect programme with Software AG relating to the marketing and sales of software solutions in Malaysia. The PartnerConnect programme is Software AG's global partner programme which supports partners (i.e. distributors and vendors) in delivering Software AG's products, platforms and services to their enterprise customers.

The agreements that we have with the technology partners above are not exclusive, and our business and profitability are not dependent on these partnerships.

7.2 KEY ACHIEVEMENTS AND MILESTONES

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

Year	Key milestones and achievements
2007 - 2010	• Incorporation of Infomina • Commencement of operations by providing IT implementation services to small and medium enterprises • Secured contract from Customer H for the provision of system integration services which eventually became our major customer for FYE 2019 to 2021
2014 - 2015	• Registered with MOF • Awarded 2 contracts to deliver IT services, specifically in relation to the implementation of a unified communication system for Customer C's offices nationwide and a Tier-4 ready data centre
2016 - 2018	• Recognised by APAC CIO Outlook[1] as one of the Top 25 Companies providing Unified Communications Solutions[2] in Asia Pacific • Awarded contract by Bank Simpanan Nasional for the provision of technology application and infrastructure services • Awarded contract by Customer M for the provision of technology application and infrastructure services • Awarded contract by Customer J for the provision of turnkey and maintenance services
2019	• Appointed as CA Singapore's Premier Tier 1 VAD for Malaysia, Singapore, Thailand, Indonesia, the Philippines, Hong Kong and Taiwan • Secured first foreign customer in Hong Kong for a contract value of approximately USD0.9 million relating to the subscription of Broadcom Mainframe Software • Entered into partnership with Software AG Operations Malaysia Sdn Bhd Software AG Operations Malaysia Sdn Bhd supplies API software to our Group

1 APAC CIO Outlook is a digital and print format publication on enterprise technology, encompassing trends in big data, mobile computing, security and cloud. The APAC CIO Outlook also identifies and profiles emerging companies providing cutting edge solutions to enterprises in the Asia Pacific region.

2 Unified communications solutions refer to technology equipment, software and services that provide and combine multiple enterprise communications channels, such as voice, video, messaging, voicemail and content sharing.

7. BUSINESS OVERVIEW *(Cont'd)*

Year	Key milestones and achievements
2020	• Registered as channel partner of China-based provider of ICT infrastructure and smart devices for its video conferencing technologies • Appointed as Supplier I's Business Partner to market its mainframe hardware, mainframe maintenance licence, infrastructure software such as database, systems, applications, API and security software • Entered into contracts with financial institutions in the Philippines and Thailand for contract sums of approximately PHP1.4 billion and USD5.6 million respectively for the provision of technology application and infrastructure operations, maintenance and support services • Awarded "Best New Partner" by Software AG • Developed 'Project Wspace', now known as VIDESPACE a business collaboration and communication platform application
2021	• Appointed CA Singapore's Premier Tier 1 VAD for China with effect from 2021 (in respect of Broadcom Enterprise Software) • Ventured into Taiwan and secured contract to supply software to Taiwan Business Bank with an approximate contract value of USD0.1 million • Established regional Centre of Excellence to leverage on future growth • Assessed and certified with MS ISO 9001:2015 Quality Management System • Registered for the PartnerConnect programme with Software AG • Received a Certificate of Achievement from CA Singapore where it was acknowledged as Mainframe Partner of the Year for 2021 • Secured a contract with a financial services institution in the Philippines for the provision of technology infrastructure operations, maintenance and support services for a contract sum of approximately USD32.8 million

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7.3 PRINCIPAL ACTIVITIES

Our Group is a technology firm, and we principally design and implement technology application and infrastructure solutions that support the fundamental business operations of our customers. The technology application and infrastructure solutions that we specialise in are mainframe technology solutions, and we also have capabilities in developing solutions based on other technologies such as virtualisation, API, and distributed computing environment, from suppliers such as Supplier I, VMWare and Software AG. We leverage on Broadcom software technologies as well as Supplier I technologies to deliver our mainframe technology solutions. We further support our customers through customised operations, maintenance and support services for technology solutions.

We deliver technology application and infrastructure solutions which usually entail a detailed understanding of the business needs, processes and technology requirements of our customers. Among others, this involves:

(a) a detailed assessment of our customers' existing (physical as well as technology) infrastructure;

(b) design of solutions and corresponding business processes; and/or

(c) integration of hardware and software.

Depending on project requirements, we may also customise hardware and software in order to fulfil our customers' needs. Depending on the specifications or business needs of our customers, we advise them in optimising, updating and/or changing their existing IT infrastructure to newer, more technologically advanced infrastructure, robust and secure platforms.

As such, we are able to design and build customised mainframe technology application and infrastructure solutions with different platforms, storage systems, security systems, hardware, software and network equipment to support critical applications, including bulk data processing for tasks such as large-scale data entry, transaction processing and enterprise resource planning.

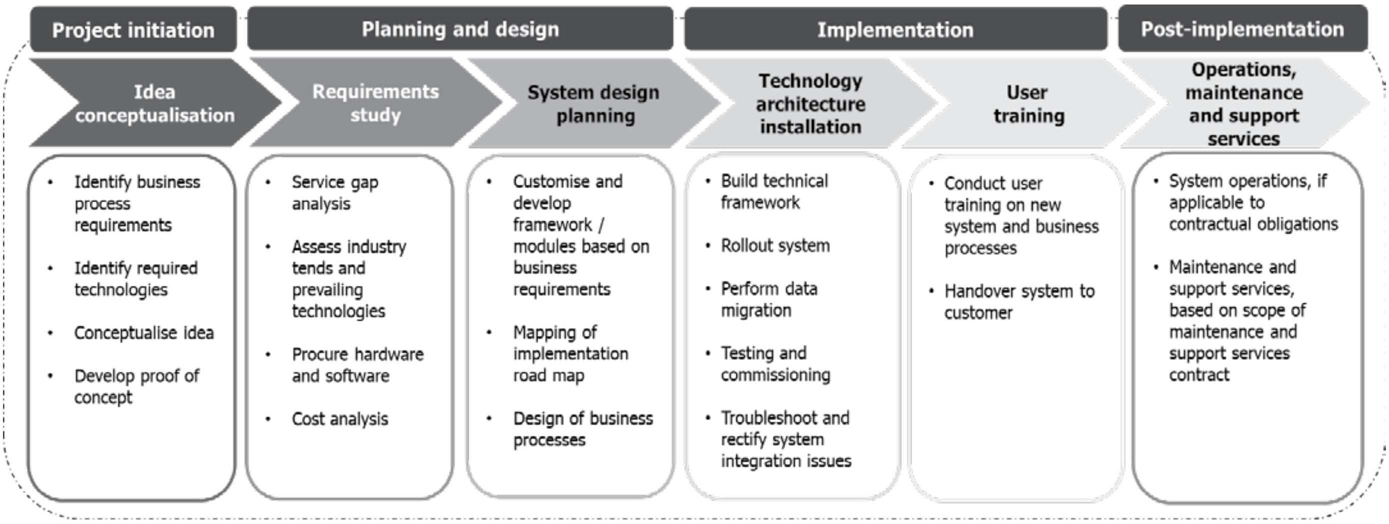
We have a diverse customer base across multiple countries in Asia. Our customers from the private and public sectors are primarily based in Malaysia, Singapore, Thailand, Philippines, Indonesia, Hong Kong and Taiwan, and they belong to both the private and public sectors. Our customers in the private sector include medium-sized to large-sized MNCs and local business enterprises as well as government linked companies in the banking, telecommunications and automotive sectors. Our customers in the public sector include government agencies and statutory bodies.

We principally operate in Malaysia, Singapore, Thailand, the Philippines, Indonesia and Hong Kong through our subsidiaries.

7.3.1 Design and implementation of technology application and infrastructure solutions

Our technology application and infrastructure solutions are tailor-made to each customer based on their business needs, industry practices as well as technological developments. Our technology application and infrastructure solutions are aimed at supporting the fundamental business operations of our customers.

Specifically, we adopt the following technology implementation methodology:



(a) Idea conceptualisation

We conceptualise and develop ideas for technology application and infrastructure solutions by assessing the business digital needs of customers, mapping and adoption of new technologies in the market, including mainframe technologies. This requires domain knowledge of the business of our customers, their business process requirements as well as industry trends, both from a technical perspective and impact to the organisation.

Understanding the technology issues and challenges faced by our customers in their daily business operations allows us to propose relevant technologies and systems to our customers. We have solution architects and technical consultants with domain expertise in selected industry verticals, acquired from their experience servicing customers in these industries and supplemented by their understanding of the applicable regulatory landscape that impact the operations of our customers. Leveraging on our understanding of the regulatory landscape, we are able to conceptualise practical and workable solutions for our customers.

As an illustration, we assist our customers in the implementation of technology to automate repetitive processes and reduce manual intervention; as well as enhancements and improvements of the corresponding business processes in line with changing industry trends, guidelines, regulations and compliance procedure standards. During this stage, we may also partner with other technology service providers for the adoption of technology application and infrastructure solutions, if required. These other technologies include virtualisation, API, distributed computing environment and unified communications, from suppliers such as Supplier I, VMWare and Software AG.

(b) Requirements study

We perform a service gap analysis focusing on our customers' existing infrastructure and business processes against their aspired goals to identify their system requirements. This further allow us to assess how our proposed technology solution can be incorporated into our customers' existing technology frameworks, and business processes that need to be designed in relation to the new solution.

(c) System design planning

Based on the findings from the gap study, we develop the corresponding frameworks and architecture. We may further customise the architecture to suit the requirements of our customers.

During this stage, we develop a detailed implementation plan, typically to be rolled out in phases. The architecture and implementation plan will be presented to the customer for approval.

(d) Technology architecture installation

There are several high-level architectures, including enterprise architecture, solution architecture and technology architecture. Depending on the scope of our engagement, we may be engaged to develop and install one or more of the following architectures:

(i) The enterprise architecture is a blueprint of the whole company and defines the architecture of the complete company. It includes all applications and IT systems that are used within the company and by different companies' departments including all applications (core and satellite), integration platforms, web, portal and mobile applications, data analytical tooling, data warehouse, operational and development toolings, security, and collaborative applications. The objective of an enterprise architecture is to focus on making IT work for the whole company and business and fit the companies' and business' goals. It looks at the business strategy and finds IT solutions to make it work including innovation and digital enablement;

(ii) The solution architecture describes what functionalities a specific system needs to perform. It is a detailed description of the functionalities needed to meet business objectives, the logic that governs them, and the information associated with them. It is also described as the functional architecture of an application or system. A solution architecture typically applies to a single project or project release and facilitates the translation of requirements into a solution vision, high-level business and/or IT system specifications; and

(iii) The technology architecture is a detailed description of the various technology components needed to meet business objectives, the logic that governs them, and the data associated with them. The technology architecture shows the software and hardware architecture, and focuses on how a specific solution can be served by this platform.

We may develop and install more detailed sub-architectures if required.

We typically rollout the adoption and integration of new infrastructure and solutions into an organisation's systems and workflows in phases. We carry out several tests prior to and during the rollout and integration phase, among which include system integration test, installation test, simulation test, functional test and load test. These tests will be conducted to determine if the assembled system installed is operating optimally and whether such assembled system will meet the documented requirements.

(e) User training

We plan and implement user training to support the successful implementation of technology application and infrastructure solutions.

The implementation of a new system can be a big change for many employees. A new or upgraded solution will include new hardware and software, tools, buttons and improved processes that will allow businesses to be more productive in the long run and reduce human errors. However, because of all these changes and new processes, employees may not be on par with each other, progress wise, when learning the new system on their own. This can restrict our customers from seeing the efficiencies from the technology application and infrastructure solution.

Thus, training of the end users is an important step for a successful system implementation. Training before the system officially goes live will give employees a chance to acclimate to any new processes and work out any problems with the system before it is implemented.

Premised on our technological capabilities, understanding of the requirements and legacy systems that our customers possess, we assess latest technology trends for incorporation in our solutions in order to add value to the technology application and infrastructure solutions that we propose to our customers.

We possess domain expertise in several industry verticals, which are industry-specific knowledge acquired from our experience servicing customers in these industries and supplemented by our understanding of the applicable regulatory landscape that impact the operations of our customers. Leveraging on this knowledge of the regulatory landscape, we are able to conceptualise practical and workable solutions for our customers. Primarily, our domain knowledge are in the government and financial services industries, which has enabled us to develop and deliver robust mainframe technology infrastructure solutions that meet the business needs of our customers in these industries. "Robustness" means the ability of a system to cope with errors during execution and cope with erroneous input without breaking down or experiencing failure.

We typically deliver technology application and infrastructure solutions on a turnkey basis. The duration of each project varies and largely depends on the scale of the project and the scope of work assigned to us.

We primarily undertake development and deployment works internally. However, the delivery of our turnkey technology application and infrastructure solutions contracts may require works that fall outside the ambit of ICT or specialised ICT tasks. In such instances, as the main contractor, we will engage external parties to undertake such specialised tasks. Specialised tasks by external parties are typically performed under the design and delivery of technology infrastructure solutions segment.

Works that fall outside the ambit of ICT includes, amongst others, building construction, mechanical and electrical works as well as structured cabling works. We also outsource specialised ICT services such as security tests, offsite data storage and recovery, and maintenance services to external parties. These are proprietary services and non-recurrent in nature, which are required to be performed independently by external parties (typically the supplier of the corresponding hardware and/or software) to maintain product warranty. Our Group does not employ specialised IT staff for such services that are non-recurrent in nature.

The number of subcontractors engaged for specialised ICT services during the financial years under review are as follows:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Number of subcontractors engaged	6	5	3	1
Subcontractors' cost incurred (RM)	314,043	377,736	178,282	60,000
Cost of sales (RM)	50,380,027	68,166,652	81,280,286	159,164,105
Percentage of cost of sales (%)	0.6	0.6	0.2	<0.1

Our Group did not engage any subcontractors solely for non-ICT services for FYE 2019 to 2022. During FYE 2019 to 2022, the non-ICT service costs were mainly for construction work performed for a contract with Customer K for turnkey delivery of a cargo scanning system and its related infrastructure at selected international seaports in Sabah and Sarawak, which are categorised under project-related costs (hardware). As the supplier charged our Group on a lumpsum basis, the breakdown for the non-ICT portions of the costs are not available.

The service fee for our technology application and infrastructure solution contracts is generally a fixed fee, taking into account our customers' requirements, scope of work, costs for carrying out the contract with reference to the costs of procuring the relevant hardware and/or software and whether any sub-contractor is engaged. Our fee is payable either in one lump sum for the sales of hardware and/or software after delivery; or by instalment after completion of specified progress milestone set out in the contract if other services are involved. The tenure for our contracts typically ranges from 1 year to 6 years, depending on the scope in which we have been engaged to perform.

For certain service contracts entered into with government agencies, statutory bodies and financial institutions, we are required to provide a performance bond in the form of a bank guarantee or contract deposit as a security sum to ensure our due performance during the contract term. Selected contracts that we secure may have liquidated ascertained damages ("**LAD**") clauses, for which the LAD claimable by customers is determined based on various factors such as the value of the affected scope, duration, as well as type of damages. Our Group did not receive any LAD claims during FYE 2019 to FYE 2022. However, subsequent to FYE 2022 up to LPD, our Group has received LAD claims of RM3.0 million from Customer K.

Our service is deemed to be completed once our customers accept the result of the user acceptance test in the deployed technology application and infrastructure solution.

The following projects (and their key scope with which we segmentise our revenue) serve as an illustration of our capabilities in delivering technology infrastructure solutions across selected industry verticals:

Project and customer	**Scope** **Design and delivery of technology infrastructure solutions**	**Scope** **Technology infrastructure operations, maintenance and support solutions**
<u>Government sector</u>		
(a) Design, installation, testing, commissioning, operations, maintenance and support of a cargo scanning system and its related infrastructure at selected international seaports in Sabah and Sarawak for a Customer K;	✓	✓
(b) Design, installation, testing, commissioning, maintenance and support of a main business system for Customer J;	✓	✓

Project and customer	Scope	
	Design and delivery of technology infrastructure solutions	Technology infrastructure operations, maintenance and support solutions
(c) Design, installation, testing and commissioning of a librarian, spool and scheduling system for statutory bodies in Thailand;	✓	✓
(d) Design, upgrade, installation, testing, commissioning, maintenance and support of a core immigration system for a statutory body in Malaysia;	✓	✓
(e) Design, installation, testing, commissioning, maintenance and support of core applications for statutory bodies in Malaysia;	✓	✓
(f) Design, installation, testing and commissioning of a project portfolio management system for a statutory body in Malaysia;	✓	
(g) Design, installation, testing and commissioning of a smart portal platform for Customer C; and	✓	
(h) Design and delivery of a report generator and change management system for a Chinese state-owned investment company based in Hong Kong.	✓	
<u>Financial services sector</u>		
(a) System security integrity test for mobile banking application for BSN;		✓
(b) Maintenance and support of the development framework of core banking application for a government-owned fund board in Malaysia;		✓
(c) Maintenance and support of the development framework of core banking application for Customer M;		✓
(d) Design and delivery of a change management system for a financial services institution in Hong Kong providing interbank clearing and settlement services nationwide;	✓	✓
(e) Design and delivery of a report generator and change management system for the local bourse in Hong Kong;	✓	✓

Project and customer	Scope	
	Design and delivery of technology infrastructure solutions	**Technology infrastructure operations, maintenance and support solutions**
(f) Design and delivery of enterprise management system for core banking application for The Siam Commercial Bank Public Company Limited and Bangkok Bank Public Company Limited another major financial institution in Thailand;	✓	✓
(g) Design and delivery of enterprise management system for core banking application for Customer P;	✓	✓
(h) Design and delivery of enterprise management system for core banking application for a major banking institution in Hong Kong;	✓	✓
(i) Design and delivery of enterprise management system for core banking application for a Chinese state-owned commercial bank operating in Hong Kong; and	✓	✓
(j) Design and delivery of data protection and recovery system for an insurance firm in Taiwan.	✓	✓
Other sector		
Upgrade of enterprise software platform for a national car manufacturer in Malaysia.	✓	✓

7.3.2 Provision of technology infrastructure operations, maintenance and support services

Following the completion of our provision of the aforesaid technology infrastructure services, our customers may engage us to provide on-going operations, maintenance and support services under a separate engagement. Some customers also engage us to provide maintenance and support services on technology hardware and/or software purchased from third party suppliers, for which the typical tenure of such contracts range between 1 and 6 years.

Our operations services relate to operating the system for a specified period ranges from 1 to 6 years in line with the tenure of our contracts. We support our customers in meeting predetermined service quality benchmarks relating to their daily operations. These include the meeting of their service-level agreement indicators. For example, one of our major customers requires the printing of identification cards securely within a stipulated timeframe as a civil service commitment to the public. Selected contracts that we secure may have service-level agreement ("**SLA**") clauses, for which each claim by a customer is determined on a case-to-case basis. Our Group has incurred SLA claims amounting RM0.11 million, RM0.07 million, RM0.01 million and RM0.03 million for FYE 2019, 2020, 2021 and 2022 respectively.

The maintenance and support services provided by us entail ad-hoc technical services, IT system administration, maintenance and corrective services. Our customers also engage us to assist them in the renewal of their subscription licences for certain IT systems, hardware and software. Occasionally, our technical staff may also be seconded (between 1 to 6 years pursuant to the contract) to our customers' office at their request for such services. As at LPD, we have 18 technical staff seconded to our customers' office to carry out maintenance and support services for 3 contracts.

We generally charge our customers a fixed fee for an agreed service period, taking into account our scope of work, required service-level, complexity of the technology systems and the costs of procuring the required hardware and/or software. Our service fees are usually payable on an annual basis. For certain service contracts entered into with government agencies, statutory bodies and financial institutions, we are required to provide performance bond in the form of bank guarantee or contract deposit as a security sum to ensure our due performance during the contract term.

Our service is deemed to be completed once the contract period expires.

7.3.3 Technology hardware and software products

To date, we have entered into distribution/reseller agreements with 7 leading IT hardware and software providers relating to the marketing and sales of hardware and software products of our technology partners respectively. They are: CA Singapore, Supplier I, VMWare, Inc. Software AG Operations Malaysia Sdn Bhd, a Japan-based digital solutions MNC, a China-based ICT infrastructure and smart devices provider and a leading American IT and networking MNC. The agreements that we have with our technology partners are non-exclusive in nature. We use the hardware and software products of our technology partners in our technology solutions projects for our customers. Our Group is not materially dependent on the agreements that we have with our technology partners.

- **Our business relationship with CA Group**

  In 2019, we entered into a partnership with Broadcom Inc.'s subsidiary, CA Singapore, pursuant to the Regional Partner Agreement, whereby Infomina was appointed to resell and distribute Broadcom software technologies (comprising Broadcom Enterprise Software and Broadcom Mainframe Software). Infomina was also recognised as a Premier Tier 1 VAD for purposes of marketing Broadcom software technologies in Malaysia, Singapore, Thailand, Indonesia, the Philippines, Hong Kong and Taiwan. Subsequently, this appointment to resell and distribute Broadcom Enterprise Software was extended to China in 2021 and the right to resell and distribute the Broadcom Mainframe Software was extended to China in 2022. Infomina's appointment by CA Singapore as a Premier Tier 1 VAD commenced on 24 June 2019, and it is automatically renewed annually unless CA Singapore decides not to renew the Regional Partner Agreement or the Regional Partner Agreement is terminated.

  Pursuant to the Regional Partner Agreement, we are able to engage and procure Broadcom software technologies directly from CA Singapore, and to resell and distribute the Broadcom software technologies to distributors and resellers in the CA Partner Regions. Additionally, being a Premier Tier 1 VAD serves as an upfront status recognition for marketing purposes and the Regional Partner Agreement sets out the overall manner of conducting business in relation to CA Singapore such as ordering and records, marketing, confidentiality and compliance with laws, whilst fees and pricing are quoted separately by CA Singapore which may change from time to time. This helps to facilitate negotiations with potential customers.

Based on Broadcom's website as at LPD, Infomina is the sole appointed distributor and Premier Tier 1 VAD of Broadcom Mainframe Software (but not for Broadcom Enterprise Software) in the CA Partner Regions and our Group is not aware of any other appointed Premier Tier 1 VAD by CA Singapore. For the avoidance of doubt, CA Singapore is not precluded from appointing other Premier Tier 1 VAD in the CA Partner Regions. The Regional Partner Agreement also provides the right for Infomina to market Broadcom software technologies in the CA Partner Regions to other IT distributors, if and when such opportunities arise.

Our Group has been in direct business with CA (Malaysia) Sdn Bhd since 2015 where we have been distributing Broadcom software technologies in Malaysia. Over the years, we have gradually proven our abilities as a distributor, thus leading to CA Singapore appointing Infomina for the regional distribution of Broadcom software technologies as well as a Premier Tier 1 VAD for the CA Partner Regions. The appointment of Infomina as a Premier Tier 1 VAD is the formalisation of the acknowledgment and recognition by CA Singapore of Infomina's capabilities as a distributor. This status serves as an additional marketing channel for Infomina, especially in countries where we do not have physical presence, as potential customers are able to obtain Infomina's contact details directly from Broadcom's website. This contributes to further enhancing our visibility and credibility with potential customers.

As at LPD, although Infomina is the sole distributor listed on Broadcom's website for Broadcom Mainframe Software in the CA Partner Regions, our Group notes that there are other market players in these countries that also offer mainframe solutions, including those from IT providers other than Broadcom. In competing with other providers in these foreign countries, we attribute our success in securing projects and customers in foreign markets to our ability to understand the business process and technology requirements of these customers, our knowledge of latest industry trends, track record with existing customers, comprehension of Broadcom's software technologies as well as competitiveness against other solution providers.

Premised on the above, M & A Securities being our Sponsor confirms that the foreign projects secured since 2019 (after FYE 2019 i.e. after 31 May 2019) as highlighted in the key milestones in Section 7.2 were not secured by virtue of our Company's Regional Partner Agreement with CA Singapore.

Our Group's business and profitability is materially dependent on our continual business relationship with CA Singapore for our distributorship of Broadcom software technologies. Nonetheless, our Group is not dependent on the Regional Partner Agreement. We also have partnerships with other mainframe technology partners and suppliers.

Please refer to Section 7.11 and 9.1.4 for further information regarding our dependency on CA Singapore as major supplier.

In 2020, we were appointed as a business partner to Supplier I for technology solutions. As a business partner, we are able to engage and procure hardware and software directly from Supplier I. We source for mainframe hardware, mainframe maintenance licence and infrastructure software such as database, systems, applications, API and security software from Supplier I. During the year, we also registered as an indirect channel partner of China-based ICT infrastructure and smart devices provider, for the marketing and sales of video conferencing technologies. We further entered into a VMware Partner Connect Agreement with VMware, Inc. in 2020 for the marketing and sales of VMware software solutions in Malaysia.

The business partner programme with our technology partners normally operates on several levels, with first-tier being the highest level. To achieve first-tier or second-tier ranking, business partners are typically required to:

- meet certain performance targets each year;
- possess extensive technical capabilities and product knowledge; and
- have a good market reputation.

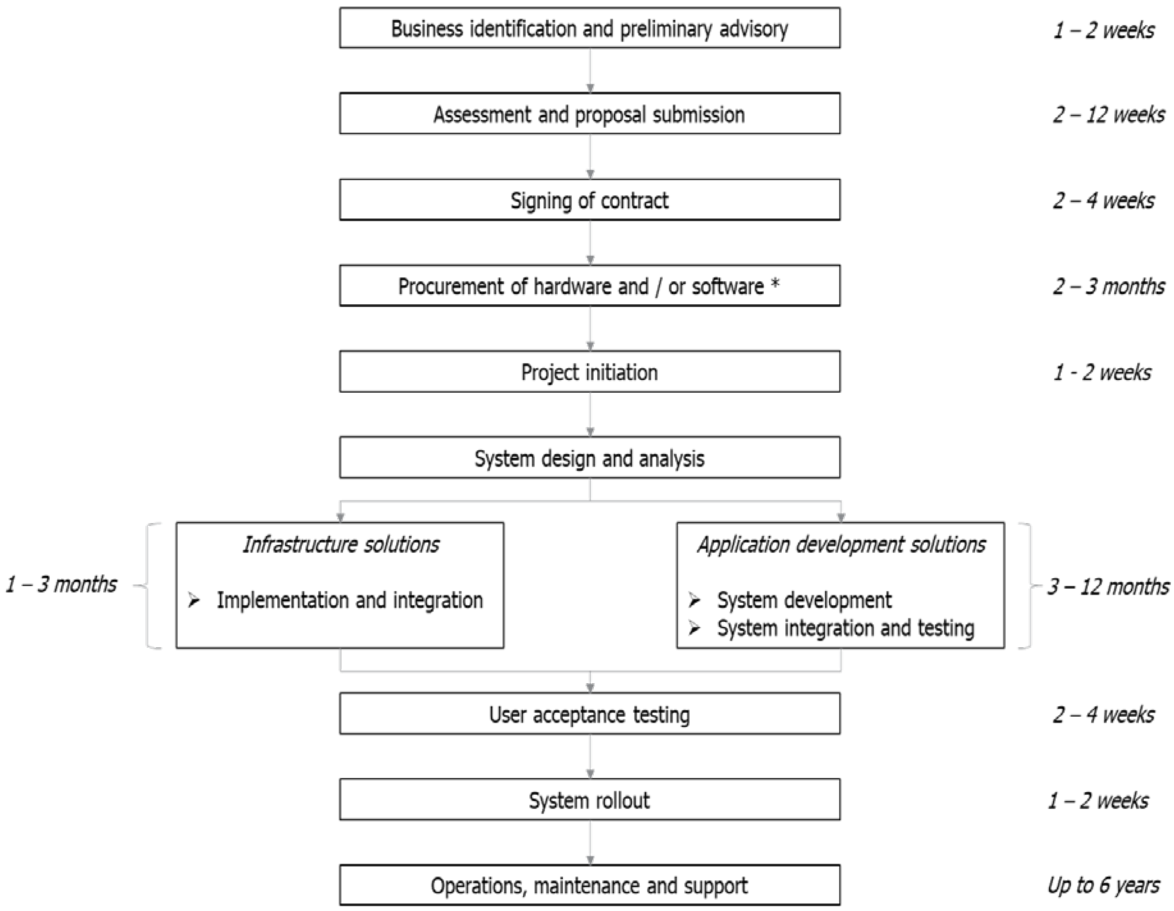
Although no compensation or penalty would be imposed by our suppliers on us should we fail to meet certain performance targets in any year, our ranking as a business partner of such supplier could be affected. Further, our profitability and overall competitiveness may also be affected in the event we have to purchase technology hardware and/or software from other intermediaries as opposed to directly from our technology partners, as there may be additional costs to these purchases.

We primarily utilise software technologies from our technology partners in our technology solutions projects, and do not merely resell technology hardware and software from these partners. Thus, we do not analyse our revenue for segmental sales of technology hardware and software products.

7.4 BUSINESS PROCESSES

7.4.1 Our business operation flow

We offer a wide range of technology application and infrastructure solutions, many of which require mainframe technology. Whether or not a project will involve all the steps in the operation flow below largely depends on our customer's requirements.



Note:

* Depending on the requirements of each project, the procurement of hardware and/or software is not always required.

The contracts that we enter into with our customers typically range between 1 year and 6 years, depending on the scope of services in which we have been engaged to perform. The timeframes in the diagram above applies to each stage of the overall implementation of turnkey project implementation portions of a project up to system rollout, which may individually vary between contracts. Post system rollout, we are generally also engaged for operations, maintenance and support for up to 6 years.

(a) Business identification and preliminary advisory

Our contracts are identified mainly through tendering (including open tender and invited tender); and direct engagement.

A brief description on the project's requirements and specifications and the estimated contract period will be included in the tender notices published by government agencies or statutory bodies. For private sector projects, we generally receive tender invitations or direct request for quotation and/or proposal from our existing customers or business referrals and we would provide our preliminary advice to our customers.

Our sales and marketing team, in collaboration with our technical team, would also take the initiative to carry out business development activities to explore opportunities to offer our solutions to potential customers from both the private and public sectors.

(b) Assessment and proposal submission

Based on the project requirements and other relevant materials obtained from our customers and/or as listed in the tender documents, we will perform technical and financial assessment and preliminarily analyse the specifications and requirements of the project and commence preliminary work such as considering the relevant hardware and/or software to be procured, IT product vendors to be lined up, and workforce availability.

We typically submit:

(i) a commercial proposal, as part of the tender documents containing the cost breakdown in terms of estimated man-hour of various professional staff categories required and their respective charging rate as well as payment schedule; and

(ii) a technical proposal specifying, among others, the technology application and infrastructure solution provided by our Group, manpower estimation, work approach, architecture design including civil engineering, mechanical and electrical engineering as well as structured cabling works to support the delivery of our proposed solution, and hardware and software requirements.

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

(c) Signing of contract

For public sector projects, once the government agency / statutory body has issued us the letter of award, we will enter into a separate contract with the government agency / statutory body whereby the contract will contain details such as the scope of our services, the payment schedule and other terms and conditions.

For private sector projects, if the projects are relatively straightforward, our customers will either sign on the quotation or proposal for confirmation. If the job is long term and more complex, we will develop a more detailed contract regarding the technology application and infrastructure solutions we can offer and seek our customer' confirmation.

For certain service contracts entered into with government agencies, statutory bodies and financial institutions, we are required to provide certain amount of performance bond in the form of a bank guarantee or contract deposit as a security sum to ensure our due performance during the contract term.

(d) Procurement of hardware and/or software

If hardware and/or software procurement is needed, we will select the suitable product vendors and the hardware and/or software according to our customers' specifications. On some occasions, our customers may specify certain products or certain brands of products to be procured. We are responsible for ensuring that the products sourced conform to the system requirements of our customers. Based on our customers' business needs, we generally give advice to our customers as to which hardware and/or software best suits their purposes.

For selected projects, hardware and/or software procurement may not be required. Typically, services that do not require hardware or software procurement relate to testing, training, installation and configuration services.

(e) Project initiation

We will form an internal project team comprising our staff for project planning and implementation. The size of the project team varies depending on the complexity, skill and scale of the project. Typically, a project team comprises a project manager, analyst programmers, system programmers, business analysts, system engineers, system testers, engineers from hardware and software principals, consultants and user representatives.

(f) System analysis and design

The detailed system analysis identifies frameworks, modules and technologies that we need to develop to meet the requirements of our customers. Thereafter, our project team will develop the corresponding enterprise architecture, solution architecture and technology architecture.

Our system analysis and design comprises:

(i) Infrastructure solutions

Implementation and integration

Depending on the project size and complexity, we may conduct site preparation in accordance with our site preparation plan. If project requires third party hardware and/or software, we will carry out configuration and reliability tests to ensure the hardware and/or software procured are fit and proper. We then configure and customise the hardware and/or software in accordance with our customers' requirements and specifications.

Thereafter, we perform functional, integration and stress tests to ensure the customised hardware and/or software will perform as per contract specifications, perform data migration and update for our customer's existing IT systems.

(ii) Application development solutions

System development

There are generally 2 types of system development, namely:

- projects that require us to ride on existing hardware and/or software, which means based on the basic framework of the hardware and/or software procured from our suppliers, we moderate, revise and formulate additional systems that fit our customers' needs; and
- projects that require us to develop the system from scratch based on the project specifications.

After conducting system analysis and design, we implement the findings in the system analysis and design report. Physical system design will be planned and implemented. Programme code is written and/or modified based on the design, specifications and development standards. If changes are required with respect to the agreed scope and plan, a change request form will be sent to and agreed with our customers during the course of our projects with additional charge for any expanded scope of work. During the software development process, we also conduct unit testing, during which small testable parts of an application will be individually and independently scrutinised to ensure proper operation.

System integration and testing

We assemble different constituent parts of the system, develop the control procedures and conduct programme unit testing. The assembled system will be installed at our customer's IT system. Several tests including but not limited to system integration test, installation test, simulation test, functional test and load test will be conducted to determine if the assembled system installed is operating optimally and whether such assembled system will meet the documented requirements. We record and rectify any defects or issues encountered during the system integration testing.

(g) User acceptance testing

During user acceptance testing, our customers will test the assembled system to determine whether it can handle the required tasks in their real-world business scenarios according to the specifications. The user acceptance test may need to be performed multiple times. The user acceptance testing ensures that the technology application and infrastructure solutions provided by us work for our customers. Our customers issue a user's acceptance report or other forms of project completion document after our passing of the user acceptance test.

(h) System rollout

The accepted system is then rolled-out organisation wide and goes live. If required, we may provide training to our customers in respect of operating the system. We also provide a pre-determined contractual nursing period for 30 days after the rollout, during which any problems found not owing to our customers' faults or product defects will be rectified by us.

(i) Technology infrastructure operations, maintenance and support

Upon completion of system rollout, we are able to support our customers in meeting pre-determined service quality benchmarks relating to their daily operations. This includes maintaining service uptime, efficiency and effectiveness of the system. We ensure our system enables our customers to meet their service-level agreement indicators with their end customers.

We offer a wide range of maintenance and support service to our customers. Our customers will generally engage us to provide the on-going maintenance and support services under a separate maintenance and support agreement. Occasionally, our customers will also enter into separate maintenance agreements with us for providing maintenance and support services in relation to third party hardware and/or software.

If our customers encounter any problems with our solutions offered, they can contact our technicians at our helpdesk for remote support. If such problem cannot be resolved over the telephone or email, we will provide on-site support.

We normally stipulate our scope of work in our maintenance and support service agreement with our customers, the scope of which can be broadly categorised as follows:

- Service desk and call centre support;
- Systems / application maintenance and related services;
- On-site preventive and corrective maintenance;
- Management and coordination of on-site maintenance by product principals (if necessary);
- Management and coordination of extending warranty and/or renewal of licences on behalf of customers from a previous term of warranty or licence; and
- On-site secondment / placement of skilled human talents.

Technology hardware and software warranties are provided directly by product principals or suppliers for the benefit of our customers. Nonetheless, as part of maintenance and support services, we assist and coordinate the warranty claims process between our customers and the relevant product principals or suppliers. Our Group does not honour warranties instead of the principals or suppliers.

7.4.2 Operating capacities and output

Our Group is principally involved in the provision of technology application and infrastructure solutions, as well as technology infrastructure operations, maintenance and support services. As such, conventional measures of production capacity and utilisation are not relevant to our business.

7.4.3 Technology used and to be used

(a) Mainframe technology

Mainframes are high-performance computers with large amounts of memory and processors that process millions of transactions in real time. Mainframes are primarily used by large organisations for critical large scale and real-time applications such as bulk data and transaction processing.

In the era of digital business transformation, mainframes are entering a new phase. A wide range of applications running on a variety of distributed computing platforms now need to access data that resides on a mainframe. Mainframe digital transformation involves connecting existing mainframe technology to software development and IT operation processes, APIs, cloud computing resources, and emerging innovative technologies. A connected mainframe approach to digital transformation provides cost savings, enhanced security, and greater processing speed.

As the appointed distributor for CA Singapore, we are responsible for the marketing and sales of Broadcom software technologies in CA Partner Regions.

Please refer to Section 7.3.3 for further information of our business relationship with CA Group.

(b) Industry 4.0

Malaysia looks towards Industry 4.0 to boost productivity growth, with priority initially given to the manufacturing sector and future plans to extend it to other sectors. The pillars of Industry 4.0, namely big data, augmented reality, AI, simulation, IoT, cloud computing, cyber security, systems integration, additive manufacturing, and autonomous robots, aim to help transform the operational potential of manufacturing industries. Industry 4.0 involves the connectivity of cyber-physical systems where existing and new production machines are fitted with sensors which collect lots of relevant data, use QR codes, radio frequency identification tags or IoT devices to identify different products, technologies in which we have developed expertise.

We support our customers' adoption of Industry 4.0 by designing and building technology application and infrastructure solutions that incorporate elements such as big data, AI, IoT and cloud computing, that support bulk data processing and large-scale transaction processing.

(c) IoT and smart solutions

With the rise of the IoT and smart solutions, the possibilities of technology solutions are ever expanding. There is increasingly a shift in the way IT is being used through cloud computing, system integration and the IoT.

In IoT, physical objects are embedded with sensors, processing ability, software, and other technologies, and that connect and exchange data with other devices and systems over the Internet or other communications networks. Combined with other technologies such as AI and big data, IT systems can be configured to become autonomous with minimal human intervention. The digitalisation of such operating environment will become unified by connected systems that enable interactions within and between systems to allow self-configuration, failure prediction and be more adaptive to changes.

We adopt IoT to support predictive analytics for maintenance services for the technology solutions that we deliver to our customers, especially in relation to ensuring the uptime of data centre and mainframe infrastructure to improve the service-level targets of our customers.

(d) Application programming interface

APIs are software intermediary that allows different applications to communicate with each other in a seamless and efficient manner. APIs ensure that data extracted from one software application is formatted and passed to the next application securely and accurately, even if the associated application's feature sets have been updated. Essentially, they allow two applications to seamlessly communicate and share data with each other. The ultimate goal of the API economy is to facilitate the creation of user-focused applications that support business goals and improve workforce throughput.

The benefits of APIs in software development support the shift from an on-premises software to the cloud and microservices-based applications. Smaller, function-based components are easier to maintain, with individual developers or inhouse IT teams assuming responsibility for a specific part. By building a business model around APIs, businesses can rapidly scale up by using APIs.

We currently adopt APIs in selected solutions, where it enables automated inter-organisational information sharing between pre-authorised users.

Further, we intend to adopt APIs in our regional Centre of Excellence where information on a technology platform can be accessed and validated by pre-approved stakeholders from various agencies, thereby improving efficiency of operations for all stakeholders. This will allow stakeholders to meet and improve their service-level targets.

7.5 BUSINESS SEGMENTS AND PRINCIPAL MARKETS

The breakdown of our revenue by business segment for FYE 2019 to 2022 is as follows:

	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Business segment	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design and delivery of technology infrastructure solutions	42,546	64.5	45,340	55.5	27,856	26.5	101,179	50.3
Technology infrastructure operations, maintenance and support services	23,460	35.5	36,276	44.5	77,368	73.5	99,885	49.7
Total revenue	**66,006**	**100.0**	**81,616**	**100.0**	**105,224**	**100.0**	**201,063**	**100.0**

The breakdown of our revenue by country for FYE 2019 to 2022 is as follows:

	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Business segment	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	66,006	100.0	67,413	82.6	41,164	39.1	115,442	57.4
Foreign country								
Thailand	-	-	10,321	12.7	31,890	30.3	32,543	16.2
The Philippines	-	-	2,540	3.1	26,802	25.5	42,311	21.1
Others	-	-	(1)1,342	1.6	(1)5,368	5.1	(2)10,767	5.3
Total revenue	**66,006**	**100.0**	**81,616**	**100.0**	**105,224**	**100.0**	**201,063**	**100.0**

Notes:

(1) Revenues from customers in Hong Kong that were generated through our subsidiary, Infomina SG.

(2) Revenues from customers in Hong Kong and Taiwan that were generated through our subsidiary, Infomina SG.

We principally operate in Malaysia, Singapore, Thailand, the Philippines, Indonesia and Hong Kong through our subsidiaries. For our operations in Indonesia, we have yet to receive any purchase orders from Indonesia due to pandemic and lack of local staffs. For FYE 2020, 2021 and 2022, Infomina SG has generated revenue of RM1.3 million, RM5.4 million and RM9.7 million respectively from our customers in Hong Kong. The remaining RM1.0 million revenue generated by Infomina SG in FYE 2022 was from our customers in Taiwan.

Please refer to Section 12.2.3 for further information on the breakdown of our revenue.

7.6 SALES AND MARKETING STRATEGIES

Our Group's sales and marketing activities are led by our Managing Director, Yee Chee Meng. He is supported by Executive Directors, Raymond, Hoshairy as well as Nasimah, who oversees contracts management including coordination, planning, reviewing, administration, approval and execution of contract workflows internally.

Our Group typically identifies new business opportunities mainly through request for quotations in competitive bidding open tenders or direct negotiations.

Our business development efforts focus on identifying new opportunities in the public and private sectors. The public sector engagement is led by Hoshairy while the private sector engagement is led by Raymond.

Hoshairy and Raymond are supported by the Field Sales and Marketing team, which is led by Tan Siang Pin. The Field Sales and Marketing Team comprises a team of 17 sales and pre-sales consultants across our subsidiary companies. The Field Sales and Marketing team is also responsible for meeting sales targets, preparing quotations and proposal frameworks as well as liaising with technical team for pre-sales consultation.

The Field Sales and Marketing team is further responsible for initiating and maintaining technology partnerships with international technology partners for the marketing and sales of technology hardware and software.

Further, as CA Singapore's Premier Tier 1 VAD, our contact details are featured on the website of our technology partner. We are able to attend to and service requests from customers within Malaysia, Singapore, Thailand, Indonesia, the Philippines, Hong Kong, Taiwan and China. Based on Broadcom's website as at LPD, Infomina is the sole appointed distributor and Premier Tier 1 VAD of Broadcom Mainframe Software (but not for Broadcom Enterprise Software) in the CA Partner Regions and our Group is not aware of any other appointed Premier Tier 1 VAD by CA Singapore. Our contact details are also featured on Supplier I's website, being a tier-1 business partner to Supplier I.

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7.7 INTERRUPTIONS TO BUSINESS

Save for the interruption in our operations arising from the imposition of movement controls in Malaysia following the outbreak of COVID-19, our Group has not experienced any other interruption which has significantly affected our business during the past 12 months preceding LPD.

7.7.1 Impact of COVID-19 and MCO on our business operations

Impact on our business operations in Malaysia

Due to the outbreak of COVID-19, several periods of movement controls were implemented in Malaysia. The different periods of movement controls and their impact on our operations are summarised as follows:

Events	Description
2020	
MCO 1.0	• Implemented from 18 March 2020 to 3 May 2020. • The control measures implemented included, amongst others, the closure of all business sectors and activities, except for those classified as essential services. However, the Government classified telecommunications and digital infrastructure including ICT services and global business services as essential services. • We temporarily suspended our office operations from 18 March 2020 to 3 May 2020. • Our office-based employees were required to work remotely from home.
Conditional MCO ("CMCO")	• Implemented from 4 May 2020 to 9 June 2020. • Certain restrictions previously gazetted under the MCO 1.0 period were gradually eased and many economic sectors were allowed to resume operations following specific guidelines and SOP. • Our employees worked on a rotation basis from the office with workforce capacity at 50%.
Recovery MCO ("RMCO")	• Implemented from 10 June 2020 and the following extensions, ended on 31 March 2021. • All economic sectors were generally allowed to resume operations so long as they follow the specified guidelines and SOP. • Our employees worked on a rotation basis from the office with workforce capacity at 50%.
2021	
MCO 2.0	• Implemented from 16 April 2021 to 31 May 2021. • MCO restrictions were first re-imposed to several states and districts, before extending nationwide effective 12 May 2021. During this period, all economic sectors were allowed to operate.

Events	Description
	• Our employees worked on a rotation basis from the office with workforce capacity at 50%.
MCO 3.0	• Implemented from 12 May 2021 to 7 June 2021 as the nation faced rising COVID-19 infections. • Our employees worked on a rotation basis from the office with workforce capacity at 60%.
National Recovery Plan ("NRP")	• The Government announced the NRP, a four-phase recovery plan for Malaysia to return to normalcy, with each phase being more relaxed, and achieved progressively through reduction of COVID-19 cases.
NRP Phase 1	• Phase 1 of NRP commenced from 1 June 2021. • All sectors were not allowed to operate except for those in the essential economic and service sectors. • Our employees worked on a rotation basis from the office with workforce capacity at 60%.
NRP Phase 2	• Kuala Lumpur, Selangor and Putrajaya transitioned into Phase 2 of NRP on 10 September 2021. • Restrictions for cross district travels were further relaxed for states that had transitioned to Phase 2. • Our employees worked on a rotation basis from the office with workforce capacity at 80%.
NRP Phase 3	• Kuala Lumpur, Selangor, Putrajaya and Melaka transitioned into Phase 3 of NRP on 1 October 2021. • The Government of Malaysia announced further relaxation on interstate and international travel for fully vaccinated individuals which took effect on 11 October 2021 for all states save for Sabah. • Our employees worked on a rotation basis from the office with workforce capacity at 80%.
NRP Phase 4	• Klang Valley and Melaka transitioned into Phase 4 of NRP on 18 October 2021. • Our employees worked on a rotation basis from the office with workforce capacity at 80% and gradually increased to full capacity.
2022	
Transition to endemic phase	• Malaysia entered into endemic phase on 1 April 2022. • The Government of Malaysia announced the lifting of all restrictions on business operating hours, as well as abolishment on limitations on the number of people allowed in the workplace based on vaccination status. • Our office returned to full capacity.

During the periods of movement restrictions as set out above, particularly the MCO 1.0, CMCO, MCO 2.0 and NRP Phase 1, a few of our customers' business operations were affected, resulting in selected on-going projects being rescheduled. In such circumstance, we notified the affected customers about the disruptions and constraints arising from the movement restrictions, and they agreed to defer the onsite installation of hardware and software. As an illustration, the project delivery schedule for one of our projects was extended from July 2021 to December 2021. While our contracts generally include penalty terms relating to the delay in project completion, we were not penalised for the delay in completion of contracts and/or completion of purchase orders due to movement restrictions arising from the pandemic as at LPD as we were granted extension of time by the affected project owners. In circumstances where our project staff were permitted to be stationed in customers' offices, they were required to follow the relevant COVID-19 SOP.

For all periods of movement restrictions, the delivery of our on-going operations, maintenance and support services were not materially affected as these services can be performed remotely.

Our procurement activities were temporarily affected, particularly during MCO 1.0 and CMCO, due to movement restrictions on our technology partners, suppliers and vendors, which affected delivery of hardware that we require for our projects. This delay ranged between two to four weeks on average. While this led to deferment of revenue recognition in relation to a project, our Group's operations and financial performance was not materially affected by this delay.

For the avoidance of doubt, we did not experience any cancellation of contracts or purchase orders throughout all the periods of movement restrictions.

Additionally, the COVID-19 pandemic has not disrupted our regional expansion plans in terms of staffing, as our Group has managed to employ local staff in the intended regions remotely and without physical presence.

The pandemic has, however, disrupted plans for regional marketing efforts as physical meetings are still preferred, as well as regional administrative procedures such as statutory documentation and the opening of bank accounts. Nonetheless, our Group continued to secure contracts in Thailand and Philippines during the pandemic.

7.7.2 Impact on our business operations outside Malaysia

Our offices abroad are virtual offices, and all our contracts with customers abroad are in relation to operations, maintenance and support services. As these services can be performed remotely, our business operations outside Malaysia were not materially affected.

7.7.3 Impact of COVID-19 on our cash flows, liquidity, financial position and performance

Our Group declared a financial assistance of RM3,000 for each staff due to COVID-19 in 2020, which we disbursed in early 2021. The total disbursed financial assistance to our staff was RM321,000. Our Group received RM193,200 from the Government under the Wage Subsidy Programme in FYE 2021.

We experienced disruptions in our business operations as a result of the imposition of the various phases of MCO since March 2020. The delivery of our on-going projects and the provision of our maintenance and support services were not materially affected as these services can be performed remotely. Nonetheless, the project delivery schedule for 1 project was extended from July 2021 to December 2021, as the COVID-19 outbreak had affected our customers' business operations resulting in this on-going project being extended. Specifically, the delay was for a project with a statutory body, where the delivery schedule was extended from July 2021 to December 2021. As a result, the revenue recognition from the affected milestone billing that was correspondingly delayed totalled RM18.6 million, whereby RM5.5 million was recognised in FYE 2021 and RM13.1 million in FYE 2022.

However, we did not experience significant impact on our financial performance arising from the COVID-19 pandemic as demonstrated by an increase in revenue from RM66.0 million in FYE 2019 to RM105.2 million in FYE 2021. Our revenue further increased to RM201.1 million in FYE 2022 as business activities gradually resumed following the lifting of the MCO and reopening of international borders in 2022. Our Group's profitability was not materially impacted by the MCO and variations thereof because the increase in shipping and material costs arising from the pandemic were absorbed by our suppliers.

Further, we do not expect any significant impact to the sustainability of our business operations in the foreseeable future as:

(a) our business operations have resumed to full capacity as at LPD;

(b) we did not experience any cancellation in contracts or purchase orders during the movement control periods as it has since been resolved with the resumption of business activities by our suppliers and subcontractors;

(c) we recorded an increase in revenue from RM66.0 million in FYE 2019 to RM201.1 million in FYE 2022; and

(d) as at LPD, our on-going contracts amount to RM443.6 million, to be delivered up to FYE 2027.

We do not expect any significant impact to our liquidity, financial position and financial performance arising from the impact of COVID-19 and MCO. We also do not anticipate any financial difficulties in meeting our obligations to sustain our business operations.

7.7.4 Disease control measures implemented in our workplace

We had put in place the following disease control measures to curb the spread of COVID-19 in compliance of the SOP issued by the relevant authorities in Malaysia:

(a) compulsory wearing of face masks;

(b) symptoms screening for employees and visitors at our workplace;

(c) physical distancing of at least one metre at workplace; and

(d) avoidance of unnecessary work activities which require travelling and face-to-face meetings.

As at LPD, our Group has incurred approximately RM160,000 for the implementation of COVID-19 disease control measures. The costs incurred were mainly for the procurement of pandemic preparedness and response plan, thermometers, provision of face masks for employees and visitors, COVID-19 testing, purchase of disinfectant liquids, sprays and hand sanitisers. The costs incurred are not material to our Group as it represents only 0.7% of PBT for FYE 2022. Our Group has not breached any laws relating to COVID-19 restrictions or SOP issued by the relevant authorities in Malaysia.

Subsequent to the nation entering into the endemic phase, the Government announced the relaxation of COVID-19 rules and SOP commencing 1 April 2022.

7.7.5 COVID-19 cases in our workplace

As at LPD, we have had employees contracted COVID-19, which have not materially affected our business operations. We will continue to implement stringent SOP to continue business operations as precautionary measures to prevent any occurrence of COVID-19 incident.

7.8 SEASONALITY

Our business is not subject to seasonal fluctuations.

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7.9 MAJOR CUSTOMERS

Our top 5 major customers for each of FYE 2019 to 2022 are as follows:

FYE 2019

No.	Customers	Country	Business activities	Type of service	Revenue contribution RM'000	Revenue contribution %	Length of relationship(1) Years
1	Customer J(2)	Malaysia	Government ministry	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	46,380	70.3	3
2	Customer H(3)	Malaysia	Provision of IT systems services	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	14,255	21.6	11
3	BSN	Malaysia	Provision of financial services	Technology infrastructure operations, maintenance and support services	2,313	3.5	6
4	Customer M(4)	Malaysia	Provision of financial services	Technology infrastructure operations, maintenance and support services	1,438	2.2	5
5	Customer C(5)	Malaysia	Statutory body	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	922	1.4	6
					65,308	**99.0**	

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2020

No.	Customers	Country	Business activities	Type of service	Revenue contribution RM'000	Revenue contribution %	Length of relationship[1] Years
1	Customer J[2]	Malaysia	Government ministry	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	44,461	54.5	4
2	Customer H[3]	Malaysia	Provision of IT systems services	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	17,806	21.8	12
3	The Siam Commercial Bank Public Company Limited	Thailand	Provision of financial services	Technology infrastructure operations, maintenance and support services	8,839	10.8	1
4	Customer P[6]	The Philippines	Provision of financial services	Technology infrastructure operations, maintenance and support services	2,146	2.6	1
5	Customer C[5]	Malaysia	Statutory body	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	1,313	1.6	7
					74,565	**91.4**	

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2021

No.	Customers	Country	Business activities	Type of service	Revenue contribution RM'000	Revenue contribution %	Length of relationship [1] Years
1	The Siam Commercial Bank Public Company Limited	Thailand	Provision of financial services	Technology infrastructure operations, maintenance and support services	21,124	20.1	2
2	Customer J[2]	Malaysia	Government ministry	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	19,995	19.0	5
3	Customer P[6]	The Philippines	Provision of financial services	Technology infrastructure operations, maintenance and support services	16,106	15.3	2
4	Customer H[3]	Malaysia	Provision of IT systems services	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	11,655	11.1	13
5	Bangkok Bank Public Company Limited	Thailand	Provision of financial services	Technology infrastructure operations, maintenance and support services	7,697	7.3	2
					76,576	**72.8**	

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2022

No.	Customers	Country	Business activities	Type of service	Revenue contribution RM'000	Revenue contribution %	Length of relationship [1] Years
1	Customer K[7]	Malaysia	Government agency	Technology infrastructure operations, maintenance and support services	49,237	24.5	3
2	Customer J[2]	Malaysia	Government ministry	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	46,758	23.3	6
3	The Siam Commercial Bank Public Company Limited	Thailand	Provision of financial services	Technology infrastructure operations, maintenance and support services	20,006	10.0	3
4	Customer P[6]	The Philippines	Provision of financial services	Technology infrastructure operations, maintenance and support services	19,520	9.7	3
5	Customer H[3]	Malaysia	Provision of IT systems services	Design and implementation of technology application and infrastructure solutions; technology infrastructure operations, maintenance and support services	15,117	7.5	14
					150,638	**75.0**	

7. BUSINESS OVERVIEW *(Cont'd)*

Notes:

(1) Length of relationship as at the respective FYE.

(2) Customer J is a ministry of the Government which is responsible for safety and public order, immigration, border control and population registry. Contracts with Customer J are for the benefit of a national registry body under the purview of the Ministry of Home Affairs Malaysia. It provides registration service to the public (i.e. birth, death, adoption, marriage and divorce), determining citizenship status and the issuance of identity card to eligible individuals. It has service branches that are located in 13 states and 2 federal territories in Malaysia. In FYE 2022, contracts with Customer J are also for the benefit of the immigration department.

(3) Customer H is a company based in Malaysia and listed on the Main Market of Bursa Securities. The group is principally involved in the provision of systems integration, network related services, data centre management, disaster recovery services and other IT related services. The group serves customers in Malaysia primarily from the insurance industry, IT industry, defence industry as well as health industry. Customer H purchases system integration services together with Broadcom Technologies from providers such as our Group as a supplier, and extends the same system integration services to its customers.

(4) Customer M is a company based in Malaysia held under a financial and banking services provider that is listed on the Main Market of Bursa Securities. The group provides an array of financial products and services through three key business pillars: retail banking services; wholesale banking services and conventional and Islamic insurance solutions. The group operates and is supported by shared corporate functions across a global network of 18 countries.

(5) Customer C is a statutory body in Malaysia which regulates several strategic ICT industries such as telecommunications, broadcasting, postal and courier, digital signatures and online activities. It has state offices that are located in 13 states and 1 federal territory in Malaysia.

(6) Customer P is a company based in the Philippines and listed on the Philippine Stock Exchange. The group is principally a provider of a range of banking and collateral services, including but not limited to, consumer banking, corporate banking, investment banking, treasury, branch banking and others. It has a domestic presence of more than 950 branches and it owns more than 30 foreign maintained branches / offices.

(7) Customer K is a government agency responsible for administrating Malaysia's indirect tax policy in relation to import and export duty, excise duty, sales tax and service tax and prevention of smuggling activities.

We have not obtained consent from the major customers under notes (2) to (7) above to disclose their identify and their respective business dealings with our Group as at LPD. Save for BSN, The Siam Commercial Bank Public Company Limited and Bangkok Bank Public Company Limited for which consent is not required, we are unable to disclose the identity of the major customers.

7. BUSINESS OVERVIEW *(Cont'd)*

Our Group had a total of 14, 28, 35 and 43 customers that contributed to our total revenue in the FYE 2019, 2020, 2021 and 2022 respectively. Of these customers, our Group secured 7 new customers in FYE 2019 which contributed to RM0.5 million (0.8% of total revenue in FYE 2019), 14 new customers in FYE 2020 which contributed to RM18.9 million (23.2% of total revenue in FYE 2020), 13 new customers in FYE 2021 which contributed to RM9.3 million (8.8% of total revenue in FYE 2021) and 14 new customers in FYE 2022 which contributed to RM18.5 million (9.2% of total revenue in FYE 2022). In this respect, new customers are customers that we secured in the FYE 2019, 2020, 2021 and 2022 that have not made purchases from our Group in prior financial years as well.

Revenue from our major customers collectively comprised between 72.8% and 99.0% of our revenue over FYE 2019 to 2022. In particular, Customer J has been contributing substantially to our Group's revenue, accounting for 70.3%, 54.5%, 19.0% and 23.3% over FYE 2019 to 2022. The significant contributions arose from projects with Customer J which have commenced since 2017. During this time, our Group has also been securing contracts from different customers and industry segments who have also increasingly contributed to our Group's revenue. We expect to continue diversifying our customer base in future to replenish our order book. As such, contribution from Customer J has been on a declining trend. However, this does not preclude our Group to tender for new contracts from Customer J should the opportunity arise. As at LPD, the contracts with Customer J will last up to FYE 2026. Premised on the foregoing, our Group is not particularly dependent on Customer J despite its significant contribution to our Group's revenue over FYE 2019 to 2022.

Revenue contribution from our major customers vary from year to year given the nature of our business being conducted on a contract basis. The contracts that we enter into with our customers typically range between 1 year and 6 years, depending on the scope of services in which we have been engaged to perform. We may not secure similar contracts in terms of size and scope with the same customers every year. As such, we are not dependent on any single major customer for our business continuity as our contracts with them are secured on a contract by contract basis. However, their significant contribution to our revenue from FYE 2019 to 2022 may be considered as a risk factor to our Group as we will continue to tender for new contracts from these customers when the opportunity arises. Due to their significant revenue contributions, terminations and loss of future opportunities with these major customers without timely replacement may adversely impact our Group. Please refer to Section 9.1.3 for further details.

There are termination clauses in our Group's contracts which are beneficial to our Group, where some contracts provide for any remaining contract value to be paid in full if the contract is prematurely terminated at convenience or without cause. Where the contracts do not have such terms, such termination may not have any material impact on our Group because the remaining contract sum is either not material, and partially completed contracts can be reimbursed, and/or the right to terminate is typically at the option of our Group. Additionally, the termination of any project can be subject to negotiation as well. Generally, customers and our Group would be averse to termination, and will always endeavour to negotiate or resolve any circumstances that may potentially result in termination of a contract. This is because contracts, once secured and implemented halfway, are usually more costly to replace or terminate, than to continue. For FYE 2019 to 2022 and up to LPD, we did not experience any material termination except with regards to a project with Customer H where Infomina provided support services. In November 2021, after delivering works for the month, Customer H did not issue any further work orders to us for this particular project. There is no termination clause for the aforementioned project with Customer H. There is also no specified amount for the remainder of the project. Since then, we did not have any new projects with Customer H up to LPD. Subsequent to LPD, in March 2022, Customer H renewed their subscription of Broadcom Enterprise Software for their customer through Infomina, for the period up to FYE 2023, under the technology infrastructure operations, maintenance and support services segment amounting to RM11.4 million.

7. BUSINESS OVERVIEW *(Cont'd)*

7.10 TYPES, SOURCES AND AVAILABILITY OF INPUTS

The main inputs for our business are:

(a) Software and corresponding licences;
(b) Hardware; and
(c) Technical support and maintenance services.

The breakdown of the inputs purchased by our Group for FYE 2019 to 2022 is as follows:

		FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Inputs	**Countries sourced**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
In RM:									
Licences and software	Malaysia	21,326	47.5	16,616	27.0	652	0.9	14,456	9.4
Technical support and maintenance		21,804	48.6	25,731	41.8	13,181	17.5	13,778	9.0
Hardware		1,086	2.4	1,143	1.9	4,015	5.3	53,226	34.6
Training-related costs		159	0.4	1,650	2.7	104	0.1	185	0.1
Total purchases in RM		**44,375**	**98.9**	**45,140**	**73.4**	**14,506**	**23.8**	**81,645**	**53.1**
In foreign currency:									
Licences and software									
- In USD	Singapore, UK, Canada, Australia and the Philippines	510	1.1	16,300	26.5	54,380	72.3	72,142	46.9
- In PHP	The Philippines	-	-	-	-	2,817	3.8	-	-
		510	**1.1**	**16,300**	**26.5**	**57,197**	**76.1**	**72,142**	**46.9**
Technical support and maintenance	Australia								
- In USD		-	-	-	-	34	<0.1	-	-

7. BUSINESS OVERVIEW *(Cont'd)*

		FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Inputs	**Countries sourced**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Training-related costs	Australia								
- In USD		-	-	50	0.1	-	-	-	-
Total purchases in foreign currency		**510**	**1.1**	**16,350**	**26.6**	**60,677**	**76.2**	**72,142**	**46.9**
Total purchases		**44,885**	**100.0**	**61,490**	**100.0**	**75,183**	**100.0**	**153,787**	**100.0**

We primarily undertake development and deployment works internally. Nonetheless, we receive technical support and maintenance from our product principals / suppliers for hardware and/or software purchases, where such support and maintenance works are undertaken at no additional cost by the product principals / suppliers as part of their delivery services for a particular contract or project as these are proprietary services to maintain product warranty. No additional costs are charged by our product principals / suppliers for such maintenance services. Major maintenance services are generally required to be obtained from the supplier that provided the hardware or software. However, we sometimes perform minor maintenance services, for which we may, from time to time, engage external parties to perform where we do not have the workforce and capacity do so, as explained below.

We may also engage external parties to undertake specialised tasks, such as building construction, mechanical and electrical works as well as structured cabling works, which do not fall under the ambit of ICT. These specialised tasks are typically recorded under technical support and maintenance as well.

We have encountered situations in the past where we needed to allocate additional project manpower resources to accelerate the progress of our projects. In such instances, we engage external manpower to supplement our own internal project manpower. From time to time, we may also engage external parties to undertake ICT related works such as security tests, offsite data storage and recovery, and minor maintenance services, to increase our workforce capacity as and when required for services that are proprietary and/or non-recurrent in nature, especially during peak periods. We engage external parties to carry out such work because:

(a) this allows us to focus on core areas we are experienced in and leave the specialised part to special skilled labour;

(b) it reduces the labour cost as we do not have to employ a large permanent workforce to manage the occasional peak periods of work; and

(c) increases our flexibility and capacity in carrying out the projects thereby enabling us to operate more efficiently and cost-effectively.

Our Group does not segmentise the costs of our externally engaged parties.

7. BUSINESS OVERVIEW *(Cont'd)*

In relation to foreign customers, our Group typically quote contracts in USD and impose a premium on fees quoted in local currencies. This is to encourage our customers to accept the contracts that we quote in USD. As such, foreign contracts are generally accepted and transacted in USD, which act as a natural hedge for our purchases that are generally paid for in USD. However, where contracts are accepted in local currencies, the premium on fees may not be sufficient to offset any foreign exchange losses. Such shortfall occurred in FYE 2020, resulting in a RM1.1 million loss on foreign exchange. Save for the premium on fees imposed, there are no other measures in place to minimise our exposure to foreign exchange fluctuations.

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7. BUSINESS OVERVIEW *(Cont'd)*

7.11 MAJOR SUPPLIERS

Our top 5 major suppliers for each of FYE 2019 to 2022 are as follows:

FYE 2019

No.	Suppliers	Country	Inputs procured	Purchase contribution RM'000	Purchase contribution %	Length of relationship [1] Years
1	Supplier H [2]	Malaysia	Hosting services [3]	10,925	21.8	5
2	CA Group [4]	Malaysia	Software	7,327	14.6	5
3	Supplier I [5]	Malaysia	Hardware, software and services	4,398	8.8	5
4	Tech Data Advanced Solutions (M) Sdn Bhd	Malaysia	Hardware and software	2,657	5.3	5
5	Supplier E [6]	Malaysia	Hardware and software	2,648	5.3	4
				27,953	**55.8**	

FYE 2020

No.	Suppliers	Country	Inputs procured	Purchase contribution RM'000	Purchase contribution %	Length of relationship [1] Years
1	CA Group [7]	Singapore and Malaysia	Software	18,607	27.3	6
2	DMX Packet (Malaysia) Sdn Bhd	Malaysia	Hardware	5,797	8.5	3
3	Supplier H [2]	Malaysia	Hosting services [3]	4,831	7.1	6
4	Wesure Sdn Bhd	Malaysia	Manpower for technical support and maintenance services	4,457	6.5	2
5	Supplier I [5]	Malaysia	Software	4,234	6.2	6
				37,926	**55.6**	

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2021

No.	Suppliers	Country	Inputs procured	Purchase contribution RM'000	Purchase contribution %	Length of relationship [1] Years
1	CA Group [8]	Singapore	Software	53,963	66.4	7
2	Supplier N [9]	China	Hardware, software and services	3,446	4.2	2
3	Supplier Z [10]	Malaysia	Manpower for technical support and maintenance services	3,445	4.2	2
4	Supplier C [11]	Malaysia	Manpower for technical support and maintenance services	2,800	3.4	2
5	Rightsledger Philippines, Inc.	The Philippines	Manpower for technical support and maintenance services	2,604	3.2	2
				66,258	**81.5**	

FYE 2022

No.	Suppliers	Country	Inputs procured	Purchase contribution RM'000	Purchase contribution %	Length of relationship [1] Years
1	CA Group [8]	Singapore	Software	71,657	45.0	8
2	Supplier N [9]	China	Hardware, software and services	33,545	21.1	3
3	VSTECS Pericomp Sdn Bhd	Malaysia	Enterprise servers, storage, network products and software	12,088	7.6	8
4	Ingram Micro Malaysia Sdn Bhd	Malaysia	Enterprise servers, storage, network products and software	5,807	3.6	6

7. BUSINESS OVERVIEW *(Cont'd)*

				Purchase contribution		Length of relationship [1]
No.	**Suppliers**	**Country**	**Inputs procured**	**RM'000**	**%**	**Years**
5	Wesure Sdn Bhd	Malaysia	Manpower for technical support and maintenance services	5,495	3.5	2
				128,592	**80.8**	

Notes:

(1) Length of relationship as at the respective FYE.

(2) Supplier H is a company based in Malaysia and listed on the Main Market of Bursa Securities. The group is principally involved in the provision of systems integration, network related services, data centre management, disaster recovery services and other IT related services. The group serves customers in Malaysia primarily from the insurance industry, IT industry, defence industry as well as health industry.

(3) For the hosting of database, applications and related critical systems in relation to our technology application and infrastructure solutions, for our customers' access externally via internet connection. While we continued to procure hosting services from Supplier H amounting to RM2.28 million in FYE 2021, Supplier H is not ranked among our major suppliers. Our Group is not dependent on these services or on Supplier H as hosting services are readily and widely available from other suppliers. Our Group intends to gradually cease engaging Supplier H for hosting services. This has led to the reduction of transactions with them over FYE 2019 to FYE 2022.

(4) Being purchases from CA (Malaysia) Sdn Bhd only for FYE 2019.

(5) Supplier I is a company based in Malaysia held under a USA-based IT MNC listed on the New York Stock Exchange. The group is principally involved in the delivery of integrated and secure cloud, data and artificial intelligence solutions to its clients; consulting, business process and application management services; remanufacturing and remarketing; provision of infrastructure platforms as well as telecommunications consulting services and solutions. The group has operations in more than 175 countries.

(6) Supplier E is a company based in Malaysia that is principally involved in research, development and implementation of IT, trading in computers software and hardware and other products.

(7) Being CA Malaysia and CA Singapore.

7. BUSINESS OVERVIEW *(Cont'd)*

(8) Being purchases from CA Singapore only for FYE 2021 and FYE 2022.

(9) Supplier N is a security inspection products company which held under a China-based corporation listed on the Shanghai Stock Exchange. The group is principally involved in the manufacturing of security inspection products, which include scanners for baggage and parcel inspection, cargo and vehicle inspection, personnel inspection, and fever screening technology. The group operates in more than 170 countries and regions.

(10) Supplier Z is a company based in Malaysia that principally provides outsourced, remote IT services, namely data backup and recovery services, managed IT support, and IT strategy consulting.

(11) Supplier C is a company based in Malaysia that is principally involved in the business of web design, advertising and IT.

In the event we require additional capacity to accelerate the progress of our projects, we may engage certain major suppliers to provide additional manpower resources to supplement our own internal project manpower resources. We may also engage external parties to undertake ICT related works such as security tests, offsite data storage and recovery, and minor maintenance services, to increase our workforce capacity as and when required for services that are proprietary and/or non-recurrent in nature, especially during peak periods.

The technical support and maintenance services provided by the suppliers are mainly in the form of technical staff and services.

The number of suppliers engaged by our Group during FYE 2019, 2020, 2021 and 2022 were at 71, 63, 43 and 67 respectively.

Our major suppliers comprise distributors and resellers of technology hardware and third-party software, data centre services, as well as external IT consultants that provide outsourced IT services to supplement our internal resources, as and when required, especially during peak periods. On the contrary, technical support and maintenance received for hardware and/or software purchases are provided by suppliers as part of their deliverables for a particular contract or project.

Broadcom Inc., the holding company of CA Singapore, is a global technology leader that designs, develops and supplies a broad range of semiconductor and infrastructure software solutions. In 2019, we entered into a partnership with Broadcom Inc.'s subsidiary, CA Singapore, pursuant to the Regional Partner Agreement, whereby Infomina was appointed to resell and distribute Broadcom software technologies (comprising Broadcom Enterprise Software and Broadcom Mainframe Software). Infomina was also recognised as a Premier Tier 1 VAD for purposes of marketing Broadcom software technologies in Malaysia, Singapore, Thailand, Indonesia, the Philippines, Hong Kong and Taiwan. Subsequently, this appointment to resell and distribute Broadcom Enterprise Software was extended to China in 2021 and the right to resell and distribute the Broadcom Mainframe Software was extended to China in 2022.

7. BUSINESS OVERVIEW *(Cont'd)*

Pursuant to the Regional Partner Agreement, we are able to engage and procure Broadcom software technologies directly from CA Singapore and to resell and distribute the Broadcom software technologies to distributors and resellers in the CA Partner Regions. Additionally, being a Premier Tier 1 VAD serves as an upfront status recognition for marketing purposes and the Regional Partner Agreement sets out the overall manner of conducting business in relation to CA Singapore such as ordering and records, marketing, confidentiality and compliance with laws, whilst fees and pricing are quoted separately by CA Singapore which may change from time to time. This helps to facilitate negotiations with potential customers.

Based on Broadcom's website as at LPD, Infomina is the sole appointed distributor and Premier Tier 1 VAD of Broadcom Mainframe Software (but not for Broadcom Enterprise Software) in the CA Partner Regions and our Group is not aware of any other appointed Premier Tier 1 VAD by CA Singapore. For the avoidance of doubt, CA Singapore is not precluded from appointing other Premier Tier 1 VAD in the CA Partner Regions. The Regional Partner Agreement also provides the right for Infomina to market Broadcom software technologies in the CA Partner Regions to other IT distributors, if and when such opportunities arise.

As at LPD, although Infomina is the sole distributor listed on Broadcom's website for Broadcom Mainframe Software in the CA Partner Regions, our Group notes that there are other market players in these countries that also offer mainframe solutions, including those from IT providers other than Broadcom. In competing with other providers in these foreign countries, we attribute our success in securing projects and customers in foreign markets to our ability to understand the business process and technology requirements of these customers, our knowledge of latest industry trends, track record with existing customers, comprehension of Broadcom's software technologies as well as competitiveness against other solution providers.

The overseas customers secured in the CA Partner Regions comprise existing users of Broadcom Mainframe Software as well as other mainframe technology users. Although our Group has overseas customers who are not existing users of Broadcom Mainframe Software, some of our overseas customers which we have secured in 2019 and 2020 respectively such as Amidas Hong Kong, Limited, The Siam Commercial Bank Public Company Limited, and Customer P are existing users of Broadcom Mainframe Software.

All existing users of Broadcom Mainframe Software engaged by Infomina, including those named above, have low usage and limited support from Broadcom in relation to their Broadcom Mainframe Software. Leveraging on our existing market contacts, we approached these existing users to offer them value added operations, maintenance and support services in addition to subscription of updated Broadcom Mainframe Software. We also provided additional support to these customers which allowed them to broaden and optimise their usage of the Broadcom Mainframe Software range.

For clarity, instead of engaging us, the aforementioned customers (including the limited support Broadcom Mainframe Software users) have the option of retaining the use of their existing mainframe technology without engaging us; or selecting another mainframe technology of their preference.

Premised on the above, M & A Securities being our Sponsor confirms that the foreign projects secured since 2019 (after FYE 2019 i.e. after 31 May 2019) as highlighted in the key milestones in Section 7.2 were not secured by virtue of our Company's Regional Partner Agreement with CA Singapore.

7. BUSINESS OVERVIEW *(Cont'd)*

CA Group contributed to 14.6%, 27.3%, 66.4% and 45.0% of our purchases in FYE 2019, 2020, 2021 and 2022 respectively. For the time being, we are unable to isolate the revenue derived from the sale of products pursuant to the Regional Partner Agreement, as each project has several components which are priced as a package, and are not accounted for separately. Our Group, being specialised in mainframe technology, expects to continue growing its relationship with CA Singapore. As such, moving forward, we anticipate that CA Singapore will continue to be a major supplier to our Group and we will continue to depend on CA Singapore for the distribution of its technologies. However, we are not materially dependent on the Regional Partner Agreement.

In the event the Regional Partner Agreement is terminated, we may still continue engaging CA Singapore directly as a supplier, albeit without an upfront status recognition as a Premier Tier 1 VAD. For avoidance of doubt, we have been in business directly with CA (Malaysia) Sdn Bhd since 2015 prior to entering into the Regional Partner Agreement in 2019. Over the years, we have gradually proven our abilities as a distributor, thus leading to CA Singapore appointing Infomina for the regional distribution of Broadcom software technologies as well as a Premier Tier 1 VAD for the CA Partner Regions. The appointment of Infomina as a Premier Tier 1 VAD is the formalisation of the acknowledgment and recognition by CA Singapore of Infomina's capabilities as a distributor. This status serves as an additional marketing channel for Infomina, especially in countries where we do not have physical presence, as potential customers are able to obtain Infomina's contact details directly from Broadcom's website. This contributes to further enhancing our visibility and credibility with potential customers.

We believe that our partnership with CA Singapore is sustainable and mutually dependent, as it is part of CA Singapore's business model to rely on a network of specialised solutions partners like our Group to market its solutions. Notwithstanding the current mainframe infrastructure in our regional Centre of Excellence, over the long term, we intend to diversify our range of mainframe technology solutions beyond CA Singapore by exploring partnerships with other mainframe technology partners. In this respect, we may acquire mainframes from other mainframe technology partners such as Supplier I and Software AG to be placed in our regional Centre of Excellence based on business growth and customer requirements, as this will allow us to serve customers that use these mainframe technologies, and position our regional Centre of Excellence as a centralised resource hub for mainframe infrastructure.

We generally do not enter into long term agreements or arrangements with our major suppliers, as this allows us to have the flexibility to source for quality products and services at competitive prices. Over the years we have built good relationships with our suppliers. The tenures of our agreements with our major suppliers are as follows:

(a) Our appointment by CA Singapore as a Premier Tier 1 VAD commenced on 24 June 2019, and it is automatically renewed annually unless CA Singapore decides not to renew the Regional Partner Agreement or the Regional Partner Agreement is terminated;

(b) Our appointment as Supplier I's Business Partner in 2020 was pursuant to an agreement entered into between Infomina and Supplier I effective 28 February 2020. The agreement is for a duration of 2 years and unless Supplier I specifies otherwise in writing, the agreement will be renewed automatically for subsequent 2 year periods;

(c) Our agreement with Supplier N and its group company on 3 March 2020 was specifically for a government agency project, and the contract is valid until all the contractual obligations of each party have been fulfilled. The project is scheduled to be completed by FYE 2026; and

7. BUSINESS OVERVIEW *(Cont'd)*

(d) Our hardware maintenance agreement with DMX Packet (Malaysia) Sdn Bhd is dated 11 December 2019 and is for the period of 1 December 2019 until 30 November 2021. The agreement has expired. The agreement was entered into by our Group with DMX Packet (M) Sdn Bhd in relation to the delivery of a project with Customer H, which has been completed.

Save for the above, there are no agreements entered into with our other major suppliers.

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7.12 QUALITY CONTROL PROCESS

The provision of consistent and satisfactory quality of our services is one of the key factors attributable to our success. This is to ensure that the quality of our procedures and management comply with relevant regulations and to provide our customers with assurance of the quality of our services.

As a testament to our quality commitment, Infomina has been certified compliant to MS ISO 9001:2015 Quality Management System, details of which are as follows:

Year first achieved	Current validity period	Certification	Scope	Awarding body
2021	21 July 2021 to 20 July 2024	MS ISO 9001:2015 Quality Management System	Construction, buildings and maintenance including mechanical, electrical and civil works activities and providing maintenance and support services for information technologies	Platinum Shauffmantz Veritas Sdn Bhd

The system analysts in our project team will be responsible for the quality control of the technology application and infrastructure solution projects and conducting independent testing for our customers. Apart from the system analysts, our project manager will also ensure the quality of our technology application and infrastructure solutions. We also have a technical staff who is qualified as a Certified Tester (foundation level) by the International Software Testing Qualifications Board. He holds the position of Business Analyst of our Group and he is responsible for designing the testing process for our customers. He is supported by a team of 4 technical staff to perform testing for our customers. There is no risk of the said qualified technical staff's resignation as other staff are able to obtain a similar certification and qualification. We do not need more than 1 qualified staff at a time.

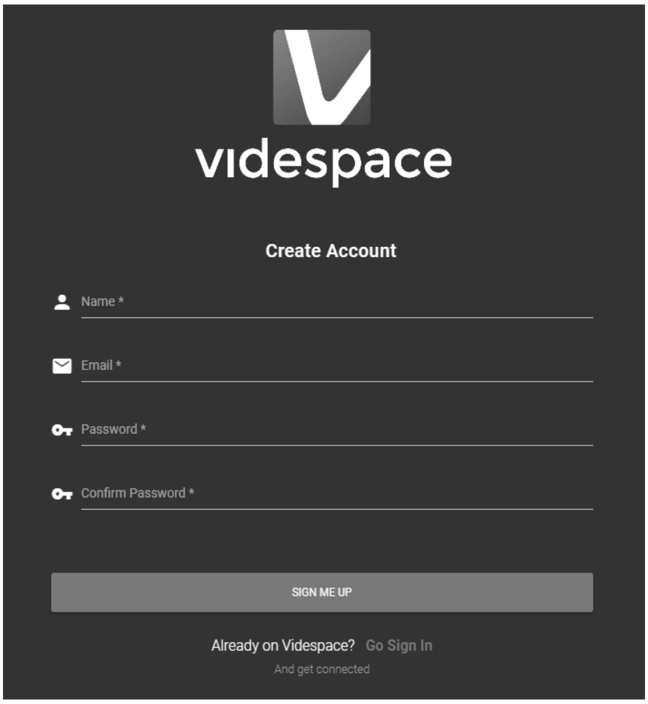
Our technology partners and suppliers typically require both our technical staff and sale and marketing staff (especially pre-sale consultants), to attend product training in respect of their respective hardware and software. Training for our technical staff will enable them to perform implementation as well as minor maintenance and troubleshooting whilst training for our sale and marketing staff are mainly for product knowledge purposes. Certifications will be issued by our technology partners and suppliers to our staff for the attendance of these training sessions.

For avoidance of doubt, our technical staffs and sales and marketing staff generally attend these training sessions when needed. However, not all of our staff require such training, as they may already be familiar with the solutions and/or products and able perform their work.

In relation to our technology application and infrastructure solution projects, once a project has commenced, our project managers will monitor the progress of the project in all respects to ensure that it satisfies our customers' requirements and can be delivered to our customers within the agreed timeframe. Our technical staff will have regular meetings with our project managers to monitor the project progress and whenever issues or problems arise, the technical team will report such issues or problems immediately to the project managers.

7. BUSINESS OVERVIEW *(Cont'd)*

7.13 R&D ACTIVITIES



We do not have a specific department or employees that focus solely on R&D. We assign our technical staff to carry out ad hoc R&D projects as we may from time to time identify. Yee Chee Meng, our Managing Director with the assistance of 13 IT personnel offer R&D efforts for the enhancement of VIDESPACE whilst Tan Siang Pin, our Regional Sales Director together with 6 IT staff are responsible primarily for the upkeep and maintenance of our regional Centre of Excellence.

In 2020, we undertook R&D for Project Wspace. The beta version of Project Wspace was launched internally in November 2020 and was subsequently also made available for public download on Google Play Store and Apple App Store respectively on 21 November 2020 and 21 May 2021, for the purposes of gathering user feedback which will allow us to further enhance the features and functionalities of this application. Subsequently in 2022, Project Wspace was relaunched as VIDESPACE upon successful registration of the VIDESPACE trademark. As at LPD, we have not generated revenue from VIDESPACE.

Unlike other applications and platforms in the market, VIDESPACE was launched with the intention of meeting the business and operational needs of corporate users. VIDESPACE is built with the objective to promote better collaboration and communication on a virtual platform among users regardless of geographical location. It is designed with a "social-networking" user experience that allows users to initiate, manage and monitor daily tasks and activities. Specifically, the features under VIDESPACE are as follows:

- Chat communication: group communication and direct communication among tagged users;

- Collaborative tag: allows a user / project owner to schedule meetings, tasks and poll voting, and tagged users will receive such notifications immediately;

- Activity tracking: allows project owner to monitor progress of tasks assigned to users and the necessary approvals to be provided at specific milestones;

- Digital file sharing: secure channel for sharing and managing files among identified users;

- Instant notifications: tagged users will receive alerts via the VIDESPACE application; and

- Application marketplace: programmers, brand owners and marketers will be able to feature their mobile applications on VIDESPACE marketplace, thus marketing their products and services to a wider market.

The features above have been specifically designed to cater to business users, whereby VIDESPACE allows for instant and secure communication, activity management as well as file sharing protocols among employees in an organisation.

We have further plan to enhance and continuously improve on the features of this application based on user feedback and usability of its functions. Particularly, we aim to further expand the functionalities and modules under VIDESPACE to include the application economy via the launching of an application marketplace. Under the VIDESPACE application marketplace, programmers, brand owners and marketers will be able to feature their mobile applications on VIDESPACE marketplace, for download and usage by users that are subscribed to VIDESPACE. The application marketplace will provide a publicly accessible API. This API will provide any external developer with programmatic access to a proprietary software application or web service. We have relaunched VIDESPACE to the public with the enhanced features in 2022, after which we expect to continuously enhance its functionalities and modules over 24 months from the receipt of proceeds from the Public Issue.

VIDESPACE is targeted at businesses of all sizes, non-profit organisations and for personal use.

We did not incur significant R&D costs during FYE 2019 to 2022.

7.14 COMPETITIVE STRENGTHS

7.14.1 We are well positioned to leverage on technological changes affecting businesses premised on our experience in delivering solutions premised on mainframe technologies

In the last decade, technology has been reshaping banking and financial services, health and life sciences, material sciences, energy, transportation, public services and a wide range of other industries and domains. During the pandemic, technology further lowered barriers to digital disruption, paving the way for more rapid, technology-driven changes. Collectively, this has become the catalyst for computing power infrastructure.

This wave of technology is driven by the combination of AI, 5G, quantum computing, big data, IoT and blockchain. Organisations are beginning to realise that in the age of the digital economy, mainframe computing power is an important and innovative form of productivity. Computing power is not just technical but also economic innovation. It is a small breakthrough at the fundamental level with impact that will be immeasurable over a long term.

Our Group has developed competency in designing and building customised technology application and infrastructure solutions with different platforms, storage systems, security systems, hardware, software and network equipment to support the fundamental business activities of our customers. This includes business activities such as bulk data processing for tasks such as large-scale data entry, high-volume transaction processing, multi-platform integration, block-chain adoption, AI operations, scaling API, intuitive end point user interface and user experience with the new computing era of mobile apps and IoT.

We have a suite of customers to whom we provide mainframe technology solutions to support their fundamental business operations. In delivering mainframe technology solutions to these customers, we acquire domain knowledge of the business of our customers, their business process requirements as well as industry trends, both from a technical perspective and impact to the organisation. Thus, this positions us favourably as a technology partner to support these customers in meeting their current and future organisations' technology needs. Our staff have acquired up to 15 years of domain knowledge in selected business processes and industries, which serve as a key platform to deliver practical and workable solutions for our customers. We are further establishing our regional Centre of Excellence which organisations can leverage on for their digital transformation needs and internal learning and development needs.

In addition to the above, we are constantly monitoring technology developments and industry trends as this will allow us to propose and incorporate such technologies in our solutions to support the automation and modernisation of business processes of our customers, and help them meet and improve their service level performance.

7.14.2 We are able to offer tailor-made technology application and infrastructure solutions premised on the domain knowledge that we have acquired and technical expertise of our employees

We have been in the IT business since 2007. We offer a wide range of technology application and infrastructure services ranging from providing software licences to comprehensive, tailor-made technology solutions which may encompass consultation and assessment; procurement of hardware and/or software; design and implementation; and on-going support and maintenance. Leveraging on our good business relationships with various technology product vendors, we are able to offer technology related project management as well as a wide range of solution offerings to help our customers minimise the chance of encountering technology crisis or solution problems.

As technology advances rapidly, when our customers subscribe for a new system, they need a bridging between existing systems and the new system which will allow them to retain intellectual properties acquired over the years. In this connection, we have technical expertise in providing tailor-made solutions which involve the transformation and integration of different technology systems. We also offer nursing period (as part of our technology application and infrastructure or development solutions) and/or secondment services to our customers where our staff will be stationed at our customer's office to serve them exclusively, for seamless integration of existing and new systems.

We are able to develop customised solutions for our customers premised on the domain knowledge that our employees have acquired over the years relating to the business of our customers, their business process requirements as well as industry trends, both from a technical perspective and impact to the organisation.

We believe that our ability to provide our customers with convenience, flexibility and efficiency allows us to build long term business relationships with our customers.

7.14.3 We have a reputable customer base

We have a reputable customer base regionally consisting of government and non-government public bodies, local and MNCs who are major players in various industries ranging from public sector, financial services institutions, automotive and telecommunications. Please refer to Section 7.9 for our top 5 customers in FYE 2019 to 2022. With a diversified customer base, we do not rely on any single customer and in case of a downturn in any particular industry, the impact on the business and financial position of our Group could be reduced. We had a total of 14, 28, 35 and 43 customers in the FYE 2019, 2020, 2021 and 2022 respectively.

Our commitment to service quality has allowed us to secure customers that are well-known MNCs and government statutory bodies over the years. Our portfolio of reputable customers lends credence to our abilities and market reputation, and allows us to market our technology application and infrastructure solutions to other customers.

Further, our technical skills, domain knowledge and ability to deliver comprehensive and tailor-made technology solutions will allow us to forge stable business relationships with new customers, and will be the foundation for continued business growth.

7.14.4 We have established relationships with major international technology partners

Due to our technical skills and project management experience, our Group has established long term relationships with major international technology partners, including hardware and software vendors that are well known, have market presence and whose products are widely accepted in the market. We leverage on the products of our technology partners to bid for and deliver technology solutions to our customers, thereby lending credibility to our solutions. As at LPD, we have engaged a total of 7 technology partners.

We have been able to achieve such rankings mainly due to our ability to meet certain benchmarks set by the product vendors such as our actual sales volume each year; our technical capabilities and domain knowledge demonstrated by passing competency assessments of such vendors; and our relationship with customers.

Pursuant to the Regional Partner Agreement, we are able to engage and procure Broadcom software technologies directly from CA Singapore, and to resell and distribute the Broadcom software technologies to distributors and resellers in CA Partner Regions. Based on Broadcom's website as at LPD, Infomina is the sole appointed distributor and Premier Tier 1 VAD of Broadcom Mainframe Software (but not for Broadcom Enterprise Software) in the CA Partner Regions and our Group is not aware of any other appointed Premier Tier 1 VAD by CA Singapore. As a Premier Tier 1 VAD, we are able to maintain our competitiveness in the market since we are able to obtain more resources and technical support. We are able to receive technical support from the products vendors for marketing activities as well as R&D activities. We may also participate in trainings, workshops and forums given by them to equip our employees with the latest technical knowledge of the hardware, software and/or technology infrastructure solutions.

Our business partner status also enables us to participate in certain incentive programmes offered by the product vendors. Under such incentive programmes, upon fulfilling certain performance achievements, discounts may be directly granted to us, or our cost of procuring hardware and software from the product vendors may be reduced by cash incentive depending on the programme.

Our established relationships with these partners give us credibility when bidding for contracts with its customers. This has facilitated our capability to deliver technology solutions to meet the ever-changing business requirements of our customers in a timely and cost-efficient manner and assisted our Group in attracting and retaining customers.

7.14.5 We have an experienced and dedicated management team and technical team

The vision and experience of our management team is fundamental to our success. Our management team is led by our Managing Director, Yee Chee Meng who has 25 years of experience in the IT and technologies business and business management. He is supported by a qualified key senior management team comprising:

Name	Designation	Years of relevant working experience
Lim Leong Ping @ Raymond Lim	Executive Director	39
Mohd Hoshairy Bin Alias	Executive Director	15
Nasimah Binti Mohd Zain	Executive Director	10
Tan Siang Pin	Regional Sales Director	26
Mok Pek Yoke	Operations Director	28
Wee Chiow Man	Finance Director	25
Azham Bin Mat Yasir	Head of Human Resources	11

The experience and knowledge of our key senior management team in their relevant field of expertise industry have been instrumental in formulating our business strategies as well as implementing risk management strategies to ensure the continued growth of our Group.

By attending regular trainings offered by our product vendors and external parties, our technical team possesses in-depth domain knowledge as well as a thorough understanding of the trends in the industry.

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

7.15 BUSINESS STRATEGIES AND PROSPECTS

7.15.1 We intend to strengthen our R&D and expand our technology application and infrastructure solutions in line with technological developments

Technology hardware and software have evolved over the years in line with technological innovations, and this has corresponding impact on how businesses rely on and their technology infrastructure for operations. With the rise of 5G, blockchain, Industry 4.0, IoT and AI, the possibilities of technology solutions are ever expanding.

In light of the increasing demand for technology application and infrastructure solutions in all industries, we will continue to strengthen our R&D and technology capabilities in order to maintain our competitiveness and increase our market presence. In particular, we intend to further enhance and replicate our existing technology application and infrastructure solutions across other industry verticals, as well as expand and develop new technology applications for enterprises. Presently, our Group primarily serves the government, financial and automotive sectors, and we have also approached potential customers from the telecommunications and automotive industries which we intend to expand into.

VIDESPACE and the Regional Centre of Excellence are technological application and infrastructure solutions that are developed by our Group.

Specifically, VIDESPACE is a business collaboration and communication platform application, which is solution not existingly offered by us but increasingly used by many businesses as technology develops. Our Regional Centre of Excellence is a key offering used for business transformation, which is becoming a focus area for many businesses. Their development is therefore an expansion and strengthening of our technology applications and infrastructure solution offerings, and are in line with technological developments observed by our Group.

We plan to utilise RM7.6 million or approximately 23.4% of the proceeds from our Public Issue to strengthen R&D and expand our solution offerings comprising application development costs of VIDESPACE amounting to RM3.1 million, and the investments and additional expenditure for our regional Centre of Excellence of RM4.5 million, in the following manner:

Description	**Estimated cost (RM'000)**
Application development of VIDESPACE comprising:	
Recruitment of IT staff[(1)] comprising:	
(i) 2 project managers	288
(ii) 2 software developers	360
(iii) 2 IT analysts	240
(iv) 2 user interface designers	360
Hardware, software and services[(3)]	
(v) Hosting and storage	600
(vi) Security tests (internal and external)	300
(vii) Software licencing	550
(viii) Hardware and development tools	450
Subtotal	**3,148**
Investments and additional expenditure for our regional Centre of Excellence	
(i) Recruitment of IT staff[(2)] comprising:	
- 1 project manager	144
- 3 IT consultants / trainers	540
(ii) Implementation and setup for mainframe add-ons and upgrade	770
(iii) Leasing of existing space, electricity and telecommunication utilities[(3)]	480
(iv) Internal training and development of IT staff	350
(v) Business development and marketing	250
(vi) Maintenance and upkeep of regional Centre of Excellence[(4)]	720
(vii) Software licencing[(5)]	360
(viii) Hardware and development tools[(6)]	840
Subtotal	**4,454**
	7,602

Notes:

(1) An allocation of approximately RM1.2 million is set aside for the hiring of the abovementioned positions for the further application development of VIDESPACE. These staff will be based in our offices in Malaysia.

The recruitment expenses will be utilised over a period of 24 months after Listing and mainly consist of salaries, medical expenses, staff benefits and other related expenses.

(2) An allocation of approximately RM0.7 million is set aside for the hiring of the abovementioned positions for our regional Centre of Excellence. These staff will be based in our offices in Malaysia.

The recruitment expenses will be utilised over a period of 24 months after Listing and mainly consist of salaries, medical expenses, staff benefits and other related expenses.

(3) These costs are based on our management's internal estimations using historical purchase costs for similar hardware, software and services. Based on our existing master services agreement with Telekom Malaysia Berhad as disclosed in Section 6.9.2, our leasing expenses amounts to RM1.4 million per annum. From the proceeds of our Public Issue, we have allocated RM0.5 million for additional upgrades in line with our expansion plan to upgrade and enhance the mainframe and servers in our regional Centre of Excellence within 24 months from the date of our Listing. These additional upgrades under leasing expenses include subscription for high-speed connectivity to an internet gateway and corresponding increases in related power utility expenses. Presently, our existing regional Centre of Excellence only has direct and dedicated connections to customers. By adding an internet gateway connection, we will be able to offer customers another option to access the internet from our regional Centre of Excellence.

(4) Related to maintenance and upkeep of additional upgrades to our regional Centre of Excellence. Higher maintenance and upkeep expenses will be required to support the upgrades to our regional Centre of Excellence which will enable it to, amongst others, be connected to the internet gateway.

Additionally, we are also planning to upgrade our regional Centre of Excellence to be able to handle multiple virtual environments simultaneously as opposed to the current single environment. As a result, higher maintenance and upkeep expenses will be incurred for the increase in virtual environments. The maintenance and upkeep expenditure encompass patch management, error fixes, health monitoring, physical maintenance and performance monitoring.

(5) Being additional software licences required to support the planned upgrades to our regional Centre of Excellence. For instance, each virtual environment requires its own set of software such as operating system (e.g. Windows), firewall (e.g. Norton anti-virus and anti-malware software), productivity applications (e.g. Microsoft Office) in order to run its own business process simulations.

Further, the planned upgrade to our regional Centre of Excellence for high-speed internet connectivity will require subscription of virtual private network (VPN) software and intrusion prevention system (IPS) software. As the planned upgrade to our regional Centre of Excellence includes the ability to handle multiple virtual environments, each of these virtual environments will require its own set of software licences.

(6) Includes internet modems and routers, core switches, hardware firewall, hard disk drives (HDD) and solid-state drives (SSD), and random-access memory (RAM).

(a) Enhancement of VIDESPACE

Our Group's R&D efforts relating to the development and enhancement of VIDESPACE are led by our Managing Director, Yee Chee Meng, and he is supported by 13 IT personnel.

As a result of our R&D initiatives, we developed and launched our own software application, Project Wspace, in 2020 which was made available on Google Play Store and Apple App Store. Subsequently in 2022, Project Wspace was relaunched as VIDESPACE upon successful registration of the VIDESPACE trademark. VIDESPACE is a business collaboration and communication platform application. Presently, the features and modules under VIDESPACE include chat communication, collaborative user tagging, digital file sharing, instant notifications and application marketplace.

We intend to allocate resources to upgrade and improve the existing functionalities and modules under VIDESPACE to include the application economy via the launching of an application marketplace. The application marketplace will provide a publicly available API. Specifically, this API will provide any external developer with programmatic access to a proprietary software application or web service.

We will further monetise VIDESPACE by offering a premium version of VIDESPACE that is customised with advanced platform features, including local hosting and individualised user interface for paying users. These users can subscribe to a payment plan that offers the necessary customisations and functionalities that they require. We will continue to offer free version of VIDESPACE largely for non-profit organisations and for personal use, which retain basic features for social and personal use.

In order to support our future plans relating to the enhancement of VIDESPACE, we will strengthen our manpower resources as well as increase our capacities in terms of hosting and storage, as well as software licences and tools. We plan to recruit 8 employees comprising project managers, software developers, IT analysts and user interface designers to work on our next phase of development for the aforementioned enhancements of VIDESPACE, and have allocated approximately RM3.1 million from the proceeds raised from the Public Issue over the next 24 months for our R&D activities for VIDESPACE. Please refer to Section 4.9.1 for a further breakdown of the utilisation of proceeds.

(b) Regional Centre of Excellence

Business transformation is increasingly becoming a focus area for organisations to improve agility, drive successful customer engagement, enable innovation and scale, and deal with disruption. To address those challenges and offer potential solutions, our Group has established a regional Centre of Excellence to provide best practices and drive innovation within organisations for successful digital transformation. Our regional Centre of Excellence is equipped with a z13 mainframe unit, together with several units of storage, switches, servers and security equipment. The regional Centre of Excellence hosts several suites of software, namely mainframe software, operating systems, transaction and database subsystems and virtual environment software.

Our regional Centre of Excellence will also act as an offsite disaster recovery centre for subscribing organisations. We will continually invest in upgrading and enhancing our regional Centre of Excellence in line with the growth in our customer base and requirements of our customers.

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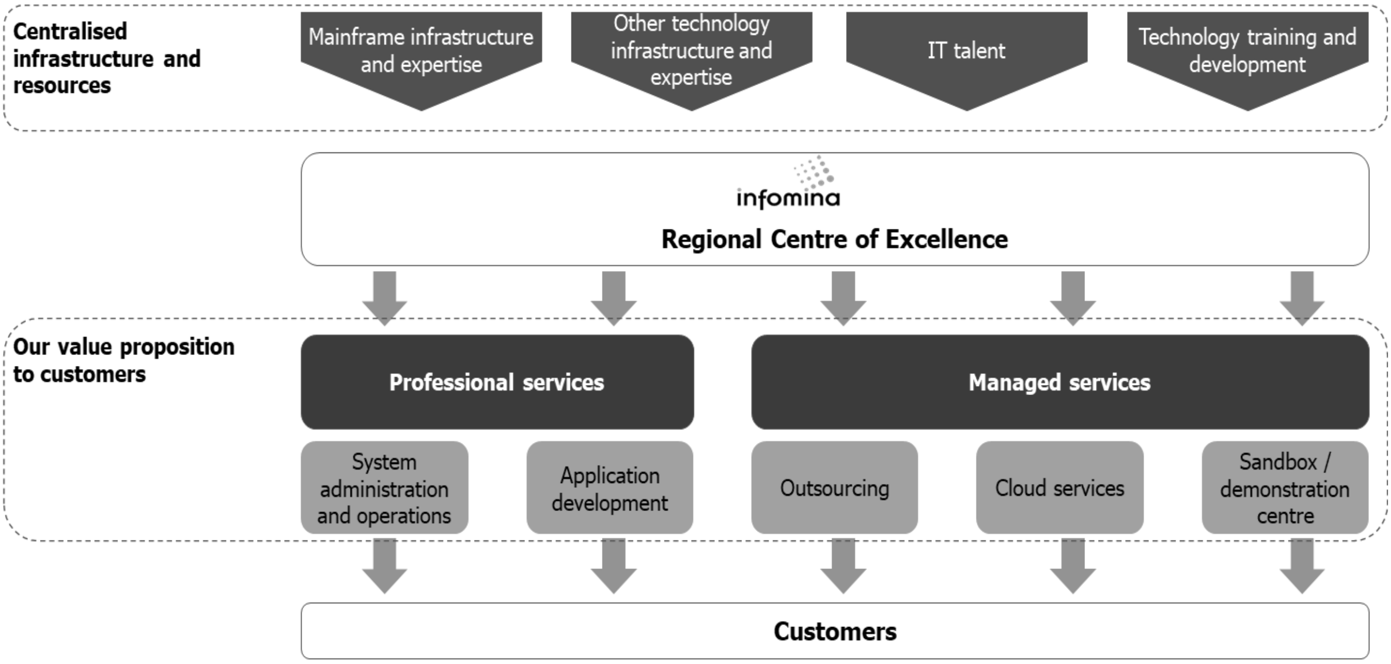
7. BUSINESS OVERVIEW *(Cont'd)*

Our value proposition for our regional Centre of Excellence is as follows:



Our regional Centre of Excellence serves as a centralised resource hub for mainframe infrastructure and expertise as well as other infrastructure including servers, storage networking hardware such as routers, switches and hubs, and expertise, namely programming, networking and API related to the aforementioned other infrastructure; IT talent; as well as a place for training, product demonstration, introduction of new technologies as well as additional mainframe computing power on cloud, as part of our R&D efforts. This will allow us to offer professional services comprising system administration and operations and application development solutions; as well as managed services comprising technology outsourcing, cloud services and act as a sandbox / demonstration centre for potential customers.

Further, in collaboration with our IT partners, we intend to position our regional Centre of Excellence as a training and development academy. We will maintain our mainframe a depository of software suites by our IT technology partners, which organisations can leverage on for their digital transformation needs and internal learning and development needs. We will further staff our regional Centre of Excellence with a team of specialists with technology expertise and experiences.

With our regional Centre of Excellence, we can analyse customers' usage data trends which will further aid in our understanding of customers' business value chain of organisations, their expectations, and technology requirements, in addition to our preliminary analysis undertaken at the initial phase of each project. This will enable us to advise organisations on how to leverage upon and adopt technology, market and mechanism, being the drivers for digital transformation.

This regional Centre of Excellence will also feature as a learning and development institution that will allow us to equip our employees as well as employees of our customers with IT and technology knowledge and expertise. By upgrading the skills of our employees, we will be able to leverage on their capabilities to support the growth in demand for our technology applications and infrastructure operations, maintenance and support services.

Our regional Centre of Excellence is presently located within a data centre located at TM Brickfields Exchange, Kuala Lumpur, at which we have set up our supercomputing mainframe ecosystem wherein we have subscribed to power supply and workspace facilities to set up a mainframe ecosystem. Our Group has commenced using our regional Centre of Excellence for the benefit of our customers since October 2021. Arising from our investment in this mainframe, we will be able to offer organisations large storage, processing power and high level of reliability for fundamental business applications requiring high volumes of data processing.

Coupled with our Group's skillsets, our regional Centre of Excellence can be used to:

(a) simulate a real-life technology operating environment for customers;

(b) generate the necessary bulk data that customers can use to test their systems and capture the resulting system test results; and

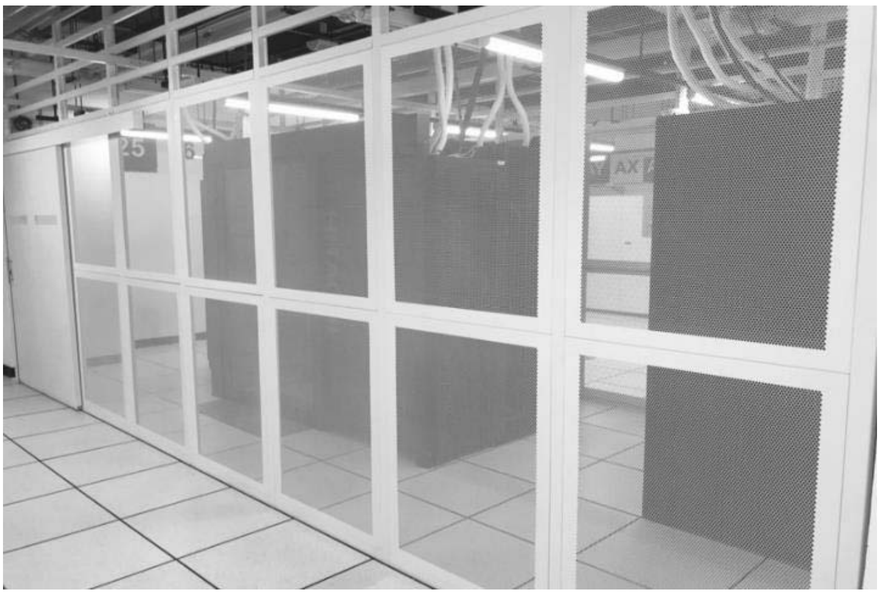
(c) demonstrate relevant business cases under multiple operating scenarios.

Collectively, this allows our Group to better understand the business value chain of our customers across various industries, their expectations and technology requirements, and thus, develop better solutions to meet the business needs of our customers.

For example, a customer may have data security concerns and requires a solution, but cannot allow external access to their data for testing due to privacy or security restrictions. This customer can utilise our regional Centre of Excellence with our Group to create simulations of real-life technology operating environments from which we can demonstrate possible solutions or improvements to the customers in these simulations.

By offering mainframe as a service in our regional Centre of Excellence, customers can tap into our external mainframe management services. The model can potentially help organisations reduce the costs associated with the energy and physical space required for mainframe machines. This also helps alleviate some of the challenges organisations face when trying to find qualified professionals who can operate the mainframe.

The following is a view of the data centre space which houses our supercomputing mainframe ecosystem:



The following is a view of the meeting facilities located at our regional Centre of Excellence.

We intend to allocate approximately RM4.5 million from the proceeds from our Public Issue over the next 24 months for our regional Centre of Excellence. Please refer to Section 4.9.1 for a further breakdown of the utilisation of proceeds.

In addition to the existing capabilities of our regional Centre of Excellence mentioned above, expenditures to be incurred on our regional Centre of Excellence after the Listing are aimed at growing and further enhancing our regional Centre of Excellence as a centralised resource hub for mainframe infrastructure and expertise as well as other infrastructure and expertise. These other infrastructure include servers, storage, and networking hardware such as routers, switches and hubs. The other expertise refers to programming, networking and API related to the other infrastructure mentioned above.

By increasing IT talent, building a depository of software suites by IT technology partners, and investing in training, our Group can enable our regional Centre of Excellence's mainframe to cater for additional operating environments that can suit a wider variety of customer needs. Further mainframe add-ons and upgrades will also allow us to partition the mainframe capacity to run multiple environments concurrently, as well as intelligently assign computing capacities to each partition dynamically. Our regional Centre of Excellence will then be better positioned as an avenue for product demonstration, introduction of new technologies, training, as well as serve as additional mainframe computing power on cloud.

Further, our Group will also invest in business development and marketing expenditures to attract and secure new customers and promote our regional Centre of Excellence among customers, which will help build a knowledge base of business applications to better analyse customers' businesses and technology trends.

From the proceeds of our Public Issue, we have allocated RM0.5 million for additional upgrades in line with our expansion plan to upgrade and enhance the mainframe and servers in our regional Centre of Excellence within 24 months from the date of our Listing. These additional upgrades under leasing expenses include subscription for high-speed connectivity to an internet gateway (where our existing regional Centre of Excellence only has direct connections to clients) and corresponding increases in related power utility expenses. Presently, our existing regional Centre of Excellence only has direct and dedicated connections to customers. By adding an internet gateway connection, we will be able to offer customers another option to access the internet from our Regional Centre of Excellence.

A further RM0.7 million is allocated for maintenance and upkeep of the additional upgrades to our regional Centre of Excellence. This is needed considering the higher maintenance and upkeep expenses required to support the upgrades to our regional Centre of Excellence which will enable it to, amongst others, be connected to the internet gateway.

Additionally, we are also planning to upgrade our regional Centre of Excellence to be able to handle multiple virtual environments simultaneously from the current single environment. As a result, higher maintenance and upkeep expenses will be incurred for the increase in virtual environments. The maintenance and upkeep expenditure encompass patch management, error fixes, health monitoring, physical maintenance and performance monitoring.

Additionally, RM0.4 million of software licenses are required to support the planned upgrades to our regional Centre of Excellence. For instance, each virtual environment requires its own set of software such as operating system (i.e. Windows), firewall (i.e. Norton anti-virus and anti-malware software), productivity applications (i.e. Microsoft Office) in order to run its own business process simulations. Further, the planned upgrade to our regional Centre of Excellence for high-speed internet connectivity will require subscription of virtual private network (VPN) software and intrusion prevention system (IPS) software. As the planned upgrade to our regional Centre of Excellence includes the ability to handle multiple virtual environments, each of these virtual environments will require its own set of software licences.

Further, we plan to allocate RM0.9 million for the investment in hardware and development tools which includes internet modems and routers, core switches, hardware firewall, hard disk drives (HDD) and solid-state drives (SSD), and random-access memory (RAM) drives.

Please refer to Section 4.9.1(b) for details of the utilisation of proceeds towards our regional Centre of Excellence.

7.15.2 We intend to continue expanding our business regionally to capture growth opportunities

Based on our experience and track record in the industry, we have acquired the capabilities to design and build technology application and infrastructure solutions for enterprises. Presently, we have incorporated subsidiaries in Singapore, Thailand, the Philippines, Hong Kong and Indonesia to serve as our regional sales offices to support our overseas customers. We presently support our regional customers from our technical support centre in Malaysia.

We anticipate that enterprises and governmental bodies will continue to spend more in improving existing technology infrastructure and upgrading their internal technology systems. In light of such prospects, we intend to further expand our business in ASEAN region as well as China, Hong Kong and Taiwan by further strengthening our presence in these countries.

The projects that we have undertaken in Malaysia are mainly turnkey projects in relation to design, build, installation, testing and maintenance support services. Therefore, we intend to leverage on our current track record and expertise to expand such solution offerings regionally. Presently, we have been engaged by MNCs, local financial institutions and governmental bodies to develop and implement technology application and infrastructure systems to support their core business activities, such as maintaining secure payment processing systems and various software applications to support registration systems.

We believe that our capability to render quality services to our customers is premised on our strong project teams that are staffed with professional personnel who possess relevant skills and experience. Having an experienced and larger workforce can also facilitate us to have better cost and quality control in handing additional and sizeable projects.

Thus, we intend to recruit additional sales and technical staff for our regional offices as we aim to increase our competitiveness and enhance the comprehensiveness and quality of our technology application and infrastructure solutions. We will also increase the number of our support staff to cope with our anticipated business expansion. The actual recruitment will be subject to various factors including the availability of suitable personnel in the respective countries and the progress of our business expansion.

In order to support our regional expansion, we will carry out pre-sales business development activities. Specifically, this relates to customer visits, pre-sales technology assessments, concept and prototype development with potential customers to generate sales opportunities for technology application and infrastructure solutions.

In order to educate our sales and technical staff on the latest technological developments, we will also offer internal training and arrange for external continuous professional training programmes for such staff to learn and keep abreast of the changes in technologies, industry standards and domain knowledge on new products and solutions, and to enhance their quality of service and sales or technical skills. In particular, we intend to secure industry quality certifications such as the International Standards Organisation and Project Management Institute, and/or their equivalent, which are internationally recognised and will attest to our quality management system as well as project management capabilities.

To facilitate our regional expansion, we intend to utilise RM5.5 million or approximately 17.0% of the proceeds from our Public Issue over the next 18 months. The total cost for our regional expansion will be fully funded via our IPO proceeds. Please refer to Section 4.9.1 for a further breakdown of the utilisation of proceeds.

7.15.3 We intend to strengthen our branding, marketing and promotional activities to capture more growth opportunities

To enhance public awareness, recognition of our Group and our solution offerings, we also intend to allocate resources to strengthen our branding efforts. We aim to build and enhance our connections with existing and potential customers and the hardware or software suppliers by organising seminars and customer relationship events. We also aim to increase our market visibility and brand recognition by participating in more industry exhibitions and forums and placing advertisements through various platforms such as digital publications, websites, in-application advertisements and social media platforms.

Historically, our Group has largely undertaken minimal scale of marketing and branding activities. Our marketing and sales efforts are mainly focused on initiating and cultivating business relationships with new and existing customers. We typically identify new business opportunities mainly through request for quotations in competitive bidding open tenders or direct negotiations.

To strengthen our branding and promotional activities, we intend to utilise RM0.9 million or approximately 2.7% of the proceeds from our Public Issue over the next 18 months. Please refer to Section 4.9.1 for a further breakdown of the utilisation of proceeds.

7.15.4 Prospects of our Group

We believe that our prospects in the enterprise IT services industry are favourable, taking into account our competitive strengths set out in Section 7.14, our business strategies as set out above as well as the industry outlook as set out in the IMR Report as set out below.

The enterprise IT services industry in Malaysia specific to IT consulting and implementation services; and operations, maintenance and support services is characterised by enterprise spending on these IT services. The enterprise IT services industry in Malaysia grew from RM4.9 billion in 2019 to RM5.1 billion in 2021 at a CAGR of 2.0%. The COVID-19 pandemic has highlighted an aspect of technology that is not as distinctly apparent in more normal times – business continuity. While the ability of technology solutions to mitigate abrupt business changes has been noted in the past, the extensive reliance on technology solutions to maintain widespread and fundamental business continuity, as we are seeing today, has never been experienced on such a large scale. During the COVID-19 response, organisations relied on technology to sustain business operations through remote access, automated reporting, electronic data exchange, and real-time factory controls.

This led to a growth in enterprise IT spending in 2021 (year-on-year growth rate of 17.3%) amidst the global COVID-19 pandemic landscape. Industry growth in 2021 was also driven by an increasing demand for IT system integration services given an increased penetration rate for IT systems used in enterprises and favourable government initiatives aimed at boosting the country's digital economy; and an increasing demand for IT consultancy services as well as system operations, maintenance and support services due to the rising number of end-users and growing complexity of enterprise IT systems. With these factors expected to continue to have an influence in the years ahead, the enterprise IT services industry in Malaysia is expected to grow from RM5.1 billion in 2021 to RM6.5 billion in 2025 at a CAGR of 6.3%.

The enterprise IT services market in Southeast Asia grew from RM28.9 billion in 2019 to RM30.2 billion in 2021 at a CAGR of 1.9%. In 2021, enterprise IT spending grew 15.5% year-on-year as containment measures arising from the COVID-19 pandemic made digitalisation essential for economic and social resilience. Future growth in the region will continue to be driven by increasing demand for IT system integration services given an increased penetration rate for IT systems used in enterprises and favourable government initiatives aimed at boosting digital economy; and an increasing demand for IT consultancy services as well as system operations, maintenance and support services due to the rising number of end-users and growing complexity of enterprise IT systems.

(Source: IMR Report by Providence)

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PROVIDENCE STRATEGIC PARTNERS

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14 October 2022

The Board of Directors
INFOMINA BERHAD
BO3-C-12-1, Menara 3A
No.3 Jalan Bangsar
KL Eco City
59200 Kuala Lumpur
Malaysia.

Dear Sirs,

Independent Market Research Report on the Enterprise Information Technology Services Industry in Malaysia and Southeast Asia in conjunction with the Listing of INFOMINA BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this independent market research report on the Enterprise Information Technology Services Industry in Malaysia and Southeast Asia for inclusion in the Prospectus of INFOMINA BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOSS:

Elizabeth Dhoss is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoss holds a Bachelor of Business Administration from the University of Malaya, Malaysia.

1 ENTERPRISE INFORMATION TECHNOLOGY SERVICES INDUSTRY IN MALAYSIA

1.1 DEFINITIONS AND SEGMENTATION

The technology sector, also known as the information technology ("**IT**") sector comprises companies with revenue driven by technological growth, development, and manufacturing. Companies in the technology sector focus on developing new technology related to electronic devices, both internet and cloud-based products, as well as physical products for consumers. The main sub-groups within the technology sector include:

- **Hardware**

  Includes companies that manufacture or distribute computers, computer equipment, servers and mainframes, electronics, and communications equipment.

- **Software**

  Includes companies that develop software for the Internet, for computer applications, for database management or home entertainment. It also includes data processing, technology consulting, outsourced services, operations, maintenance and support services.

- **IT services**

  Includes companies that offer IT consulting and implementation services; operations, maintenance and support services as well as business process outsourcing, whereby:

  i) IT consulting and implementation services refer to advisory services that help organisations evaluate technology strategies to align their technology strategies with their business strategies or internal processes. The areas of IT consulting include the overall strategy, technology architecture, and implementation. IT consulting and implementation firms essentially provide architectural, operational, planning and implementation support services to clients to ensure the company's IT systems and infrastructure achieve their intended purposes;

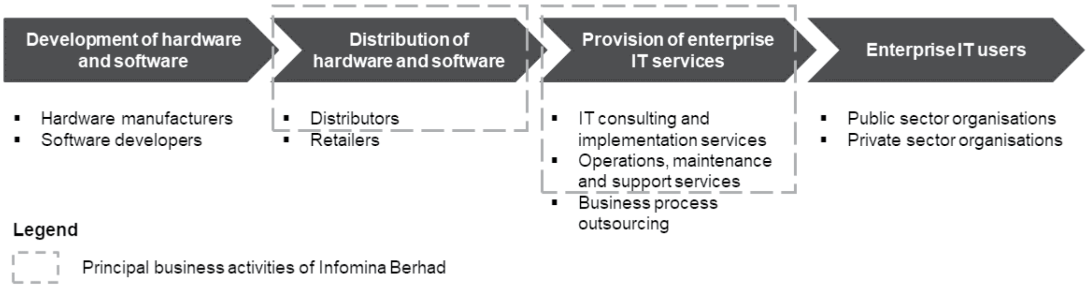
  ii) Operations, maintenance and support services refer to external contracting of IT-related services instead of relying on company-owned resources. In an IT context, these activities include IT administration, IT application, and web hosting services. It also includes system integration, software installation and support, and IT education and training; and

  iii) Business process outsourcing services refer to the transfer of entire business processes or individual activities from an organisation to a third party and is often IT-based. Business process outsourcing covers a wide variety of business processes, usually either in the back office (such as human resources and finance) or in the front office (such as customer service in call centres).

The breadth of IT services is wide and encompasses both mainframe as well as non-mainframe technologies. Mainframes are high-performance computers with large amounts of memory and processors that process millions of transactions in real time. Mainframes are primarily used by large organisations for critical large scale and real-time applications such as bulk data and transaction processing. In the era of digital business transformation, mainframes are entering a new phase. A wide range of applications running on a variety of distributed computing platforms now need to access data that resides on a mainframe. Mainframe digital transformation involves connecting existing mainframe technology to software development and IT operation processes, application programming interface (APIs), cloud computing resources, and emerging innovative technologies. A connected mainframe approach to digital transformation provides cost savings, enhanced security, and greater processing speed.

Infomina Berhad is a technology firm that principally designs and implements technology application and infrastructure solutions that support the fundamental business operations of its customers. Infomina Berhad further supports its customers through customised operations, maintenance and support services for technology solutions. Infomina Berhad specialises in mainframe technology solutions, and has capabilities in developing solutions based on other technologies.

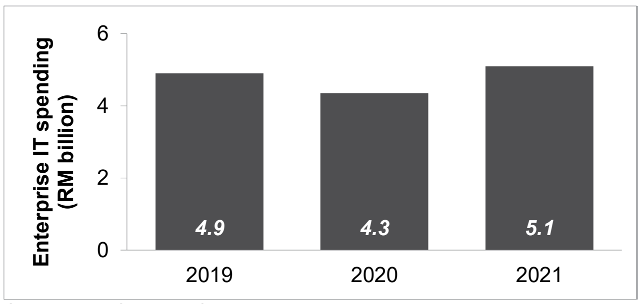
The position of Infomina Berhad within the IT industry value chain is as follows:



1.2 INDUSTRY SIZE AND GROWTH POTENTIAL

The enterprise IT services industry in Malaysia specific to IT consulting and implementation services; and operations, maintenance and support services is characterised by enterprise spending on these IT services. The enterprise IT services industry in Malaysia grew from RM4.9 billion in 2019 to RM5.1 billion in 2021 at a compound annual growth rate ("**CAGR**") of 2.0%.

Enterprise IT services industry in Malaysia



Source: PROVIDENCE analysis

Enterprise IT spending was initially affected in 2020 as a result of the COVID-19 pandemic as enterprises, particularly small and medium enterprises ("**SMEs**"), opted to defer or minimise selected expenses as they focused on sustaining their cash flows. However, the COVID-19 pandemic has created a case for the adoption of technology to address work-from-home policies, managing changes in demand and uncertain supply chains.

The COVID-19 pandemic has highlighted an aspect of technology that is not as distinctly apparent in more normal times – business continuity. While the ability of technology solutions to mitigate abrupt business changes has been noted in the past, the extensive reliance on technology solutions to maintain widespread and fundamental business continuity, as we are seeing today, has never been experienced on such a large scale. During the COVID-19 response, organisations relied on technology to sustain business operations through remote access, automated reporting, electronic data exchange, and real-time factory controls.

This led to a growth in enterprise IT spending in 2021 (year-on-year growth rate of 17.3%) amidst the global COVID-19 pandemic landscape. Industry growth in 2021 was also driven by an increasing demand for IT system integration services given an increased penetration rate for IT systems used in enterprises and favourable government initiatives aimed at boosting the country's digital economy; and an increasing demand for IT consultancy services as well as system operations, maintenance and support services due to the rising number of end-users and growing complexity of enterprise IT systems.

With these factors expected to continue to have an influence in the years ahead, the enterprise IT services industry in Malaysia is expected to grow from RM5.1 billion in 2021 to RM6.5 billion in 2025 at a CAGR of 6.3%.

1.3 DEMAND CONDITIONS: KEY GROWTH DRIVERS

Rapid pace of technological evolution creates demand for robust IT services to support organisations in adapting to technological changes

In the last decade, technology has been reshaping banking and financial services, health and life sciences, material sciences, energy, transportation, public services and a wide range of other industries and domains. During the COVID-19 pandemic, technology further lowered barriers to digital disruption, paving the way for more rapid, technology-driven changes. Collectively, this has become the catalyst for computing power infrastructure. This wave of technology is driven by the combination of artificial intelligence, 5G, quantum computing, big data, Internet of Things ("**IoT**") and blockchain. Organisations are beginning to realise that in the age of the digital economy, mainframe computing power is an important and innovative form of productivity. Computing power is not just technical but also economic innovation. It is a small breakthrough at the fundamental level with impact that will be immeasurable over a long term.

To stay competitive, governments and corporations are utilising these technologies as part of their business operations in the wake of globalisation and to improve efficiency. The use of these technologies has also led to increasing amount of data due to digitalisation.

The COVID-19 pandemic has also forced organisations to adapt to remote working arrangements as countries around the world had to impose lockdowns to curb the spread of this disease. Realising the need for the flexibility of allowing their employees to work from home, organisations have harnessed the use of technology such as file sharing, messaging platforms, project management and video conferencing. The increased popularity of electronic commerce platforms during this time has also encouraged organisations to take their business online as an additional revenue channel.

The National IoT Strategic Framework estimates that the market for IoT in Malaysia will reach RM42.5 billion by 2025. Meanwhile, the Government of Malaysia intends to accelerate the adoption of big data through the National Big Data Analytics Framework, which would spur demand for big data in all sectors, catalyse the adoption of big data in the public sector and build the big data industry in Malaysia. Further, the National Fiberisation and Connectivity Plan 2019-2023 will provide the robust infrastructure needed to support these technologies.

The technological changes that organisations face are significant and rapidly taking place, almost simultaneously. Many organisations rely on external enterprise IT providers to support them in evaluating their technology needs and adopting the relevant technologies and systems that will allow them to remain competitive.

The rise of cloud computing creates demand for supporting enterprise IT services

Cloud computing is used to drive the automation of different work streams. It involves significant amount of data traffic and the establishment and operation of data centres would require the deployment of IT infrastructure products and related services. In addition, in order to customise the cloud computing products to the business needs and operating requirements of the organisations, enterprise IT services are required to facilitate an efficient data transition and interactions across various platforms. On the other hand, organisations adopting IoT systems are required to build an IT infrastructure which can enable efficient information and data exchange across various devices or platforms to ensure the interoperability and connectivity among them. This would require the use of IT infrastructure solutions services as well as IT development solutions services. In addition, IoT creates value by facilitating the joint functioning of various devices or platforms, which involves a significant amount of private user information and it is important to create a sophisticated information security mechanism to protect such information from inappropriate and/or unauthorised use. The establishment of such security management system would require the deployment of the IT infrastructure solution and IT development solution services as well.

By leveraging cloud computing and IoT techniques, there are opportunities for enterprise IT service providers to provide more extensive client support and provide more tailored supply chain management solutions for the clients. It is expected that it will be a future trend for the companies to lease IT software or systems with the aid of the cloud technology from enterprise IT service providers for the use in their business operations and pay service fees on a periodic basis instead of developing their own IT software or systems by making a substantial investment upfront. The shift from capital expenditure to operational expenditure model in respect of IT investments provides a number of advantages to the clients:

- alleviating the need to incur a large amount of investment costs at one time;
- provides flexibility for clients to procure the rental services on an as-needed basis and to switch to other systems in light of any change in their business operations or advancement in technology; and

- savings on maintenance costs, staff costs and other administrative expenses in relation to the operation of the IT systems.

These advantages which arise from the shift to operational expenditure model encourage organisations to upgrade their IT software or systems, which presents opportunities to enterprise IT service providers. At the same time, the operational expenditure model provides a relatively more stable and sustainable source of income to IT service providers as they would be engaged in provision of ongoing services to their clients rather than a one-off project of non-recurring nature.

Wider adoption of digital and cashless payment solutions create demand for supporting enterprise IT services

Based on the Visa Consumer Payment Attitude Study 2020, 45% of Malaysians have made it a habit to avoid using cash since the COVID-19 pandemic. Businesses are increasingly introducing digital payment solutions to meet the demands of the consumers.

Visa Consumer Payment Attitude Study 2020 also showed that 49% of Malaysians carry less cash in their wallet because 77% of them now opt to pay via contactless payments instead of paying cash. This is largely attributed to the benefits of contactless payments. Survey findings indicate that top benefits stated by consumers in using contactless card payments include the convenience of not carrying cash (71%), the speed of transaction (61%), and being safe from infection (57%). Based on the study, 95% of them are aware of this payment solution and 21% of them actually used contactless payments mostly at supermarkets, fast food chains, restaurants and petrol service stations for the first time during the pandemic. The study further indicated that 65% of Malaysians use contactless card payments, and during the pandemic, 47% of them increased their usage of contactless payments, making this their preferred mode of payment as it is perceived as a good method to reduce contact with banknotes. Contactless payments are enabling Malaysian consumers to transact in a secure and seamless environment as they become more particular about physical hygiene.

Malaysia's electronic commerce ("**e-commerce**") market, among the fastest growing in Southeast Asia, is estimated to have experienced a growth of 24.7% in 2020 (from a total transaction value of RM24.2 billion in 2019 to an estimated RM30.2 billion in 2020). The market is forecasted to reach RM51.6 billion by 2024, increasing at a CAGR of 14.3% between 2020 and 2024.

The digitisation of the economy creates demand for corresponding mainframe technology consulting and implementation, as offered by enterprise IT service providers, to support large scale and real-time transaction processing.

Evolving supply chains create demand for enterprise IT services

Due to the COVID-19 pandemic, governments worldwide have imposed tight movement restrictions, causing business disruptions at a near-unprecedented scale. As such, leveraging technology to develop better business practices and approaches has never been more urgent. Organisations are undertaking research and development and innovation activities, including adopting automation and smart manufacturing technology to increase productivity and competitiveness.

The supply chain disruption that occurred amid the COVID-19 pandemic affected multiple industries from automotive production to consumer appliances and medical devices, and even toys. With critical chips and components in short supply throughout 2020 and 2021, many organisations experienced significant shipment and order delays.

Amid such a dynamic and fluid environment, organisations are beginning to prepare for the next wave of unknowns as part of risk management, taking into consideration supply chain disruptions, systemic risks, and other uncertainties, including natural disasters and geopolitical instabilities that could create impacts of even greater magnitude.

To effectively deal with future (and potentially greater) supply chain challenges, organisations are building their supply networks with the ability to offer granular visibility across all tiers and levels. Incorporating advanced technologies such as 5G, robotic automation, blockchain, and artificial intelligence can provide sales, distribution, and channel executives with near-real-time insight, and better visibility into diverse areas across their supply chain, logistics, and channel operations. As part of digitising their supply networks, organisations have an opportunity to revamp traditional organisational silos in order to better connect research and development, sales and marketing, indirect channels, suppliers, internal operations, and other facilities.

The adoption of connectivity, automation, and digitalisation, as the industry transitions from being labour-intensive, will increase efficiency and productivity, enabling industry players to be more competitive and agile in transforming their manufacturing landscape. Revamping supply chain operations to make them more agile and flexible will require the expertise of enterprise IT service providers with domain and technology knowledge to propose robust and sustainable solutions that can support organisational growth.

Investments signify growth potential for enterprise IT services

Malaysia recorded a total of RM164 billion worth of approved investments in the manufacturing, services and primary sectors in 2020 across 4,599 projects. Of the total investments approved, foreign direct investments ("**FDI**") accounted for RM64.2 billion or 39.1%, with domestic direct investments ("**DDI**") accounting for RM99.8 billion or 60.9%. The manufacturing sector attracted RM91.3 billion (55.6%) of the total approved investments, followed by the services sector at RM66.7 billion (40.7%), while the primary sector received RM6.0 billion or (3.7%).

Malaysia continued to attract a total of RM177.8 billion approved investments in the manufacturing, services and primary sectors, involving 3,037 projects in January to September 2021. The manufacturing sector accounted for the largest share of the total investments for the period, amounting to RM103.9 billion (58.4%), followed by the services sector with RM57.8 billion (32.5%) and the primary sector with RM16.1 billion (9.1%). FDI accounted for nearly 60% of approved investments, valued at RM106.1 billion. While FDI lead the approved investments in the manufacturing sector investments from local companies dominated in the services and primary sectors. Domestic direct investments totalled RM71.7 billion (40.3%) of the total approved investments.

Malaysia's performance is a testament to investors' confidence in Malaysia as a preferred investment hub, particularly the conducive business ecosystem in providing high-skilled talents and having strong readiness in advanced technology. This, in turn, further bolsters Malaysia's role as a prominent site in global companies' manufacturing networks, enhancing the nation's position as an investment destination in the region.

Malaysia is expected to continue attracting investments, especially FDIs, as the economy recovers. This is expected to bode well and create demand for enterprise IT services such as IT consulting and implementation services, system integration, application development, as well as software installation support services.

Demand arising from the use of technologies which require enterprise IT infrastructure solutions

Organisations rely on the use of various technologies to improve their operations, processes and productivity. In particular, technologies to facilitate data analytics, data processing and data exchange require appropriate IT infrastructure solutions to run effectively and securely.

An increasing number of industries are incorporating different levels of IT services and technologies into their own daily business operations in order to enhance business development. For instance, with the rising popularity of e-trading and mobile-trading platforms for retail businesses, an increasing number of traditional retail stores and companies have started to engage in e-trading and mobile-trading businesses by building their own-trading platforms and transaction systems. It is anticipated that a growing number of companies, particularly those in the transportation, travel, hospitality and leisure industries, will integrate internet technologies and various IT services with their business operations in Malaysia to enhance their competitiveness.

Big data management involves the process of collecting, organising and analysing large sets of data for analytical purposes, becomes more popular. An increasing number of business establishments, especially from the retail, financial, and logistics industries, are adopting big data management in order to gain insights from data, and improve productivity and profitability. It is expected that the increasing popularity of big data management will bring more business opportunities to the enterprise IT services industry in Malaysia, especially those providing services in data migration and consolidation.

Virtualisation facilitates the connectivity of people to computing systems and resources, leading to a number of benefits such as raising labour productivity, improving production efficiency and data security. It is anticipated that virtualisation will become an essential strategy for boosting IT efficiency, and will lead to greater adoption of such technology by both the private and public sectors, thereby increasing the demand for enterprise IT services in Malaysia.

Furthermore, there is increasing popularity of cloud-based services such as Dropbox, Google Drive, Slack and Office 365, as well as video conferencing applications such as Zoom and Microsoft Teams. These applications have experienced high usage particularly during the COVID-19 pandemic whereby national lockdowns were imposed in many countries, forcing employees to work from home. The proliferation of wireless technologies such as IoT, WiFi and Bluetooth also require the supporting IT infrastructure.

As the use of these technologies increase, the demand for enterprise IT services for the provision of IT infrastructure solutions is expected to correspondingly rise.

Growing number of companies and businesses

Malaysia has seen a steady growth of newly registered companies at an average increase of 3.7% annually between 2016 and 2020. According to latest available data from the Companies Commission of Malaysia, new companies in Malaysia grew from 1.2 million in 2016 to 1.4 million in 2020. This steady growth trend is expected to continue in light of the nation's developing economy over the long-term.

The growing number of registered companies provides opportunities for growth of the IT infrastructure enterprise IT services in Malaysia**.**

Government initiatives to support the IT industry and adoption of digital technology

- **New Services Sector Blueprint**

  To drive the development of the services sector for the period 2021 – 2025, the Government, through the Ministry of International Trade and Industry ("**MITI**"), formulated the New Services Sector Blueprint 2021 – 2025 (NSSB). This plan is vital in understanding the services sector from a more holistic perspective and aims to build upon the successes of the first blueprint, while identifying lessons learned and focussing on high growth and potential areas for development.

- **National Policy Framework for the Fourth Industrial Revolution and Digital Economy Blueprint**

  As the focus of Industry4WRD launched on 31 October 2018 was on the manufacturing sector and the manufacturing-related services, there was a need for a broader Industry 4.0 policy framework for the rest of the economy to interlink with the Industry4WRD framework and thus, the National Policy on Industry 4.0 was mapped out as an overarching policy. The framework will help steer Malaysia's socio-economic transformation by harnessing potential Industry 4.0 technologies to boost growth and the socio-environmental wellbeing of Malaysians over the period of 2021 to 2030.

  The Industry 4.0 framework is complemented by the Digital Economy Blueprint (2021 – 2030), which was developed in response to how digital technology advancement and the growth of high-speed internet connectivity have changed the way goods and services are created, distributed and consumed, and how people interact. The blueprint will help accelerate Malaysia's digital technology adoption in the manufacturing, services and agriculture sectors – in a bid to enhance the nation's efficiency and productivity, competitiveness and growth, as well as boost innovation– as it outlines action plans including implementation, monitoring and assessment of identified initiatives.

  The Economic Planning Unit, together with the Malaysian Investment Development Authority ("**MIDA**") and MITI, drafted the blueprint. From 2021 onwards, MIDA will lend its expertise in executing the identified initiatives to expedite the Industry 4.0 framework adoption in the country while positioning Malaysia as a regional leader in the digital economy with inclusive, responsible and sustainable socio-economic development and growth.

- **Digital adoption**

  A range of incentives has been offered to encourage companies to adopt digitalisation. Seeing as policy interventions will continue to assume a crucial role in shaping the future of Malaysia's digital economy, MIDA introduced the Automation Capital Allowance ("**Automation CA**") for the services sector and Smart Automation Grant ("**SAG**") to particularly drive automation and digitalisation of SMEs and mid-sized companies.

  Under Budget 2020, the existing Automation CA for the manufacturing sector was expanded to also drive the services sector towards automation. Meanwhile, the SAG introduced under PENJANA aims to assist and incentivise SMEs and mid-sized companies to digitalise operations and trade channels as well as to enhance their competitiveness at an international level.

1.4 INDUSTRY DYNAMICS

1.4.1 Supply conditions

Availability of hardware and software

Physical hardware components and software are critical components of enterprise IT services, and are typically purchased from third-party hardware and software distributors or retailers. Physical hardware components and software are the basic components needed before a service provider is able to customise, configure, implement and maintain proper IT infrastructure. Thus, enterprise IT service providers are dependent on their network of hardware and software principals, distributors and retailers, and their ability to obtain a reliable supply of the physical hardware components and software required for implementing their systems.

Availability of skilled IT talent

A critical element of being able to provide enterprise IT services is the availability of qualified and experienced talent. It is essential that an enterprise IT services provider is able to hire, train and retain talented employees. Generally, there is no shortage of skilled resources in the IT sector, as the number of IT, science and mathematics graduates in Malaysia accounted for 10.3% of total graduates in 2019. While organisations have faced some challenges recruiting qualified and experienced IT talent in 2020 and 2021 as the imposition of various movement orders restricted recruitment activities, this is expected to be short term with the situation anticipated to improve in line with the high vaccination rates nationwide, lifting of restrictions and recovery of the economy.

1.4.2 Product / service substitution

Enterprise IT services rendered by third party enterprise IT service providers may also be carried out in-house by organisations themselves.

Nonetheless, by engaging third party enterprise IT service providers, organisations will be able to realise benefits such as:

- alleviating the need to incur a large amount of investment costs at one time;
- flexibility for clients to procure the rental services on an as-needed basis and to switch to other systems in light of any change in their business operations or advancement in technology; and
- savings on maintenance costs, staff costs and other administrative expenses in relation to the operation of the IT systems.

1.5 COMPETITIVE LANDSCAPE

The enterprise IT services industry in Malaysia is fragmented with industry players providing a wide range of services from IT consulting and implementation services, IT administration, IT application, and web hosting services. It also includes system integration, software installation and support, and IT education and training as well as business process outsourcing.

While the enterprise IT services industry is competitive in nature, there are barriers to entry that can restrict the entry of new firms into this industry, among which include:

- **Industry reputation**

  The reputation and quality of services provided are important competitive factors in the enterprise IT services industry. Good reputation is formed by offering satisfactory IT services to customers. Enterprise IT service providers with better reputations would be seen as delivering higher quality of services and possessing the capabilities to handle large and complex IT services projects. However, new entrants normally do not have such a reputation. It is therefore difficult for such companies to attract business and capture market share.

- **Business relationship with renowned IT product suppliers**

  Enterprise IT service providers are generally required to integrate different types of IT hardware and/or IT software into a functional unit. Hence, they need to consign various types of IT products from different suppliers. By establishing stable relationships with suppliers, enterprise IT service providers could obtain more favourable terms of credit, delivery, exchange conditions and customer support from the suppliers. Furthermore, maintaining amicable business relationships with suppliers may also increase the reputation and competitiveness of enterprise IT service providers. Such stable and amicable business relationships with suppliers usually take time to build up and require large sales volume transactions; hence, this may form an entry barrier to new entrants.

- **Availability of skilled IT talents**

  New entrants may find it more difficult to attract, hire and retain experienced and skilled IT professionals. In general, experienced and skilled IT professionals tend to work in established and large companies, which are able to provide them a stable platform for executing large and complex IT services projects for different business sectors. As a result, new entrants may find it difficult to attract skilled talents.

- **Loyalty**

  During the process of establishing IT infrastructure, enterprise IT service providers are often exposed to client's confidential information, which discourages existing clients to change their enterprise IT service providers. The downtime and costs involved in such transfers and the rigorous learning process of adapting to new products hinders clients from shifting to new entrants.

Infomina Berhad principally designs and implements technology application and infrastructure solutions, and supports its customers through customised operations, maintenance and support services for technology solutions. Thus, the competitive landscape for enterprise IT services will focus on industry players that are involved in:

- the design and implementation of IT application and infrastructure solutions; and
- IT operations, maintenance and support services.

In the financial year ended ("**FYE**") 31 May 2022, Infomina Berhad secured a revenue of RM115.4 million from the provision of technology application and infrastructure solutions, as well as operations, maintenance and support services for technology solutions in Malaysia. In comparison to the enterprise IT spending specific to IT consulting and implementation services; operations, maintenance and support services of RM5.1 billion in 2021, Infomina Berhad garnered a market share of 2.3%.

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The following sets out the latest available revenues of private and public listed firms in Malaysia that are involved in the provision of enterprise IT services comprising the design and implementation of IT application and infrastructure solutions as well as IT operations, maintenance and support services.

Industry player	Latest available FYE	Revenue [d, e] (RM)	Profit before tax (RM)	Profit before tax margin (%)	Profit after tax (RM)	Profit after tax margin (%)
Big Dataworks Sdn Bhd	31 December 2021	45,559,323	4,538,298	10.0	3,346,810	7.3
Brilliance Information Sdn Bhd	31 March 2020	40,720,486	678,563	1.7	423,251	1.0
Censof Holdings Berhad [a]	31 March 2022	110,047,000	24,266,000	22.1	19,892,000	18.1
Dagang Net Technologies Sdn Bhd [b]	31 December 2021	214,900,000	-72,670,000	-33.8	-82,372,000	-38.3
Dataprep Holdings Bhd [a]	31 December 2021	35,990,000	-11,143,000	-31.0	-11,012,000	-30.6
Datasonic Group Berhad [a]	31 March 2022	136,428,000	12,737,000	9.3	10,225,000	7.5
Excel Force MSC Berhad [a]	31 December 2021	37,312,442	16,885,529	45.3	12,179,755	32.6
HeiTech Padu Berhad [a]	31 December 2021	269,502,000	-16,128,000	-6.0	-16,381,000	-6.1
Infomina Berhad	31 May 2022	201,063,000	22,990,000	11.4	17,080,000	8.5
Iris Corp Berhad [c]	31 March 2022	210,987,000	4,192,000	2.0	3,405,000	1.6
Mesiniaga Berhad [a]	31 December 2021	240,189,000	6,259,000	2.6	5,476,000	2.3
My E.G. Services Berhad [a]	31 December 2021	721,877,000	320,683,000	44.4	316,705,000	43.9
N2N Connect Berhad [c]	31 December 2021	115,755,422	21,049,457	18.2	20,367,820	17.6
Omesti Berhad [a]	30 March 2021	305,293,782	1,307,709	0.4	-8,893,702	-2.9
Scicom MSC Berhad [a]	30 June 2021	216,195,996	33,323,959	15.4	25,814,040	11.9
Software Dynamics Sdn Bhd	31 August 2021	11,724,833	1,325,587	11.3	583,955	5.0

Notes:
[a] Listed on the Main Market of Bursa Malaysia Securities Berhad
[b] Subsidiary of Dagang NeXchange Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad
[c] Listed on the ACE Market of Bursa Malaysia Securities Berhad
[d] Revenues may be derived from businesses other than the design and implementation of IT application and infrastructure solutions as well as IT operations, maintenance and support services
[e] Revenues may include that which are derived from foreign markets
[f] The list above is based on publicly available information and is not exhaustive as it may not include companies whose financial information have been private exempted and cannot be viewed by the public

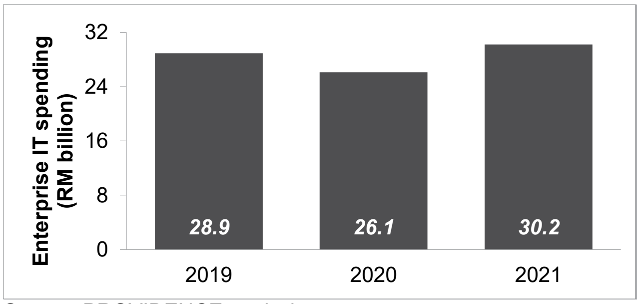
Latest available as at 13 October 2022

Source: Various annual reports, company websites, Companies Commission of Malaysia, PROVIDENCE analysis

2 ENTERPRISE INFORMATION TECHNOLOGY SERVICES MARKET IN SOUTHEAST ASIA

The enterprise IT services market in Southeast Asia is characterised by enterprise spending on IT consulting and implementation services; and operations, maintenance and support services.

Enterprise IT services industry in Southeast Asia



Source: PROVIDENCE analysis

The enterprise IT services market in Southeast Asia grew from RM28.9 billion in 2019 to RM30.2 billion in 2021 at a CAGR of 1.9%. In 2021, enterprise IT spending grew 15.5% year-on-year as containment measures arising from the COVID-19 pandemic made digitalisation essential for economic and social resilience. In 2021, enterprise IT spending in Malaysia, Thailand and Philippines was RM11.7 billion (38.9% of Southeast Asia's total enterprise IT spending). Future growth in the region will continue to be driven by increasing demand for IT system integration services given an increased penetration rate for IT systems used in enterprises and favourable government initiatives aimed at boosting digital economy; and an increasing demand for IT consultancy services as well as system operations, maintenance and support services due to the rising number of end-users and growing complexity of enterprise IT systems.

In the FYE 31 May 2022, Infomina Berhad secured a revenue of RM190.3 million from the provision of technology application and infrastructure solutions, as well as operations, maintenance and support services for technology solutions in Malaysia, Thailand and Philippines. In comparison to the enterprise IT spending specific to IT consulting and implementation services; operations, maintenance and support services of RM11.7 billion in 2021, Infomina Berhad garnered a market share of 3.7%.

In Thailand, the nation's national development plan, Thailand 4.0, aims to enhance the competitiveness of the local business environment and enable a transparent government to provide citizens with equitable access to public services and their data by utilising digital technology. The country's high internet and mobile internet penetration arising from individuals and consumers spending more time online, companies adapting to the new business norms of work-from-home and growth of the gig economy has spurred demand for data centres and cloud technology. To further strengthen the ecosystem of the digital industry, Thailand's Board of Investment is promoting the digital industry through tax and non-tax incentives, with a focus on software development, digital infrastructure and businesses supporting digital ecosystem.

Thailand ranked top in the top 5 nations globally for internet users engaging in mobile banking and financial services applications, e-commerce adoption, mobile payment, mobile commerce and QR code usage in 2021.[1] This is partially attributed to the government's digital co-payment scheme which is part of a relief package for those affected by the COVID-19 pandemic. This in turn has put more pressure on the financial sector in Thailand to be digitally ready to meet demand and customer needs, and have the supporting infrastructure in place with data strategy to meet this demand.

In the Philippines, the COVID 19 pandemic has accelerated digital adoption among consumers, particularly in the areas of electronic payments (e-payments) and e-commerce, and a wide range of economic activities are now conducted online. The use of digital technologies such as digital payments, e-commerce, telemedicine, and online education is rising in the Philippines and has helped individuals, businesses and the government cope with social distancing measures, ensure business continuity, and deliver public services during the COVID-19 pandemic. The Government of Philippines has been facilitating greater adoption of digital economy through policy regulations and frameworks that seek to support key areas of the digital economy, implement initiatives that provide stakeholders with the opportunity and capacity to participate in the industry, and digitalisation of key government services.

The abovementioned developments in Thailand and the Philippines create opportunities for industry players offering technology consulting and implementation services; as well as operations, maintenance and support services.

[1] Source: Digital 2021 by Kepios Pte Ltd

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Our technology applications and infrastructure solution project deliverables are exposed to unexpected delays or interruptions that are beyond our control

The deliverables of our technology applications and infrastructure solution projects are subject to unexpected delays or interruptions caused by factors beyond our control. For example, our customers may delay the completion of projects due to unforeseen circumstances such as unavailability of persons-in-charge at the customers' sites to facilitate the implementation of the project, or unexpected difficulties in accessing our customers' infrastructure due to sudden breakdowns or unscheduled system maintenance.

If there are any delays caused by our customers which result in delays in the progress of our projects, our timing of delivery will be affected and this will subsequently affect our timing for revenue recognition and collection of payment from our customers, thus affecting our financial performance. Hence, we are dependent on the availability and cooperation of our customers to minimise delays in our deliverables.

Any other unexpected events such as pandemics, accidents and natural disasters may also restrain our employees' movements where our implementation teams are unable to travel to customer premises, or in more serious cases, lead to loss of some of our implementation team members which may cause temporary disruptions to our projects. As the delivery of our services and project deliverables is dependent on our employees and cannot be replaced or automated with machines, any unexpected significant interruptions to our manpower which are not resolved in a timely manner may affect the timing of delivery of our projects and subsequently affect our timing for revenue recognition and collection of payment from our customers.

Our technology applications and infrastructure solutions may be subject to specific completion schedules. For some turnkey projects, our customers are entitled to claim liquidated ascertained damages ("**LAD**") from us if we do not meet the schedules, pursuant to clauses for penalties or LAD. We may also be subject to service level agreement claims in respect of selected contracts with our customers. Failure to meet the milestones under the schedule of work of our contracts or service level performance indicators may result in claims for damages, other contract liabilities and disputes with the customers or even the termination of relevant contracts.

As at LPD, there have been delays in the progress and completion of projects but extension of time has been was granted by the affected project owners. Save for a LAD claim of RM3.0 million by Customer K in August 2022 as a result of delay in the progress of the project, we have not been imposed with any LAD penalty for any delay in the progress or completion of projects. As at LPD, our Company is currently appealing to Customer K to request them to consider waiving the entire LAD claim as we are of the view that the delay in the progress of the project was caused by, amongst others, the COVID-19 pandemic and MCO restrictions in Malaysia, which are interruptions beyond our control. Our Group has not sustained any material service level agreement claims as at LPD.

9.1.2 We may not be able to accurately estimate the cost required to deliver our technology applications and infrastructure solution projects

We generally undertake the design and delivery of technology application and infrastructure solutions on a turnkey basis. Some technology applications and infrastructure solution projects are awarded through competitive tendering process for which we have to estimate the time and costs needed in order to determine our fees and submit the quotations. There is no assurance that the actual time taken and costs incurred would not exceed our estimation. We expect to continue bidding on fixed-price contracts, the terms of which normally require us to complete a project for a fixed price, increasing the possibility of exposing us to cost overruns and resulting in lower profits or losses in a project.

The actual time taken and cost incurred by us in completing technology applications and infrastructure solution projects may be affected by many factors, including technical difficulties, integration with third party vendors' products, procurement of additional hardware and other unforeseeable problems and circumstances. Any one of these factors can cause cost overruns or schedule variations to our projects, thereby affecting the profitability from the affected project, including resulting in lower profits.

Most of our technology applications and infrastructure solution projects are subject to specific completion schedules and some of our customers are entitled to claim liquidated damages from us if we do not meet the schedules. Service level agreement breaches are typically levied at an agreed rate for each day or part of a day for such delay. Failure to meet the schedule requirements of our contracts may result in service level agreement claims, other contract liabilities and disputes with the customers or even the termination of relevant contracts. Any claims relating to liquidated damages or breaches from service level agreement will affect the profitability of the affected project. As at LPD, there has been no past occurrence of cost overrun or schedule variations in our projects that has led to LAD claims for the financial years under review. Our Group has incurred service level agreement claims of RM0.11 million, RM0.07 million, RM0.01 million and RM0.03 million for the FYE 2019, 2020, 2021 and 2022 respectively. These service level agreement claims were not material to the financial performance of our Group.

There is no guarantee that we would not encounter cost overruns or schedule variations in our current and future technology applications and infrastructure solution projects that would affect the profitability of our projects. Should such problems occur, our business and financial performance would be adversely affected.

As at LPD, we have not experienced any material service level agreement claims from our customers.

9.1.3 We derive a significant portion of our revenues from our major customers

Our revenue from our top five customers for FYE 2019 to 2022 accounted for approximately 99.0%, 91.4%, 72.8% and 75.0% respectively of our total revenue, while our revenue from our largest customer accounted for approximately 70.3%, 54.5%, 19.0% and 24.5% respectively of our total revenue in the corresponding FYE.

Our major customers who have contributed significantly to our revenue from FYE 2019 to 2022 are as follows:

	FYE 2019	**FYE 2020**	**FYE 2021**	**FYE 2022**
	%	**%**	**%**	**%**
Customer K	-	1.0	5.3	24.5
Customer J	70.3	54.5	19.0	23.3
Customer H	21.6	21.8	11.1	7.5

9. RISK FACTORS *(Cont'd)*

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	%	%	%	%
The Siam Commercial Bank Public Company Limited	-	10.8	20.1	10.0
	91.9	**88.1**	**55.5**	**65.3**

Further details of our major customers and their respective revenue contribution are set out in Section 7.9.

Collectively, the abovementioned major customers contributed approximately 91.9%, 88.1%, 55.5% and 65.3% to our Group's revenue in FYE 2019 to 2022 respectively. As at LPD, our Group has the following unbilled sales from on-going projects with the abovementioned major customers:

(i) 2 projects with Customer K with unbilled sales amounting to RM38.6 million to be delivered up to FYE 2027, which are contracts under the design and delivery of technology infrastructure solutions segment; and

(ii) 3 project with Customer J with unbilled sales amounting to RM83.2 million to be delivered up to FYE 2026, which are contracts under the design and delivery of technology infrastructure solutions.

We have completed our works for Customer H on a project for which we supply support services, from December 2020 to November 2021 with a total value of RM8.4 million and subsequently Customer H did not issue any further work orders to us for this particular project. Since then, we do not have any new projects with Customer H up to LPD. In March 2022, Customer H renewed their subscription of Broadcom Enterprise Software for their customer through Infomina for up to FYE 2023, under the technology infrastructure operations, maintenance and support services segment amounting to RM11.4 million.

The revenue that we secure from our major customers vary on a year-to-year basis. Based on the major customers' significant revenue contribution as set out above, we risk having our Group's revenue concentrated among these few major customers. Their significant contribution to our revenue from FYE 2019 to 2022 may be considered as a risk factor to our Group as we will continue to tender for new contracts from these customers when the opportunity arises.

Notwithstanding any termination clauses which are to our Group's benefit, contracts with these major customers will generally lead to continuing business opportunities with our Group via its technology infrastructure operations, maintenance and support services segment. Although our Group is not dependent on our major customers individually, we may be materially and adversely affected if we were to lose several of our major customers without securing new customers in a timely manner to replace the loss of business, or if we were to encounter difficulties in collecting payment from these major customers due to the value of the contracts that we have with them. Termination of several major customers' contracts would generally also mean the loss of the customers and any future opportunities with them, and we may be adversely impacted if we are unable to secure new customers in a timely manner to replace the loss of business.

9.1.4 We are dependent on CA Singapore as our major supplier

Broadcom Inc., the holding company of CA Singapore, is a global technology leader that designs, develops and supplies a broad range of semiconductor and infrastructure software solutions. In 2019, we entered into a partnership with Broadcom Inc.'s subsidiary, CA Singapore, pursuant to the Regional Partner Agreement, whereby Infomina was appointed to resell and distribute Broadcom software technologies (comprising Broadcom Enterprise Software and Broadcom Mainframe Software). Infomina was also recognised as a Premier Tier 1 VAD for purposes of marketing Broadcom software technologies in Malaysia, Singapore, Thailand, Indonesia, the Philippines, Hong Kong and Taiwan. Subsequently, this appointment to resell and distribute Broadcom Enterprise Software was extended to China in 2021 and the right to resell and distribute the Broadcom Mainframe Software was extended to China in 2022. Pursuant to the Regional Partner Agreement, we are able to engage and procure Broadcom software technologies, directly from CA Singapore, and to resell and distribute the Broadcom software technologies to distributors and resellers in the CA Partner Regions.

Based on Broadcom's website as at LPD, Infomina is the sole appointed distributor and Premier Tier 1 VAD of Broadcom Mainframe Software (but not for Broadcom Enterprise Software) in the CA Partner Regions and our Group is not aware of any other appointed Premier Tier 1 VAD by CA Singapore.

CA Group contributed to 14.6%, 27.3%, 66.4% and 45.0% of our purchases in FYE 2019, 2020, 2021 and 2022 respectively. Moving forward, we anticipate that CA Singapore will continue to be a major supplier to our Group and we will be dependent on our business relationship with CA Singapore. For the time being, we are unable to isolate the revenue derived from the sale of products pursuant to our business with CA Singapore, as each project has several components which are priced as a package, and are not accounted for separately.

Our appointment by CA Singapore as a Premier Tier 1 VAD commenced on 24 June 2019, and it is automatically renewed annually unless CA Singapore decides not to renew the Regional Partner Agreement or the Regional Partner Agreement is terminated. There is no assurance that this appointment would be renewed, extended upon expiry or continued without interruption. Our appointment is also non-exclusive. In the event that we are not able to renew, extend upon expiry or continue this appointment with CA Singapore without interruption or timely replacement with another supplier, we may still continue engaging CA Singapore directly as a supplier, albeit without an upfront status recognition as a Premier Tier 1 VAD.

For avoidance of doubt, Infomina has been in direct business with CA (Malaysia) Sdn Bhd since 2015 where we have been distributing Broadcom software technologies in Malaysia.

Should our business relationship with CA Singapore be terminated, our competitiveness will be affected as we will need time to familiarise with the hardware and software specifications as well as system processes of other product principals, including the implication of its integration in our technology solutions. We may also not be able to procure mainframe technologies from other suppliers at competitive rates, or may need to incur additional costs to incorporate mainframe technologies from other suppliers in our technology solutions. Due to the learning curve and potential cost implications, our customers also typically resist changing mainframe technology brands on a frequent basis. As such, we may lose such customers if they are adverse to switching to another brand of mainframe technology.

9.1.5 We are dependent on our IT staff for the provision of technology application and infrastructure solutions

Our IT staff are our Group's main assets in our technology application and infrastructure solutions business. Our IT staff comprise 73.5% (72 persons), 73.9% (85 persons), 71.5% (88 persons) and 69.0% (78 persons) of our Group's total workforce for FYE 2019, 2020, 2021 and 2022 respectively. The provision of technology application and infrastructure solutions, including consulting and implementation of the respective solutions as well as operations, maintenance and support services, requires the expertise of our IT staff who are equipped with domain knowledge as well as experience in technology and industry trends.

Our ability to retain and also to attract competent and skilled IT staff is crucial for our continued success, future business growth and expansion. Any loss of our IT staff and our inability to find suitable replacements in a timely manner may cause disruptions to our project deliverables. Consequently, if our Group is unable to adhere to our project delivery schedules, our billing schedule will be delayed as invoices are issued according to project delivery milestones. Further, based on the agreements for our current on-going turnkey projects as at LPD, our customers are allowed to claim for breach of service level agreements. In the event that our customers make such claims in relation to delays or failures caused by our Group to meet any milestones as specified in the agreement, it will increase our project cost and this may adversely affect our financial performance if there is a significant number or value of such claims.

For FYE 2019, 2020, 2021 and 2022, our IT staff turnover rate was 10.2%, 7.8%, 7.3% and 30.1% respectively. The increase of IT staff turnover rate in FYE 2022 was due to more competitive packages offered among the industry players. However, the Company was able to recruit replacement candidates in a timely manner. There have been no material delays resulting from the loss of technical and skilled IT employees over the period under review and we have not experienced any liquidated damage claims from customers for delays in completion schedules arising from the turnover of our IT staff. Where we foresee any delays in completion schedules, we engage external IT consultants to supplement our internal project manpower to accelerate the progress of our projects. The engagement of external IT consultants is not due to our inability to recruit IT professionals or to find suitable IT professional replacements, but is due to short term manpower requirement.

9.1.6 We are dependent on our Executive Directors and key senior management

The continued success and growth of our business is dependent on our ability to retain our Executive Directors and key management personnel, in particular our Managing Director, Yee Chee Meng and our Executive Directors namely Lim Leong Ping @ Raymond Lim, Mohd Hoshairy Bin Alias and Nasimah Binti Mohd Zain. These individuals have been instrumental in the development of our corporate strategy and the growth of our business. Their ability to understand the IT and technology industries, and anticipate industry trends equip them with the necessary skillsets to establish business relationships with our customers and suppliers.

Our Executive Directors are supported by a team of qualified and experienced key senior management personnel comprising Tan Siang Pin, Mok Pek Yoke, Wee Chiow Man, and Azham Bin Mat Yasir. Collectively, our Executive Directors and key senior management have extensive knowledge and experience of 10 to 39 years in their relevant field of industry expertise which enable us to remain competitive.

As such, a loss of such experienced management personnel without suitable and timely replacements could have a material impact on our competitiveness, business and operations.

9.1.7 Our business and operations are exposed to sudden disruptions caused by serious pandemic and epidemic outbreaks

The mandatory social / physical distancing measures and/or lockdowns imposed by the governments in Malaysia, the Philippines, Thailand, Singapore, Hong Kong and Indonesia due to COVID-19 have restricted us from continuing our work at our customers' premises primarily in relation to our turnkey projects. While our consultants continued to work from home to ensure the continuation of project implementation, certain parts of our work were restricted such as physical sighting of confidential documents, and extraction of information required from our customers. This had caused slight delays to our project delivery schedule primarily for our turnkey projects which had subsequently affected our billing schedule from the second quarter of 2020 onwards for our existing projects.

COVID-19 had also affected our ability to recruit suitably qualified IT professionals to staff our projects in a timely manner due to the various movement controls instituted in Malaysia and countries in which we have presence.

Our business development and marketing activities were affected during this COVID-19 period. As a result of travel restrictions and social distancing measures, we were unable to carry out business development and marketing activities such as attending conferences and events as well as meeting prospective customers. As such, our Group relied on virtual meetings to initiate contact with prospective customers during this period.

Please refer to Section 7.7.1 and 7.7.2 for further details on the interruptions to our business operations caused by the COVID-19 pandemic and MCO.

Further, the economic impact of COVID-19 may adversely affect the financial positions of many organisations which may result in tighter budgets. Organisations may be more cautious in their spending moving forward and prioritise resources in recovering their sales performance and financial position after the crisis ends. This may temporarily affect the demand for IT services in view of its investment cost and may consequently cause a slowdown in the demand for our technology services.

As a result of the COVID-19 outbreak, up until LPD, we have entered into an agreement with a customer for the deferment of our project due to factors as detailed in Section 7.7.2.

Any such future pandemic outbreaks, as well as epidemic outbreaks affecting a significantly large but more localised population, may result in similar interruptions to our Group's business and operations, which may subsequently have a material adverse impact on our financial performance.

9.1.8 We are exposed to risks relating to the economic, political, legal and regulatory environments in the countries in which we derive revenue

Our Group operates regionally with offices in Malaysia, Singapore, Thailand, the Philippines, Indonesia and Hong Kong. Our Group also plans to continue expanding our regional presence to Taiwan and China.

We derive a significant portion of our revenue from our foreign markets. For FYE 2020, FYE 2021 and FYE 2022, our foreign sales accounted for approximately 17.4%, 60.9% and 42.6% of our revenues respectively.

	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Business segment	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	66,006	100.0	67,413	82.6	41,164	39.1	115,442	57.4
Foreign country								
Thailand	-	-	10,321	12.7	31,890	30.3	32,543	16.2
The Philippines	-	-	2,540	3.1	26,802	25.5	42,311	21.1
Others	-	-	(1)1,342	1.6	(1)5,368	5.1	(2)10,767	5.3
Total revenue	**66,006**	**100.0**	**81,616**	**100.0**	**105,224**	**100.0**	**201,063**	**100.0**

Notes:

(1) Revenues from customers in Hong Kong that were generated through our subsidiary, Infomina SG.

(2) Revenues from customers in Hong Kong and Taiwan that were generated through our subsidiary, Infomina SG.

Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and / or uncertainties in the economic, political, legal and regulatory environments that are beyond our control in the countries where we operate and transact business. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation and foreign exchange controls. Any changes in government policies that may cause disruptions in business operations and financial performance of businesses, may consequently cause a decline in IT budgets and demand for our Group's products and services. Such events may have a material adverse effect on our business and financial performance. There can be no assurance that any adverse economic, political, legal and / or regulatory developments will not lead to a material adverse effect on the business performance of our Group.

While we take measures to mitigate such risks by keeping abreast with economic and regulatory changes in the relevant countries, there can be no assurance that any adverse changes in political, economic and regulatory conditions of the countries will not materially affect our financial performance. However, with our continuous effort to diversify our customer base, we could reduce the susceptibility of our financial performance to any political, economic and regulatory changes in a particular country.

9.1.9 We are exposed to foreign exchange transaction risks

Our Group is involved in the provision of technology applications and infrastructure solutions primarily for customers regionally. We are mainly exposed to transactional currency exposure as our revenue and purchase are presently denominated in RM, THB, PHP and USD. Fluctuations in these foreign currency exchange rates may adversely affect our financial performance and profit margin.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As such, we are subject to foreign exchange fluctuation risk for our revenue and purchases denominated in foreign currencies which we transact.

A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion. Overall, our foreign exchange gains and losses for FYE 2019 to 2022 are as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FYE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Realised (loss) / gain on foreign exchange	-	(899)	61	245
Unrealised (loss) / gain on foreign exchange	-	(206)	(252)	287
Net loss	**-**	**(1,105)**	**(191)**	**532**

In relation to foreign customers, our Group typically quote contracts in USD and imposes a premium on fees quoted in local currencies. This is to encourage our customers to accept the contracts quoted in USD. As such, foreign contracts are generally accepted and transacted in USD, which act as a natural hedge for our purchases that are generally paid for in USD. However, where contracts are accepted in local currencies, the premium of fees may not be sufficient to offset any foreign exchange losses. For reference, our Group's sales contract with a customer in Thailand in FYE 2020 which was quoted in local currency while purchases from the supplier, CA Singapore, was quoted in USD. Being the first contract secured by our Group in Thailand, we did not quote a premium even though the contract was in local currency because securing a customer in Thailand was the main priority of our Group at the time. As a result, the weakening of THB against USD gave rise to the RM1.1 million loss on foreign exchange in FYE 2020.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We may not be able to keep up with rapid technological changes

The IT and technology industry are characterised by rapidly changing technology, evolving industry standards, frequent introductions and enhancements of new products and services, and changing customer demands. The introduction of new technology and the emergence of new industry standards may render our services obsolete and uncompetitive. As a technology firm, our future success will depend on our ability to adapt to rapidly changing technologies, adapt our services to the evolving industry standards and continually improve the know-how of our staff in response to evolving demands of the market place. The need to keep abreast with technological changes and development is a requirement for companies like us, and is therefore a risk should our Group not be able to do so within our industry, notwithstanding it is in the nature of our Group as an IT solutions provider to keep up-to-date with the latest technologies. Failure to adapt to such changes would have a material adverse effect on our business and results of operations.

9.2.2 The technology application and infrastructure solutions industry is competitive

For large scale technology application and infrastructure solutions, the barriers of entry are relatively high as they generally require sophisticated technical know-how, extensive development experience. We compete with renowned IT services providers for projects based on industry reputation, business relationships with IT product suppliers, availability of skilled IT talents and loyalty. In particular, service providers such as our Group, that are able to demonstrate domain knowledge to deliver practical and workable solutions for our customers are better positioned to secure technology contracts. This restricts the entry of new industry players that may not possess the abovementioned qualities.

Our Group has demonstrated the ability to implement large scale technology application and infrastructure solutions for government agencies, statutory bodies and financial institutions. Please refer to Section 7.3.1 for details of selected technology application and infrastructure solutions that we have delivered to our customers.

Our Group's existing competitors may, in the future, achieve greater market acceptance and recognition as well as a greater market share. We compete with other similar IT service providers in relation to expertise and resources available, type of software used, service quality, delivery time and pricing strategies. The competition from other similar IT service providers may result in stiffer competition in successfully winning competitive tenders for future projects, which will have a negative impact on our revenue and subsequently our overall financial performance. There can be no assurance that the competition in the IT services industry will not increase in the future and if we fail to maintain or improve our market position or fail to respond successfully to changes in such competitive landscape, our business, and financial performance would be negatively affected.

The IMR Report in Section 8 identifies 16 industry players that are involved in the provision of enterprise IT services comprising the design and implementation of IT application and infrastructure solutions as well as IT operations, maintenance and support services. These industry players were identified based on publicly available information. This list of industry players is not exhaustive as it may not include companies whose financial information have been private exempted and cannot be viewed by the public.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop or continue be developed upon or subsequent to our Listing.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occur:

(a) the selected investors fail to subscribe for their portion of our IPO Shares;

(b) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and

(c) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold approximately 72.8% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will likely have a deciding vote on the outcome of (i.e. to approve or reject) certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the acquisitions of Infomina SG and Infomina TH as set out in Section 6.2.1, Acquisition of ISSB and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2019 to 2022 and up to LPD:

					Transaction value									
					FYE 2019		FYE 2020		FYE 2021		FYE 2022		1 June 2022 up to LPD	
Related party	**Transacting company in our Group**	**Interested person**	**Nature of relationship**	**Nature of transaction**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Yee Chee Meng	Infomina	Yee Chee Meng	Yee Chee Meng is our Promoter, substantial shareholder and Managing Director	Rental of SO-33-06, Menara 1, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur from Yee Chee Meng by Infomina for use as office (4)	96	(1)1.5	96	(1)2.8	96	(1)1.2	96	(1)0.5	32	(5)N/A
Mok Pek Yoke	Infomina	Mok Pek Yoke	Mok Pek Yoke is our key senior management	Rental of SO-33-05, Menara 1, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur from Mok Pek Yoke by Infomina for use as office (4)	96	(1)1.5	96	(1)2.8	96	(1)1.2	96	(1)0.5	32	(5)N/A

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value									
					FYE 2019		FYE 2020		FYE 2021		FYE 2022		1 June 2022 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Yee Chee Meng	Infomina PH	Yee Chee Meng	Yee Chee Meng is our Promoter, substantial shareholder and Managing Director	Rental paid on behalf by Yee Chee Meng to Servcorp Manila, Inc for rental of virtual office space at Level 17, Ayala Avenue Office Tower, Ayala Avenue, Makati City, Manila, Philippines 1226 (3)	-	-	4	(1)0.1	8	(1)0.1	0.6	*	-	(5)N/A
Yee Chee Meng	Infomina SG	Yee Chee Meng	Yee Chee Meng is our Promoter, substantial shareholder and Managing Director	Rental paid on behalf by Yee Chee Meng to Servcorp Singapore Holdings Pte Ltd for rental of virtual office space at Level 24, CapitaGreen, 138 Market Street, Singapore 048946	-	-	5	(1)0.1	17	(1)0.2	4	*	-	(5)N/A
Yee Chee Meng	Infomina TH	Yee Chee Meng	Yee Chee Meng is our Promoter, substantial shareholder and Managing Director	Rental paid on behalf by Yee Chee Meng to Servcorp Co., Ltd for rental of virtual office space at Level 29, The Offices at Centralworld, 999/9 Rama 1 Road, Pathumwan, Bangkok 10330	-	-	5	(1)0.1	11	(1)0.1	0.1	*	-	(5)N/A

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2019 RM'000	FYE 2019 %	FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	1 June 2022 up to LPD RM'000	1 June 2022 up to LPD %
				Advances received / (repaid) by Infomina TH from / to Yee Chee Meng	-	-	1,472	[2]10.0	(1,472)	[2]10.0	-	-	-	[5]N/A
Yee Chee Meng	Infomina	Yee Chee Meng	Yee Chee Meng is our Promoter, substantial shareholder and Managing Director	Payment on behalf of Infomina by Yee Chee Meng	46	[1]0.7	55	[1]1.6	40	[1]0.5	-	-	-	[5]N/A

Notes:

* Negligible

(1) Computed over our Group's PAT for the respective financial years.

(2) Computed over our Group's NA as at the respective financial year end.

(3) Effective from 1 December 2021, Infomina PH has moved to Level 24, One Bonifacio High Street, Bonifacio Global City, Metro Manila 1634, Philippines.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(4) Being recurrent transactions that may recur after Listing.

In respect of the tenancy agreement dated 15 December 2021 between our Company and Yee Chee Meng for the rental of 1 unit of commercial office situated at SO-33-06, Menara 1, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, the initial term of the tenancy is for 2 years commencing from 1 January 2022 to 31 December 2023 at the monthly rental of RM8,000. Our Company has the option to renew the tenancy for a further term of 1 year. Either our Company or Yee Chee Meng may terminate the tenancy agreement by giving the other party 2 months' notice in writing or 2 months' rent in lieu of notice but such right of termination is only exercisable after 12 months of the initial term. If the rental is in arrears for more than 7 days, Yee Chee Meng shall have the full power to take repossession of the said premises and the security deposit of 2 months' rental and utility deposit of 1 month's rental shall be forfeited by Yee Chee Meng but without prejudice to the right of action of Yee Chee Meng in respect of any breach of Infomina's covenants in the tenancy agreement.

In respect of the tenancy agreement dated 15 December 2021 between our Company and Mok Pek Yoke for the rental of 1 unit of commercial office situated at SO-33-05, Menara 1, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, the initial term of the tenancy is for 2 years commencing from 1 January 2022 to 31 December 2023 at the monthly rental of RM8,000. Our Company has the option to renew the tenancy for a further term of 1 year. Either our Company or Mok Pek Yoke may terminate the tenancy agreement by giving the other party 2 months' notice in writing or 2 months' rent in lieu of notice but such right of termination is only exercisable after 12 months of the initial term. If the rental is in arrears for more than 7 days, Mok Pek Yoke shall have the full power to take repossession of the said premises and the security deposit of 2 months' rental and utility deposit of 1 month's rental shall be forfeited by Mok Pek Yoke but without prejudice to the right of action of Mok Pek Yoke in respect of any breach of Infomina's covenants in the tenancy agreement.

(5) Not applicable as we did not prepare any financial statements from 1 June 2022 up to LPD.

The acquisitions of Infomina SG and Infomina TH, as well as the Acquisition of ISSB were undertaken as an internal reorganisation among our Promoters, with a view to achieve their agreed shareholdings of our Group, prior to undertaking our Listing.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

The purchase consideration for the acquisitions of Infomina SG and Infomina TH of RM5.9 million was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the expected business growth of Infomina SG, Infomina TH and Infomina PH (which was then a 99.9%-subsidiary of Infomina SG); and their expected contribution to our Group based on the companies' financial performance for FYE 2021. For FYE 2021, these 3 companies collectively generated revenue of RM64.1 million or 60.8% of our Group's combined revenue, and PAT of RM7.9 million or 94.9% of our Group's combined PAT. Of this PAT amount, the effective shareholdings of Yee Chee Meng and Tan Siang Pin translate to an equivalent share of RM1.8 million respectively. The acquisitions of Infomina SG and Infomina TH enabled us to fully control and consolidate the results of the companies. The issue price of RM4.32 per Infomina Share was derived to achieve the desired shareholding structure in Infomina after the acquisitions of Infomina SG and Infomina TH as agreed by the Promoters. As there is no comparable transaction in the market, and the transactions did not involve the interest of any other third parties, they were deemed to be transacted at arm's length with the collective agreement of our Promoters. Please refer to Section 6.2 for further details of the internal reorganisation among our Promoters.

Save for the advances received from Yee Chee Meng and payments paid on behalf by Yee Chee Meng which are not conducted on arm's length basis as they are interest free, our Directors (save for the interested Director i.e. Yee Chee Meng who has abstained from deliberation in those transactions where he has interest) are of the view that all our other related party transactions were conducted on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our Group. These are rental payments which are within RM7,500 to RM8,000, being the range of market rental rates of the respective properties.

The advances received from Yee Chee Meng and outstanding balances from payments paid on behalf by Yee Chee Meng are unsecured, interest free and repayable on demand. The payments paid by Yee Chee Meng on behalf of the companies were rendered as assistance to the companies as a matter of convenience, and are not expected to continue moving forward. All payments paid by Yee Chee Meng on behalf of the companies have been fully repaid in September 2021.

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or

(ii) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. As these transactions may be time-sensitive in nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) The rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from deliberating and voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from deliberating and voting in respect of his direct and/or indirect shareholdings. The relevant Directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2019 to 2022 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)

(a) Outstanding loans and/or balances

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

Our Promoters, substantial shareholders and Directors, namely Yee Chee Meng, Lim Leong Ping @ Raymond Lim, Nasimah Binti Mohd Zain and Mohd Hoshairy Bin Alias have jointly and severally provided personal guarantees for the banking facility extended by Malayan Banking Berhad ("**Financier**"):

Financier	**Type of facility**	**Outstanding balance as at LPD**	**Facility limit**	**Guarantors**
		RM'000	**RM'000**	
Malayan Banking Berhad	Bank guarantee	14,943	15,000	• Yee Chee Meng • Lim Leong Ping @ Raymond Lim • Mohd Hoshairy Bin Alias • Nasimah Binti Mohd Zain

In conjunction with our Listing, we have applied to the Financier to obtain a release and/or discharge of the above personal guarantees by substituting the same with other securities from our Group acceptable to the Financier. Until such release and/or discharge are obtained from the Financier, the aforesaid persons will continue to guarantee the banking facility extended to our Group.

As at the date of this Prospectus, we have received approval from Malayan Banking Berhad vide its supplementary letter of offer dated 9 August 2022, to discharge the existing personal guarantee executed by Mohd Hoshairy Bin Alias, Yee Chee Meng, Nasimah Binti Mohd Zain and Lim Leong Ping @ Raymond Lim as stated above subject to the fulfilment of the following:

(a) completion of our Listing;

(b) letter of undertaking to be executed by Mohd Hoshairy Bin Alias, Yee Chee Meng, Nasimah Binti Mohd Zain and Lim Leong Ping @ Raymond Lim to extend their guarantee for all banking facilities granted to our Company in the event the Listing does not complete within 3 months from the date of regulatory approval; and

(c) irrevocable letter of undertaking to be executed by Yee Chee Meng, our Managing Director to remain as Director in Infomina throughout the financing tenure, which has been provided on 14 October 2022.

10.2.3 Transactions entered into with M & A Securities

Save as disclosed below, we have not entered into any transactions with M & A Securities who is the Adviser, Sponsor, Placement Agent and Underwriter for our Listing:

(a) Agreement dated 2 June 2021 between Infomina and M & A Securities for the appointment of M & A Securities as Adviser, Sponsor, Underwriter and Placement Agent for our Listing; and

(b) Underwriting Agreement dated 12 October 2022 entered into between our Company and M & A Securities for the underwriting of 36,075,100 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND SUPPLIERS

None of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group, or which are customers and suppliers of our Group.

Moving forward, we have established procedures for related party transactions to ensure that they are carried out on an arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and are not to the detriment of our minority shareholders. Please refer to our procedures as disclosed in Section 10.1.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating and Remuneration Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating and Remuneration Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating and Remuneration Committee will then:

(a) Immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;

(b) After deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:

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

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

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating and Remuneration Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

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

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) M & A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for our Listing;

(b) Newfields Advisors Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Financial Adviser for our Listing. Its scope of work as Financial Adviser includes the following:

    (i) to conceptualise and advise on our Group's restructuring, equity and corporate structure in preparation for our Listing;

    (ii) to assist our Group in compiling information and documents for our Listing;

    (iii) to assist in reviewing the draft documents prepared by the relevant advisers in relation to our Listing; and

    (iv) to assess and advise on any other issues relevant to our Listing;

(c) Chooi & Company + Cheang & Ariff has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;

(d) Baker Tilly Monteiro Heng PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and

(e) Providence Strategic Partners Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical combined financial information throughout FYE 2019 to FYE 2022 have been prepared in accordance with MFRS and IFRS. The financial information included in this Prospectus is not intended to predict our Group's financial position, results or cash flows.

It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

12.1.1 Combined statements of comprehensive income

The following table sets out a summary of our audited combined statements of comprehensive income for FYE 2019 to FYE 2022 which have been extracted from the Accountants' Report.

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FYE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	66,006	81,616	105,224	201,063
Cost of sales	(50,380)	(68,167)	(81,280)	(159,164)
GP	**15,626**	**13,449**	**23,944**	**41,899**
Other income	348	1,846	393	764
Administrative expenses	(6,805)	(10,710)	(12,189)	(20,426)
Operating profit	**9,169**	**4,585**	**12,148**	**22,237**
Finance costs	(102)	(78)	(102)	(186)
PBT	**9,067**	**4,507**	**12,046**	**22,051**
Income tax expense	(2,165)	(1,135)	(3,757)	(4,971)
PAT	**6,902**	**3,372**	**8,289**	**17,080**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	-	(5)	29	12
Total comprehensive income for the financial year	**6,902**	**3,372**	**8,318**	**17,092**
PAT attributable to:				
Owner of our Company	6,902	3,372	8,287	17,078
Non-controlling interests	-	(5)	2	2
	6,902	**3,372**	**8,289**	**17,080**
EBIT(1)	8,821	4,191	11,903	22,012
EBITDA(1)	9,357	4,772	12,671	23,306
GP margin (%)(2)	23.7	16.5	22.8	20.8
PBT margin (%)(3)	13.7	5.5	11.5	11.0
PAT margin (%)(3)	10.5	4.1	7.9	8.5
EPS (sen)(4)	1.3	0.7	1.6	3.3

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) EBIT and EBITDA are calculated as follows:

EBIT is calculated as profit before interest income, finance costs, taxes, and amortisation.

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FYE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
PAT	6,902	3,372	8,289	17,080
Less:				
Interest income	348	394	245	225
Add:				
Finance costs	102	78	102	186
Income tax expense	2,165	1,135	3,757	4,971
EBIT	**8,821**	**4,191**	**11,903**	**22,012**
Add:				
Depreciation	536	581	768	1,294
EBITDA	**9,357**	**4,772**	**12,671**	**23,306**

(2) Calculated based on GP divided by revenue.

(3) PBT margin and PAT margin are calculated based on the respective PBT and PAT for the financial year divided by revenue.

(4) Calculated based on PAT divided by 520,081,200 enlarged number of Shares in issue before IPO.

(5) Negligible.

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12.1.2 Combined statements of financial position

The following table sets out our combined statements of financial position as at 31 May 2019, 2020, 2021 and 2022 which have been extracted from the Accountants' Report.

	Audited			
	As at 31 May			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,509	1,185	2,225	5,397
Deferred tax assets	1,163	864	965	5,231
Other receivables	-	654	632	874
Total non-current assets	**2,672**	**2,703**	**3,822**	**11,502**
Current assets				
Current tax assets	-	-	61	151
Trade and other receivables	9,395	32,330	48,794	86,046
Contract assets(1)	3,580	2,323	-	-
Cash and short-term deposits	16,946	26,981	24,495	70,934
Total current assets	**29,921**	**61,634**	**73,350**	**157,131**
TOTAL ASSETS	**32,593**	**64,337**	**77,172**	**168,633**
EQUITY AND LIABILITIES				
Equity attributable to owners of our Group				
Invested equity / Share capital	1,147	5,178	11,086	11,075
Irredeemable preference shares	-	-	-	65
Retained earnings	10,238	9,610	17,897	34,921
Reorganisation reserve	-	-	(5,847)	(5,700)
Other reserves	-	-	29	92
	11,385	14,788	23,165	40,453
Non-controlling interests	-	(3)	2	7
TOTAL EQUITY	**11,385**	**14,788**	**23,167**	**40,460**
Non-current liabilities				
Loans and borrowings	909	690	1,002	2,213
Deferred tax liabilities	-	-	326	3,068
Total non-current liabilities	**909**	**690**	**1,328**	**5,281**

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			
	As at 31 May			
	2019	**2020**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current liabilities				
Loans and borrowings	228	351	578	829
Current tax liabilities	1,407	572	185	2,213
Trade and other payables	8,422	21,761	9,779	59,066
Contract liabilities(2)	10,242	26,175	42,135	60,784
Total current liabilities	**20,299**	**48,859**	**52,677**	**122,892**
TOTAL LIABILITIES	**21,208**	**49,549**	**54,005**	**128,173**
TOTAL EQUITY AND LIABILITIES	**32,593**	**64,337**	**77,172**	**168,633**

Notes:

(1) Contract assets arise when work is done for a project but we are not able to issue billing because the level of work done has not reached a billable milestone as stated in the project contract.

(2) Contract liabilities arise when advance billing is issued for a project, but revenue is not recognised.

(3) Negligible.

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12.1.3 Combined statements of cash flows

The following table sets out our combined statements of cash flows for FYE 2019 to FYE 2022 which have been extracted from the Accountants' Report.

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FYE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
PBT	9,067	4,507	12,046	22,051
Adjustments for:				
Depreciation of property, plant and equipment	536	581	768	1,294
Gain on disposal of property, plant and equipment	-	(90)	(87)	(4)
Property, plant and equipment written off	-	-	-	29
Impairment loss on trade receivables	-	-	62	-
Finance costs	102	78	102	186
Finance income	(348)	(394)	(245)	(225)
Net loss / (gain) on unrealised foreign exchanges	-	206	252	(287)
Operating profit before working capital changes	9,357	4,888	12,898	23,044
Changes in working capital:				
Trade and other receivables	3,069	(23,071)	(17,576)	(37,688)
Contract assets	(3,580)	1,257	2,323	-
Trade and other payables	(2,317)	11,334	(9,944)	49,601
Contract liabilities	1,964	15,934	15,959	18,807
Cash from operations	8,493	10,342	3,660	53,764
Interest received	348	394	15	8
Income tax refund	59	-	-	-
Income tax paid	(1,305)	(1,670)	(3,982)	(4,548)
Net cash from / (used in) operating activities	**7,595**	**9,066**	**(307)**	**49,224**
Cash flows from investing activities				
Purchase of property, plant and equipment	(239)	(131)	(918)	(2,514)
Proceeds from disposal of property, plant and equipment	-	90	190	4
Change in pledged deposits	(109)	(814)	(836)	(3,564)
Net cash used in investing activities	**(348)**	**(855)**	**(1,564)**	**(6,074)**
Cash flows from financing activities				
Proceeds from allotment of shares	-	32	61	139
Proceeds from issuance of preferences shares	-	-	-	65

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Repayment of term loans	(84)	(74)	(129)	(18)
Repayment of lease liabilities	(132)	(148)	(325)	(502)
Net change in amount owing (to) / by directors	(205)	1,439	(1,405)	(72)
Interest received	-	-	230	217
Interest paid	(102)	(78)	(102)	(186)
Net cash (used in) / from financing activities	**(523)**	**1,171**	**(1,670)**	**(357)**
Net increase / (decrease) in cash and cash equivalents	6,724	9,382	(3,541)	42,793
Cash and cash equivalents at the beginning of the financial year	9,894	16,618	25,839	22,517
Effect of foreign exchange translation	-	(161)	219	(82)
Cash and cash equivalents at the end of the financial year	**16,618**	**25,839**	**22,517**	**65,392**
Cash and cash equivalents at end of the financial year comprise:				
Short-term deposits	15,328	18,397	7,138	28,603
Less: Pledged deposits	(328)	(1,142)	(1,978)	(5,542)
	15,000	17,255	5,160	23,061
Add: Cash and bank balances	1,618	8,584	17,357	42,331
	16,618	**25,839**	**22,517**	**65,392**

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12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our combined financial information for FYE 2019 to FYE 2022 should be read in conjunction with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

We are a technology firm, and we principally design and implement technology infrastructure solutions that support the fundamental business operations of our customers. We further support our customers through customised maintenance and support services for technology solutions. We are principally involved in the following business activities:

(i) **Design and delivery of technology infrastructure solutions** - Our design and delivery of technology infrastructure solutions are tailor-made to each customer based on their business needs, industry practices as well as technological developments. Our technology infrastructure solutions are aimed at supporting the fundamental business operations of our customers.

(ii) **Technology infrastructure operations, maintenance and support services** - Our technology infrastructure operations, maintenance and support services are provided in the following manner:

(a) under a separate engagement following the completion of our provision of the aforesaid technology infrastructure services;

(b) on technology hardware and/or software purchased from or developed by third party suppliers;

(c) to renew our customers' licences for subscribing certain IT systems, hardware and software provided by the IT products vendors;

(d) to renew our customers' technical support and maintenance services as well as warranty for the hardware and software by the IT products vendors; and

(e) secondment of our technical staff to customers' office.

We principally operate in Malaysia, Singapore, Thailand, the Philippines and Hong Kong through our subsidiaries. Our revenue is generated from local and overseas sales, and the currencies used in our invoicing are RM, THB, PHP and USD. Please refer to Section 12.2.2(g) for our Group's revenue segmentised by country.

Please refer to Section 7 for our Group's detailed business overview.

(b) Revenue

Our revenue stream can be segregated into two segments namely design and delivery of technology infrastructure solutions as well as technology infrastructure operations, maintenance and support services, as follows:

(i) Design and delivery of technology infrastructure solutions

We are appointed by our customers to carry out design and delivery of technology infrastructure solutions that support the fundamental business operations of our customers.

The service fee for our technology infrastructure solution contracts is generally a fixed fee, taking into account our customers' requirements, scope of work, costs for carrying out the contract with reference to the costs of procuring the relevant hardware and/or software and whether any third-party technical support or maintenance services are engaged.

Our fee is payable either in one lump sum for the sales of hardware and/or software after delivery; or by instalment after completion of specified progress milestone set out in the contract if other services are involved. We also derive income for right to use of technology infrastructure that we deploy to our customers. Our service is deemed to be completed once our customers accept the result of the user acceptance test in the deployed technology infrastructure.

For contracts with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, our Group estimates it by using the costs plus margin approach. Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

(ii) Technology infrastructure operations, maintenance and support services

We offer operations, maintenance and support services on technology hardware and/or software. We generally charge our customers a fixed fee for an agreed service period, taking into account our scope of work, required service level, complexity of the technology systems and the costs of procuring the required hardware and/or software. Our service fees are usually payable on an annual basis. Our service is deemed to be completed once the contract period expires. Revenue from rendering of services is recognised at a point in time when service is rendered to the customer, which is the point in time when the performance obligation in the contract with customer is satisfied. Most contracts in this respect are renewals or extensions of licence subscriptions and/or warranty periods, covering technical support and maintenance. Revenue from warranty renewals is recognised progressively over the renewed warranty period.

Each of our contracts may encompass the above scopes of revenue which are recognised separately in their respective segments.

(c) Cost of sales

The cost of sales comprises:

(i) **Project-related costs** – which are costs required and stated in the contracts, comprising the purchase of software licences, purchase of IT hardware; supply of technical support and maintenance as well as training-related costs; and

(ii) **Personnel costs** – which are mainly related to the employees and subcontracted IT manpower involved in the provision of IT services (design and delivery of technology infrastructure solutions as well as operations, maintenance and support services) that are relatively fixed in nature.

(d) Other income

Other income includes interest income from fixed deposits and bank balances with licenced banks, gain on disposal of property, plant and equipment, net realised or unrealised gain on foreign exchange and late payment charges to a customer.

(e) Administrative expenses

Administrative expenses are expenses not directly attributable to the generation of revenue. It includes overheads incurred to maintain our operations such as employee-related expenses, professional services, depreciation, upkeep and maintenance (of office, computer and office equipment as well as the motor vehicles for business use) as well as rent expenses.

(f) Finance costs

Finance costs comprise interest expense on our borrowings and liabilities.

(g) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2019 to FYE 2022. In addition, our audited financial statements for the financial years under review were not subject to any audit qualifications.

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12.2.2 SIGNIFICANT FACTORS AFFECTING OUR REVENUE

Please refer to Section 9 for the details of the risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our revenue and financial performance. The significant factors affecting our revenue include, but are not limited to, the following:

(a) The technology application and infrastructure solutions industry is competitive

The markets for technology application and infrastructure solutions are competitive. We compete with local and international vendors or service providers. For large scale technology application and infrastructure solutions, the barriers of entry are relatively high as they generally require sophisticated technical know-how and extensive development experience. However, we may have to compete with internationally renowned IT services providers for these projects. This competition may result in competitive pricing, which may have an adverse impact on our operating performance and profitability.

Please refer to Section 9.2.2.

(b) Our technology application and infrastructure solution project deliverables are exposed to unexpected delays or interruptions that are beyond our control

The deliverables of our technology application and infrastructure solution projects are subject to unexpected delays or interruptions caused by factors beyond our control. For example, our customers may delay the completion of projects due to unforeseen circumstances such as unavailability of persons-in-charge at the customers' sites to facilitate the implementation of the project, or unexpected difficulties in accessing our customers' infrastructure due to sudden breakdowns or unscheduled system maintenance.

If there are any delays caused by our customers which result in delays in the progress of our projects, our timing of delivery will be affected and this will subsequently affect our timing for revenue recognition and collection of payment from our customers, thus affecting our financial performance. Hence, we are dependent on the availability and cooperation of our customers to minimise delays in our deliverables.

Please refer to Section 9.1.1.

(c) We may not be able to accurately estimate the cost required to deliver our technology application and infrastructure solution projects

We generally undertake the design and delivery of technology application and infrastructure solutions on a turnkey basis. Some technology application and infrastructure solution projects are awarded through competitive tendering process for which we have to estimate the time and costs needed in order to determine our fees and submit the quotations. There is no assurance that the actual time taken and costs incurred would not exceed our estimation. We expect to continue bidding on fixed-price contracts, the terms of which normally require us to complete a project for a fixed price, increasing the possibility of exposing us to cost overruns and resulting in lower profits or losses in a project.

Please refer to Section 9.1.2.

12.2.3 Review of our results of operations

(a) Revenue

Revenue by business segment

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Business segment	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design and delivery of technology infrastructure solutions	42,546	64.5	45,340	55.6	27,856	26.5	101,179	50.3
Technology infrastructure operations, maintenance and support services	23,460	35.5	36,276	44.4	77,368	73.5	99,884	49.7
Renewals packaged with turnkey delivery projects	8,718	13.2	9,732	11.9	2,013	1.9	-	-
Standalone renewal	14,742	22.3	26,544	32.5	75,355	71.6	99,884	49.7
	66,006	**100.0**	**81,616**	**100.0**	**105,224**	**100.0**	**201,063**	**100.0**

Revenue by country

	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Country	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	66,006	100.0	67,413	82.6	41,164	39.1	115,442	57.4
Foreign country:								
Thailand	-	-	10,321	12.7	31,890	30.3	32,543	16.2
The Philippines	-	-	2,540	3.1	26,802	25.5	42,311	21.1
Others	-	-	(1)1,342	1.6	(1)5,368	5.1	(2)10,767	5.3
	66,006	**100.0**	**81,616**	**100.0**	**105,224**	**100.0**	**201,063**	**100.0**

Notes:

(1) Revenues from customers in Hong Kong that were generated through our subsidiary, Infomina SG.

(2) Revenues from customers in Hong Kong and Taiwan that were generated through our subsidiary, Infomina SG.

Revenue by type of customers

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Type of customer base	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design and delivery of technology infrastructure solutions	42,546	64.5	45,340	55.5	27,856	26.5	101,179	50.3
Government agencies / statutory bodies	37,694	57.1	36,264	44.4	23,927	22.8	96,889	48.2
Others (1)	4,852	7.4	9,076	11.1	3,929	3.7	4,290	2.1

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Type of customer base	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Technology infrastructure operations, maintenance and support services	23,460	35.5	36,276	44.5	77,368	73.5	99,884	49.7
Government agencies / statutory bodies	9,608	14.6	10,303	12.6	2,883	2.7	2,253	1.1
Financial services institutions	3,793	5.8	14,159	17.4	57,236	54.4	76,188	37.9
Others [(1)]	10,059	15.2	11,814	14.5	17,249	16.4	21,443	10.7
	66,006	**100.0**	**81,616**	**100.0**	**105,224**	**100.0**	**201,063**	**100.0**

Note:

(1) Others comprise private and public listed companies operating in various industries other than financial services and government agencies / statutory bodies.

Comparison between FYE 2019 and FYE 2020

Our Group's total revenue increased by RM15.6 million or 23.7%, from RM66.0 million in FYE 2019 to RM81.6 million in FYE 2020. This was mainly contributed by an increase of RM12.8 million or 54.6% in revenue contribution from the technology infrastructure operations, maintenance and support services segment. Our largest revenue contributor for FYE 2020 was the design and delivery of technology infrastructure solutions segment, having contributed 55.6% of our revenue for FYE 2020 as compared to 64.5% for FYE 2019.

During FYE 2020, we commenced two new contracts in Malaysia with government agencies under the design and delivery of technology infrastructure solutions segment with a total value of RM141.9 million and three new contracts under the technology infrastructure operations, maintenance and support services segment with The Siam Commercial Bank Public Company Limited and Bangkok Bank Public Company Limited in Thailand, and one customer in Hong Kong respectively with a total value of RM91.6 million. These contracts are to be delivered progressively over a period of one to six years.

Revenue from Malaysia accounted for all of our Group's total revenue in FYE 2019. Separately in FYE 2020, Malaysia and Thailand accounted for 82.6% and 12.7% of our revenue, respectively, in line with the new contracts secured in these countries.

Revenue from government agencies and statutory bodies accounted for 71.7% (RM47.3 million) and 57.1% (RM46.7 million) of our total revenue in FYE 2019 and FYE 2020 respectively. Such revenue were mainly from the design and delivery of technology infrastructure solutions segment and in relation to a contract with Customer J, who contributed RM37.7 million and RM34.9 million to the segment in FYE 2019 and FYE 2020 respectively. Revenue from financial services institutions increased by RM10.4 million, mainly contributed by The Siam Commercial Bank Public Company Limited, Bangkok Bank Public Company Limited and a customer in Hong Kong respectively, where we commenced three new contracts in FYE 2020, under the technology infrastructure operations, maintenance and support services segment.

Revenue from other types of customers also increased by RM6.0 million, mainly contributed by Customer H, from which we recorded an increase in revenue of RM3.5 million from RM14.3 million in FYE 2019 to RM17.8 million in FYE 2020.

Design and delivery of technology infrastructure solutions segment

Revenue from the design and delivery of technology infrastructure solutions segment increased by RM2.8 million or 6.6%, from RM42.6 million in FYE 2019 to RM45.3 million in FYE 2020. The increase was mainly attributable to the following:

(i) contract for the provision of design and delivery of technology infrastructure as well as implementation services on behalf of Customer H in line with work progress for its project, where the delivery of these solutions is made directly to Customer H's customer. This contract contributed a revenue of RM8.9 million in FYE 2020 as compared to RM4.7 million in FYE 2019; and

(ii) new contract with Customer K for design, installation, testing, commissioning, operations, maintenance and support of a cargo scanning system and its related infrastructure at selected international seaports in Sabah and Sarawak, for which service activities pursuant to the contract commenced in January 2020 and RM0.8 million was billed for the work performed and recognised as revenue.

The increase was offset by the decrease in:

(i) lower contribution from a contract with Customer J, for which service activities commenced in October 2019 and contributed a revenue of RM34.9 million in FYE 2020 as compared to RM37.7 million in FYE 2019 due to slower progress arising from movement controls due to COVID-19.

Technology infrastructure operations, maintenance and support services segment

Revenue from the technology infrastructure operations, maintenance and support services segment increased by RM12.8 million or 54.6%, from RM23.5 million in FYE 2019 to RM36.3 million in FYE 2020. The increase was mainly attributable to three newly secured contracts for system upgrades of enterprise management systems for The Siam Commercial Bank Public Company Limited, Bangkok Bank Public Company Limited and Customer P which contributed to a total revenue of RM12.3 million in FYE 2020. We need to study the upgrade for these systems to keep updated with latest technology or business requirements.

Comparison between FYE 2020 and FYE 2021

Our Group's total revenue increased by RM23.6 million or 28.9%, from RM81.6 million in FYE 2020 to RM105.2 million in FYE 2020. This was mainly contributed by an increase of RM41.1 million in revenue contribution from the technology infrastructure operations, maintenance and support services segment, which became our largest revenue contributor for FYE 2021, comprising 73.5% of our revenue for FYE 2021 as compared to 44.5% for FYE 2020. The increase in this segment was offset by the decrease of RM17.5 million in the design and delivery of technology infrastructure solutions segment.

During FYE 2021, we commenced one new contract in Malaysia with Customer J under the design and delivery of technology infrastructure solutions segment with a value of RM96.3 million and eight new contracts under the technology infrastructure operations, maintenance and support services segment (two in Malaysia, three in Hong Kong and three in the Philippines) with a total value of RM150.4 million to be delivered progressively over a period of 1 to 5 years.

Malaysia and Thailand accounted for 39.1% and 30.3% of our revenue in FYE 2021 as compared to 82.6% and 12.7% of our revenue in FYE 2020.

In terms of our revenue by type of customer, revenue from financial services institutions accounted for 55.4% in FYE 2021 compared to 17.4% of our total revenue in FYE 2020. The higher revenue generated from financial services institutions was a result of our Group's strategy at that point in time in FYE 2020, which was to diversify our revenue base across various industries, following which we managed to secure higher contribution from financial services institutions. As a result of our Group's strategy and marketing efforts across various industries to diversify our customer base, our Group managed to secure more contracts from the financial services institutions as they more heavily dependent on technology.

Revenue from other types of customers also increased by RM0.3 million, which was contributed by 14 customers which recorded an increase of RM7.1 million and offset primarily by the decrease in revenue generated from Customer H of RM6.2 million. We completed the following major projects in FYE 2020:

(i) contract for design, installation, testing, commissioning, maintenance and support of a main business system with Customer J; and

(ii) contract for provision of IT system services on behalf of Customer H.

Design and delivery of technology infrastructure solutions segment

Revenue from the design and delivery of technology infrastructure solutions segment decreased by RM17.5 million or 38.6%, from RM45.3 million in FYE 2020 to RM27.9 million in FYE 2021. The decrease was mainly attributable to the following:

(i) a turnkey contract with Customer J, which was completed in September 2020 and contributed a revenue of RM18.2 million in FYE 2021 as compared to RM34.9 million in FYE 2020; and

(ii) a contract for the provision of design and delivery of technology infrastructure as well as implementation services on behalf of Customer H where the delivery of these solutions is made directly to Customer H's customer. This contract contributed revenue of RM3.2 million in FYE 2021 as compared to RM8.9 million in FYE 2020.

The decrease was offset by the increase in revenue from the following:

(i) a contract with Customer K for turnkey delivery of a cargo scanning system and its related infrastructure at selected international seaports in Sabah and Sarawak which contributed a revenue of RM5.5 million in FYE 2021 as compared to RM0.8 million in FYE 2020.

Notwithstanding the decrease in revenue contribution from the design and delivery of technology infrastructure solutions segment during the year, we expect this segment to contribute a larger proportion of our total revenue in the future, as seen from the revenue contribution from the design and delivery of technology infrastructure solutions segment for the FYE 2022. Our order book as at LPD is skewed towards renewal contracts as they are contracted for longer tenures as compared to turnkey contracts which are short to medium term in nature, and replenished year-to-year. In this respect, we aim to intensify our marketing efforts to secure more turnkey contracts in future, given further relaxation of pandemic related movement restrictions. Our Group has tendered for RM375.9 million of turnkey projects as at LPD which may provide revenue up to FYE 2027. Therefore, we expect turnkey projects to contribute a larger proportion of revenue notwithstanding the existing composition of our order book.

Technology infrastructure operations, maintenance and support services segment

Revenue from the technology infrastructure operations, maintenance and support services segment increased by RM41.1 million or 113.3%, from RM36.3 million in FYE 2020 to RM77.4 million in FYE 2021. The increase was mainly attributable to significant progress in the following existing core banking applications which customers have already implemented, and require only maintenance and support services:

(i) core banking application for The Siam Commercial Bank Public Company Limited and Bangkok Bank Public Company Limited which contributed revenue of RM21.1 million and RM7.7 million respectively in FYE 2021 as compared to RM8.8 million and RM1.3 million in FYE 2020;

(ii) core banking application for Customer P which contributed a revenue of RM16.1 million in FYE 2021 as compared to RM2.2 million in FYE 2020; and

(iii) core banking application for a financial services institution in the Philippines, for which service activities commenced in June 2020 and contributed a revenue of RM6.5 million in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our Group's total revenue increased by RM95.8 million or 91.1%, from RM105.2 million in FYE 2021 to RM201.1 million in FYE 2022. This was mainly contributed by an increase of RM73.3 million from the design and delivery of technology infrastructure solutions segment, which became our largest revenue contributor for FYE 2022, comprising 50.3% of our revenue for FYE 2022 as compared to 26.5% for FYE 2021.

The incremental revenue recorded from the design and delivery of technology infrastructure solutions segment was mainly in relation to an ongoing contract with Customer K which contributed to a revenue of RM49.2 million and one new contract with Customer J which contributed to a revenue of RM40.1 million, while the incremental revenue recorded from the technology infrastructure maintenance and support services segment was mainly in relation to 3 contracts in the Philippines, of which 1 was a new contract that contributed to a revenue of RM13.3 million, and 2 other existing contracts which saw significant progress, contributing to a revenue of RM19.5 million and RM5.3 million respectively in FYE 2022 as compared to RM16.1 million and RM3.8 million in FYE 2021.

Malaysia and Philippines accounted for 57.4% and 21.1% of our revenue in FYE 2022 as compared to 39.1% and 25.5% of our revenue in FYE 2021.

In terms of our revenue by type of customer, revenue from government agencies and statutory bodies increased by RM72.3 million which accounted for 49.3% in FYE 2022 compared to 25.5% of our total revenue in FYE 2021. The higher revenue generated from government agencies and statutory bodies was attributable to higher revenue from Customer K and Customer J which contributed an aggregate revenue of RM96.0 million in FYE 2022 as compared to RM25.5 million in FYE 2021.

Revenue from financial services institutions increased by RM19.0 million. However, due to the higher increase in other types of customers, revenue from financial services institutions only accounted for 37.9% of our total revenue in FYE 2022 as compared to 54.4% of our total revenue in FYE 2021. The higher revenue generated from financial services institutions was mainly attributable to:

(i) a new core banking application project for a financial services institution in the Philippines which contributed a revenue of RM13.3 million in FYE 2022 as compared to nil in FYE 2021; and

(ii) increase in revenue generated from Customer P of RM19.5 million in FYE 2022 as compared to RM16.1 million in FYE 2021.

Revenue from other types of customers also increased by RM4.6 million, which was mainly due to an increase in revenue generated from Customer H of RM3.4 million.

Design and delivery of technology infrastructure solutions segment

Revenue from the design and delivery of technology infrastructure solutions segment increased by RM73.3 million or 263.2%, from RM27.9 million in FYE 2021 to RM101.2 million in FYE 2022. The increase was mainly attributable to the following:

(i) a contract with Customer K for turnkey delivery of a cargo scanning system and its related infrastructure at selected international seaports in Sabah and Sarawak which contributed a revenue of RM49.2 million in FYE 2022 as compared to RM5.5 million in FYE 2021. The increase was attributable to higher service activities performed as well as fulfilment of significant project milestones (namely, the delivery of 7 radiography machines and upon the final acceptance tests performed and approved) in FYE 2022; and

(ii) a turnkey contract with Customer J which contributed a revenue of RM40.1 million in FYE 2022 as compared to nil in FYE 2021. This project commenced in May 2021 and achieved significant project milestones in FYE 2022.

The increase in revenue was offset by decrease in revenue from a turnkey contract for Customer J in Malaysia due to its completion in September 2020 (ie. Completed during FYE 2021), which contributed a revenue of RM18.2 million in FYE 2021.

Technology infrastructure operations, maintenance and support services segment

Revenue from the technology infrastructure operations, maintenance and support services segment increased by RM22.5 million or 29.1%, from RM77.4 million in FYE 2021 to RM99.9 million in FYE 2022. The increase was mainly attributable to the following:

(i) new contract for core banking application for a financial services institution in the Philippines, for which service activities commenced in November 2021 and contributed a revenue of RM13.3 million in FYE 2022;

(ii) core banking application for two financial services institution in the Philippines where there was significant progress, which contributed revenue of RM19.5 million and RM5.3 million respectively in FYE 2022 as compared to RM16.1 million and RM3.8 million in FYE 2021;

(iii) contract for system upgrades of enterprise management systems for a private company, which contributed revenue of RM3.6 million in FYE 2022 as compared to RM2.6 million in FYE 2021; and

(iv) new contract for core banking application for a financial services institution in Hong Kong, for which service activities commenced in April 2021 and contributed a revenue of RM1.9 million in FYE 2022 as compared to RM0.3 million in FYE 2021.

The increase was partially offset by a decrease in revenue from a contract for core banking application for The Siam Commercial Bank Public Company Limited which contributed revenue of RM20.0 million in FYE 2022 as compared to RM21.1 million in FYE 2021.

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by business segment

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Business segment	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design and delivery of technology infrastructure solutions	28,850	57.3	35,203	51.6	20,687	25.5	90,667	57.0
Technology infrastructure operations, maintenance and support services	21,530	42.7	32,964	48.4	60,593	74.5	68,497	43.0
	50,380	**100.0**	**68,167**	**100.0**	**81,280**	**100.0**	**159,164**	**100.0**

Analysis of cost of sales by component

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Component	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Project-related costs:	44,885	89.1	61,490	90.2	75,183	92.5	153,787	96.6
- Licences and software	21,836	43.3	32,916	48.3	57,849	71.2	86,598	54.4
- Technical support and maintenance[(1)]	21,804	43.3	25,731	37.7	13,215	16.3	13,778	8.7
- Hardware costs	1,086	2.2	1,143	1.7	4,015	4.9	53,226	33.4
- Training and related costs	159	0.3	1,700	2.5	104	0.1	185	0.1
Salaries for project-related personnel	5,495	10.9	6,677	9.8	6,097	7.5	5,377	3.4
	50,380	**100.0**	**68,167**	**100.0**	**81,280**	**100.0**	**159,164**	**100.0**

Note:

(1) Including contractors' costs for technical support and maintenance, and personnel costs for subcontracted IT manpower. The breakdown of technical support and maintenance segment as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Technical support and maintenance								
- Contractors' cost	21,490	98.6	25,353	98.5	13,037	98.7	13,718	99.6
- Subcontracted IT manpower costs	314	1.4	378	1.5	178	1.3	60	0.4
	21,804	**100.0**	**25,731**	**100.0**	**13,215**	**100.0**	**13,778**	**100.0**

(i) Project-related costs

These relate to costs which are specifically required to undertake a contract. For example, purchase of software licences, purchase of IT hardware, supply of technical support and maintenance (from our major suppliers (typically bundled together with hardware and software purchases) and professional IT firms) as well as training-related costs that we are required to deliver in accordance with the contracts.

The composition of project-related cost varies according to each projects' requirements depending on project scope, the composition of manpower allocation, hardware and software requirements. Some projects may require higher manpower allocation for project delivery, while other projects may require higher expenditure for hardware as well as licences and software.

In FYE 2020 and FYE 2021, the main contributor to the increase in project-related costs are licences and software, which is in line with the increase in total revenue attributed to the new contracts secured in FYE 2020 in Thailand and the Philippines. These are in relation to the design and delivery of enterprise management system for core banking applications, where the main cost component of the contracts are licences and software.

In FYE 2021, technical support and maintenance costs decreased in line with the completion of our Group's contract with Customer J in September 2020.

In FYE 2022, the main contributor to the increase in project-related costs was hardware costs, which increased by RM49.6 million, mainly for radiography machines needed for our project with Customer K.

Typically, we are also required to deliver training for our customers and its employees upon deployment of the solutions.

(ii) Personnel costs

Personnel costs are salaries for project related personnel.

Personnel costs increased by RM1.2 million or 21.5% from RM5.5 million in FYE 2019 to RM6.7 million in FYE 2020, mainly driven by the increase in the average headcount by 13 employees between FYE 2019 and FYE 2020 in line with our business growth in Singapore, Thailand and the Philippines.

We provided a one-time financial assistance of RM3,000 for each project staff due to COVID-19 in FYE 2020. In FYE 2021, personnel cost decreased by RM0.6 million or 8.7% as we did not further incur any financial assistance cost during the year.

In FYE 2022, our personnel costs decreased by RM0.7 million or 11.8% from RM6.1 million in FYE 2021 to RM5.4 million in FYE 2022, mainly due to the decrease in the headcount by 10 employees between FYE 2021 and FYE 2022 mainly due to loss of employees as more competitive packages offered among the industry players. However, our Group was able to recruit new candidates to replace the vacancies in a timely manner, and did not require as many employees as FYE 2021 for its projects in FYE 2022.

Analysis of GP and GP margin by business segment

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
Business segment	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Design and delivery of technology infrastructure solutions	13,696	32.2	10,137	22.4	7,169	25.7	10,512	10.4
Technology infrastructure operations, maintenance and support services	1,930	8.2	3,312	9.1	16,775	21.7	31,387	31.4
Overall GP / GP margin	**15,626**	**23.7**	**13,449**	**16.5**	**23,944**	**22.8**	**41,899**	**20.8**

Comparison between FYE 2019 and FYE 2020

Cost of sales

Our Group's total cost of sales increased by RM17.8 million or 35.3%, from RM50.4 million in FYE 2019 to RM68.2 million in FYE 2020.

The increase in cost of sales was mainly contributed by the increase in project-related costs of RM16.6 million or 37.0%. This was mainly driven by higher costs for licences and software of RM11.4 million from the technology infrastructure operations, maintenance and support services segment in line with the increased activities in this segment.

GP and GP margin

As our revenue increased 23.7% compared to the 35.3% increase in our cost of sales, thus our Group's GP decreased by RM2.2 million or 13.9%, from RM15.6 million in FYE 2019 to RM13.5 million in FYE 2020. Our overall GP margin decreased from 23.7% in FYE 2019 to 16.5% in FYE 2020. This was mainly attributable to the drop in GP and GP margin from our design and delivery of technology infrastructure solutions segment which recorded a decrease in GP margin from 32.2% in FYE 2019 to 22.4% in FYE 2020. This was primarily mainly due to an increase in project-related costs in relation to technical support which will vary based on different stages or scope of a project. Our projects in FYE 2020 for the design and delivery of technology infrastructure solutions segment were at the implementation stage up to the user acceptance stage where higher technical support and maintenance costs were required (particularly on more external services) and recognised upfront, which resulted in a lower GP margin. In comparison, the amount of technical support and maintenance costs required for our design and delivery of technology infrastructure solutions segment was lower in FYE 2019, as they were mainly at the design and analysis stage and implementation stage but which did not require as much external services yet.

However, the decrease in GP and GP margin from the design and delivery of technology infrastructure solutions segment was offset by the increase in GP and GP margin from the technology infrastructure operations, maintenance and support services segment. The GP from this segment increased by RM1.4 million or 71.6%, mainly contributed by more software licencing and maintenance contracts from our customers from Thailand. Contracts where we provide solely software licencing and maintenance generally contribute better GP margins as compared to provision of solely hardware or turnkey projects with hardware components. For FYE 2021, RM6.3 million of revenue was from the provision of hardware only. Accordingly, our GP margin for this segment rose from 8.2% in FYE 2019 to 9.1% in FYE 2020.

Comparison between FYE 2020 and FYE 2021

Cost of sales

Our Group's total cost of sales increased by RM13.1 million or 19.2%, from RM68.2 million in FYE 2020 to RM81.3 million in FYE 2021.

The increase in cost of sales was mainly contributed by the increase in project-related costs of RM13.7 million or 22.3% in line with our business growth. The increase was mainly driven by higher licence and software costs of RM24.9 million and offset by the decrease in technical support and maintenance of RM12.5 million, mainly for the technology infrastructure operations, maintenance and support services segment.

GP and GP margin

As our revenue increased by 28.9% compared to a 19.2% increase in cost of sales, our Group's GP increased by RM10.5 million or 78.0%, from RM13.5 million in FYE 2020 to RM23.9 million in FYE 2021. Our overall GP margin increased from 16.5% in FYE 2020 to 22.8% in FYE 2021.

The increase in our overall GP and GP margin in FYE 2021 was mainly attributable to the improvement in GP and GP margin from our technology infrastructure operations, maintenance and support services segment which recorded a spike in GP and GP margin from RM3.3 million and 9.1% respectively in FYE 2020 to RM16.8 million and 21.7% respectively in FYE 2021. This was mainly because the contracts secured in FYE 2020 from our customers in Thailand relating solely to software and licences subscriptions and renewals contributed to a larger proportion of our total revenue in this segment, in addition to new contracts secured during the year from our customers in the Philippines which also comprised mostly software and licences subscriptions and renewals. Furthermore, certain portions of our turnkey projects relating to operations, maintenance and support services which have a lower GP margin were completed and contributed less to our GP during FYE 2021.

However, the increase in GP from our technology infrastructure operations, maintenance and support services segment was offset by the decrease in GP from the design and delivery of technology infrastructure solutions segment. The GP from the design and delivery of technology infrastructure solutions segment decreased by RM3.0 million or 29.3%, due to lower revenue recognition for turnkey project activities undertaken in FYE 2021 arising from effects of COVID-19. The lower revenue recognition for turnkey project activities undertaken was a result of delays in project implementation, which are generally recognised under the design and delivery of technology infrastructure solutions segment. Notwithstanding the decrease in GP, the GP margin for the design and delivery of technology infrastructure solutions segment increased from 22.4% to 25.7% mainly because our projects were at the stage where lower project-related cost in relation to technical support and maintenance costs were required.

Comparison between FYE 2021 and FYE 2022

Cost of sales

Our Group's total cost of sales increased by RM77.9 million or 95.8%, from RM81.3 million in FYE 2021 to RM159.2 million in FYE 2022.

The increase in cost of sales was mainly contributed by the increase in project-related costs of RM78.6 million or 104.6% in line with our business growth. The increase was mainly driven by higher hardware costs of RM49.6 million, mainly comprising radiography machines particularly for a project with Customer K. Additionally, an increase in licences and software costs of RM28.8 million also contributed to the increase in cost of sales.

GP and GP margin

Notwithstanding that our revenue only increased by 91.1% as compared to a 95.8% increase in cost of sales, our Group's GP still increased by RM18.0 million or 75.0%, from RM23.9 million in FYE 2021 to RM41.9 million in FYE 2022. Despite the increase in our Group's GP, our overall GP margin decreased from 22.8% in FYE 2021 to 20.8% in FYE 2022. This was mainly attributable to a drop in GP margin from our design and delivery of technology infrastructure solutions segment which recorded a decrease in GP margin from 25.7% in FYE 2021 to 10.4% in FYE 2022. This was mainly due to increase in project-related hardware costs of RM49.2 million, largely for radiography machines and related expert services used for our contract with Customer K. The contract is more comprehensive in nature as compared to the usual contracts that we enter into with our customers as a majority of the contract costs comprises the delivery of a cargo scanning system and its related infrastructure, for which the costs are recognised as hardware costs under project-related costs. We were required to procure radiography machines (which included related expert services on the said machines) at the early stage of the contract. Accordingly, this resulted in the lower average GP margin for this segment.

The decrease in GP margin from our design and delivery of technology infrastructure solutions segment was offset by the increase in GP margin from our technology infrastructure operations, maintenance and support services segment. The GP from this segment increased by RM14.6 million or 87.1%, mainly contributed by a higher proportion of software licencing and maintenance contracts from our customers from Thailand and the Philippines. These types of contracts generally contribute better GP margins. Accordingly, our GP margin for this segment increased from 21.7% in FYE 2021 to 31.4% in FYE 2022.

(c) Other income

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income(1)	348	100.0	394	21.3	245	62.3	225	29.4
Gain on disposal of property, plant and equipment	-	-	90	4.9	87	22.2	4	0.5
Realised gain on forex	-	-	-	-	61	15.5	245	32.1
Unrealised gain on forex	-	-	-	-	-	-	287	37.6
Late payment charges	-	-	(2)1,362	73.8	-	-	-	-
COVID-19 relief	-	-	-	-	-	-	3	0.4
	348	**100.0**	**1,846**	**100.0**	**393**	**100.0**	**764**	**100.0**

Notes:

(1) Represents interest income from fixed deposit and bank balances from licenced banks.

(2) Represents late payment imposed on overdue invoices (owing by Customer H) for the period from 1 January 2016 to 31 May 2019. Our Group had a long term working relationship with Customer H, and has therefore allowed late repayments from Customer H with the understanding that late payment charges will be imposed and similarly, our Group is also accorded longer terms of repayment by Customer H as Supplier H with the understanding that we will be charged for late payment as well. The outstanding amounts between our Group and Customer H arose over different periods and resulted in different penalty amounts. As such, our Group agreed with Customer H to contra the eventual settlement of outstanding amounts, including penalties. Our Group did not have any purchases from Supplier H for FYE 2022. However, our Group still has revenue from Customer H for FYE 2022 amounting to RM15.1 million. As such, the arrangement to offset the late payment charges no longer exists. Notwithstanding that our Group does not have any trade payables to Supplier H to contra against the trade receivables from Customer H, we are confident that all amounts due from Customer H are recoverable based on their past track record and payment trends. Furthermore, we will remain open to business opportunities with Customer H, as the end-user of Customer H's contracts with our Group had historically been mainly government agencies, which provided a channel for us to showcase our strengths and grow our customer base and revenue.

Comparison between FYE 2019 and FYE 2020

Our other income increased by RM1.5 million, from RM0.4 million in FYE 2019 to RM1.9 million in FYE 2020 mainly due to late payment charges of RM1.4 million on overdue invoices with Customer H.

Comparison between FYE 2020 and FYE 2021

Our other income reverted to a level of RM0.4 million as there were no late payment charges recognised in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our other income increased by RM0.4 million, from RM0.4 million in FYE 2021 to RM0.8 million in FYE 2022, mainly due to realised gain on forex of RM0.2 million, primarily due to the conversion of THB to USD (due to the strengthening USD, based on the average exchange rate of approximately THB33.40 : USD1.00 for FYE 2020) (payment from a customer in Thailand) and unrealised gain on forex of RM0.3 million, primarily for the conversion of exchange differences on translation of PHP to RM (based on the average exchange rate of approximately PHP12.03 : RM1.00 for FYE 2022 where PHP has strengthened).

(d) Administrative expenses

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Employee-related costs(1)	5,456	80.2	6,612	61.8	8,295	68.0	13,316	65.2
Depreciation	536	7.9	581	5.4	768	6.3	1,294	6.4
Professional services(2)	34	0.5	243	2.3	659	5.4	2,847	13.9
Net loss on foreign exchange	-	-	1,105	10.3	252	2.1	-	-
Rent expenses(3)	205	3.0	245	2.3	273	2.2	210	1.0
Penalty(4)	-	-	914	8.5	213	1.8	-	-
Utilities expenses	174	2.6	208	1.9	195	1.6	212	1.1
Business travels expenses(5)	160	2.3	306	2.9	101	0.8	105	0.5
Upkeep(6)	83	1.2	90	0.8	83	0.7	130	0.6
Other(7)	157	2.3	406	3.8	1,350	11.1	2,312	11.3
	6,805	**100.0**	**10,710**	**100.0**	**12,189**	**100.0**	**20,426**	**100.0**

Notes:

(1) Employee-related costs pertain to staff salaries, allowances, bonus, statutory contributions and other benefits of administrative and management employees as well as directors.

(2) Professional services mainly include audit, consulting, tax, legal and secretarial fees.

(3) Rent expenses pertain to the rental of photocopier and offices by our Group which are short term or low value assets and hence not considered as part of right of use assets.

(4) Penalty pertains to late payment charges of RM0.9 million in FYE 2020 imposed by Supplier H for the long outstanding supplier invoices. Additionally, there was a penalty of RM0.2 million mainly attributed to late tax filing and tax penalty arising from tax audit for years of assessment 2014 to 2017.

(5) Business travel expenses are mainly related to travel expenses such as hotels, accommodation, transportation and airfare for sales and technical sales staff.

(6) Upkeep includes office expenses, upkeep of computers, motor vehicles, office equipment, offices and insurance expenses.

(7) Others are mainly expenses incurred for service charges, stamp duty, withholding tax, bank charges, project insurance subscription, licence fee as well as marketing expenses.

Comparison between FYE 2019 and FYE 2020

Our administrative expenses increased by RM3.9 million or 57.4%, from RM6.8 million in FYE 2019 to RM10.7 million in FYE 2020 mainly attributable to the following:

(i) increase in employee-related costs of RM1.2 million. The increase in employee-related costs due to salary adjustments and bonus payout, as well as recruitment of four additional staff during FYE 2020 (1 each for sales and marketing department and finance department as well as 2 for human resource and administrative department);

(ii) increase in net loss on foreign exchange of RM1.1 million arising from the settlement of foreign currency payables, primarily due to the conversion of THB (payment from a customer in Thailand) to USD (based on the average exchange rate of approximately THB31.56 : USD1.00 for FYE 2020) (payment to CA Singapore). The losses arose from our Group's sales contract with a customer in Thailand in FYE 2020, which was quoted in local currency while purchases from the supplier, CA Singapore, was quoted in USD. Being the first contract secured by our Group in Thailand, we did not quote a premium even though the contract was in local currency because securing a customer in Thailand was the main priority of our Group at the time. As a result, the weakening of THB against USD gave rise to the RM1.1 million loss on foreign exchange in FYE 2020. Since then, as a mitigating measure, we will typically quote contracts in USD and impose a premium on fees quoted in local currencies. This is to encourage customers to accept the contracts in USD to naturally hedge the payments to suppliers in USD;

(iii) increase in late payment charges of RM0.9 million imposed by Supplier H for the long outstanding supplier invoices which are related to the late payment charges we imposed on them as explained for our other income above. Payment was withheld to settle the long outstanding supplier invoices as Supplier H who is also our Customer H had high outstanding amounts owing to us in FYE 2020. Our Group did not have any purchases from Supplier H for FYE 2022. However, our Group still has revenue from Customer H for FYE 2022 amounting to RM15.1 million. As such, the arrangement to offset the late payment charges no longer exists. Notwithstanding that our Group does not have any trade payables to Supplier H to contra against the trade receivables from Customer H, we are confident that all amounts due from Customer H are recoverable based on their past track record and payment trends. Furthermore, we will remain open to business opportunities with Customer H, as end-user of Customer H's contracts with our Group had historically been mainly government agencies, which provided a channel for us to showcase our strengths and grow our customer base and revenue;

(iv) increase in professional services which are mainly legal fees of RM0.2 million, of which RM0.1 million is in relation to the drafting of a supplier agreement with Supplier N. As the arrangement with Supplier N involves counterparties in China, we had entered into an agreement for the terms of the arrangement to be governed under Malaysian law as preferred by our Group; and

(v) increase in others mainly include higher bank charges of RM58,000 for bank guarantee application, higher stamp duty of RM51,000 for bank facilities agreement and performance bond insurance of RM62,000 in relation to one customer contract.

Comparison between FYE 2020 and FYE 2021

Our administrative expenses increased by RM1.5 million or 13.8% from RM10.7 million in FYE 2020 to RM12.2 million in FYE 2021 mainly attributable to the following:

(i) increase in employee-related costs of RM1.7 million, mainly due to salary adjustments and the recruitment of five additional staff during FYE 2020 (4 for sales and marketing department and one for finance department);

(ii) increase in other expenses of RM1.0 million mainly due to value-added tax of RM0.9 million for our foreign projects;

(iii) increase in professional services of RM0.4 million mainly include higher audit fee of RM0.2 million for subsidiaries established in FYE 2020 and consulting fee of RM0.2 million for tax advisory services on our tax audit; and

(iv) increase in depreciation of RM0.2 million mainly attributable to higher depreciation on right-of-use assets for office space under rental obligation.

However, the increase in administrative expense was partially offset by the following:

(i) decrease in net loss on foreign exchange of RM0.9 million arising from the settlement of foreign currency payables, primarily due to the conversion of THB (payment from a customer in Thailand) to USD (based on the average exchange rate of approximately THB30.99 : USD1.00 for FYE 2021) (payment to CA Singapore). These payments are part of the Group's first contract in Thailand, where no mitigating measures were taken to hedge the foreign exchange translation differences. Further information on such measures are set out in Section 9.1.9;

(ii) decrease in penalty of RM0.7 million. In FYE 2021, penalties of RM0.2 million were mainly attributed to late tax filing of RM0.1 million for Infomina PH and penalty arising from the tax audit for YA 2014 to 2017 for Infomina of RM0.1 million; and

(iii) decrease in business travels expenses of RM0.2 million following travel restrictions imposed by governments due to COVID-19.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM8.2 million or 67.6% from RM12.2 million in FYE 2021 to RM20.4 million in FYE 2022 mainly attributable to the following:

(i) increase in employee-related costs of RM5.0 million, mainly due to salary adjustments and bonus to existing employees and directors in FYE 2022;

(ii) increase in other expenses of RM1.0 million mainly due to withholding tax of RM0.9 million for Infomina PH;

(iii) increase in professional services of RM2.2 million comprising mainly RM1.7 million in relation to our listing exercise, CIDB business license application fees and levy of RM0.1 million and trademark application fees of RM0.1 million; and

(iv) increase in depreciation of RM0.5 million mainly attributable to higher depreciation for additional computers and software as well as depreciation on right-of-use assets for additional office space under rental obligation and additional motor vehicles under hire purchase arrangement.

However, the increase in administrative expense was partially offset by the decrease in net loss on foreign exchange of RM0.3 million.

(e) Finance costs

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
Interest expense on:	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Term loans	50	49.0	29	37.2	17	16.7	107	57.5
Lease liabilities	52	51.0	49	62.8	85	83.3	79	42.5
	102	**100.0**	**78**	**100.0**	**102**	**100.0**	**186**	**100.0**

For FYE 2019 to FYE 2022, we incurred minimal finance costs as we did not have significant bank borrowings.

(f) PBT and PAT

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FYE 2022**
PBT (RM'000)	9,067	4,507	12,046	22,051
PBT margin (%)	13.7	5.5	11.5	11.0
PAT (RM'000)	6,902	3,372	8,289	17,080
PAT margin (%)	10.5	4.1	7.9	8.5

<u>Comparison between FYE 2019 and FYE 2020</u>

We recorded a decrease in PBT of RM4.6 million or 50.3%, from RM9.1 million in FYE 2019 to RM4.5 million in FYE 2020, mainly due to lower GP and GP margin in FYE 2020 as well as higher administrative expenses as explained above. This was slightly cushioned by higher other income. As a result, our PBT margin decreased from 13.7% in FYE 2019 to 5.5% in FYE 2020.

Correspondingly, our PAT margin decreased from 10.5% in FYE 2019 to 4.1% in FYE 2020, while our PAT decreased by RM3.5 million from RM6.9 million in FYE 2019 to RM3.4 million in FYE 2020.

<u>Comparison between FYE 2020 and FYE 2021</u>

We recorded an increase in PBT of RM7.5 million or 167.3%, from RM4.5 million in FYE 2020 to RM12.1 million in FYE 2021, mainly due to the improvements in GP and GP margin, although partially offset by higher administrative expenses. Accordingly, our PBT margin also increased from 5.5% in FYE 2020 to 11.5% in FYE 2021.

Correspondingly, our PAT margin increased from 4.1% in FYE 2020 to 7.9% in FYE 2021, while our PAT increased by RM4.9 million from RM3.4 million in FYE 2020 to RM8.3 million in FYE 2021.

<u>Comparison between FYE 2021 and FYE 2022</u>

We recorded an increase in PBT of RM10.0 million or 83.1%, from RM12.1 million in FYE 2021 to RM22.1 million in FYE 2022, mainly due to higher revenue which resulted in higher GP in FYE 2022 and higher other income. The increased PBT was offset by higher professional fees and higher employee-related costs. Despite the increase in PBT, our PBT margin marginally decreased from 11.5% in FYE 2021 to 11.0% in FYE 2022 mainly due to the drop in GP margin from our design and delivery of technology infrastructure solutions segment as well as higher administrative expenses.

However, our PAT margin increased from 7.9% in FYE 2021 to 8.5% in FYE 2022 due to a lower effective tax rate of 22.5% in FYE 2022 as compared to 31.2% in FYE 2021.

(g) Taxation

The breakdown of our income tax expenses is as follows:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax	2,673	835	3,538	6,477
Deferred tax (assets) / liabilities	(508)	300	219	(1,506)
	2,165	**1,135**	**3,757**	**4,971**
Effective tax rate (%)	23.9	25.2	31.2	22.5
Statutory tax rate (%)	(1)17.0 / 24.0	24.0	24.0	24.0

Note:

(1) We qualified for a preferential tax rate of 17.0% on the first chargeable income of RM0.5 million for FYE 2019 as our share capital was below RM2.5 million. For chargeable income in excess of RM0.5 million, the statutory income tax rate of 24.0%, is still applicable.

Our effective tax rate increased from 23.9% in FYE 2019 to 25.2% in FYE 2020, mainly due to an increase in non-deductible expenses amounting to RM0.3 million such as stamp duty and subscription fee. In FYE 2020, our Group recorded an increase in net deferred tax liabilities of RM0.3 million, as a result of additional deferred costs (i.e prepaid expenses on software licences to CA Singapore) during the year. Generally, deferred tax liabilities are recognised for income tax payable for future periods in respect of taxable temporary differences, which may arise from items such as deferred costs. This will increase our income tax expenses in the current financial year.

Our effective tax rate increased from 25.2% in FYE 2020 to 31.2% in FYE 2021, mainly due to an increase in deferred tax liability recognised of RM1.5 million for Infomina PH, partly as a result of additional deferred costs during the year of the same nature as FYE 2020 in relation to CA Singapore. RM0.7 million of the RM1.5 million deferred tax liability were overprovisions arising from over-recognition of deferred costs.

Our effective tax rate decreased from 31.2% in FYE 2021 to 22.5% in FYE 2022 mainly due to an increase in net deferred tax assets of RM1.6 million for Infomina PH as a result of additional deferred income and an adjustment in respect of deferred tax in prior year of RM0.7 million as explained above. The deferred income is in relation to advance payments from customers for the renewals or extensions of licence subscriptions and/or warranty periods for future periods during the year. Generally, a deferred tax asset is recognised to reduce taxable income for future periods in respect of tax deductible temporary differences, which may arise from items such as deferred income. This will decrease our income tax expenses in the current financial year.

12.2.4 Review of financial position

(a) Assets

	Audited			
	As at 31 May			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,509	1,185	2,225	5,397
Deferred tax assets	1,163	864	965	5,231
Other receivables	-	654	632	874
Total non-current assets	**2,672**	**2,703**	**3,822**	**11,502**
Current assets				
Current tax assets	-	-	61	151
Trade and other receivables	9,395	32,330	48,794	86,046
Contract assets	3,580	2,323	-	-
Cash and short-term deposits	16,946	26,981	24,495	70,934
Total current assets	**29,921**	**61,634**	**73,350**	**157,131**
TOTAL ASSETS	**32,593**	**64,337**	**77,172**	**168,633**

Comparison between 31 May 2019 and 31 May 2020

Our total assets increased by RM31.7 million, from RM32.6 million as at 31 May 2019 to RM64.3 million as at 31 May 2020. This was mainly due to an increase in current assets of RM31.7 million.

The increase in current assets was attributable to:

(i) increase in trade and other receivables of RM22.9 million mainly from the increased revenue and invoices billed to customers of RM3.6 million during the last quarter of FYE 2020 and increased prepayments of RM18.3 million mainly for prepaid expenses on software licences (i.e. deferred costs in relation to advanced billings from CA Group). This amount will be recognised as expenses upon performance of service; and

(ii) increase of RM10.0 million in fixed deposits as well as cash and bank balances from the internally generated funds contributed by our business growth. The increase in fixed deposits in FYE 2020 was pledged with a licenced bank as collateral for a new bank guarantee.

The increase in current assets was offset by a decrease in contract assets of RM1.3 million as a result of service works which have been performed and subsequently billed.

Comparison between 31 May 2020 and 31 May 2021

Our total assets increased by RM12.8 million from RM64.3 million as at 31 May 2020 to RM77.2 million as at 31 May 2021. This was due to an increase in current assets of RM11.7 million and an increase in non-current assets of RM1.1 million mainly for two additional office space leases under rental which was classified under right-of-use assets.

The increase in current assets was mainly attributable to an increase in trade and other receivables of RM16.5 million mainly from invoices billed to customers of RM7.0 million in line with our increased revenue, and increased prepayments of RM6.0 million mainly for higher prepaid expenses on software licences (i.e. deferred costs in relation to advanced billings from CA Singapore, as well as an increase in value-added tax ("**VAT**") on receivables of RM2.6 million in relation to Infomina TH and Infomina PH which will be offset against VAT output until the VAT is fully deducted.

The increase in current assets was partially offset by:

(i) decrease in contract assets of RM2.3 million as a result of service works which have been performed and subsequently billed; and

(ii) decrease in cash and short-term deposits of RM2.5 million which were mainly used for payment to suppliers.

Comparison between 31 May 2021 and 31 May 2022

Our total assets increased by RM91.4 million from RM77.2 million as at 31 May 2021 to RM168.6 million as at 31 May 2022. This was due to an increase in current assets of RM83.8 million and non-current assets of RM7.6 million.

The increase in non-current assets was mainly attributable to the increase in deferred tax assets of RM4.3 million mainly resulting from the temporary timing difference arising from deferred income (being advance payments from customers for the renewals or extensions of licence subscriptions and/or warranty periods).

The increase in current assets was mainly attributable to the following:

(i) increase of RM46.4 million in fixed deposits as well as cash and bank balances from the internally generated funds from our revenue; and

(ii) increase in trade and other receivables of RM37.3 million mainly from increase in trade receivables balance of RM24.5 million in line with our increased revenue, and increased prepayments of RM13.6 million mainly for prepaid expenses on software licences (i.e. deferred costs in relation to advanced billings from CA Singapore for software licences where CA Singapore required an advance payment for 12 months' access). This amount will be recognised as expenses upon performance of services.

(b) Liabilities

	Audited			
	As at 31 May			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Loans and borrowings	909	690	1,002	2,213
Deferred tax liabilities	-	-	326	3,068
Total non-current liabilities	**909**	**690**	**1,328**	**5,281**
Current liabilities				
Loans and borrowings	228	351	578	829
Current tax liabilities	1,407	572	185	2,213

	Audited			
	As at 31 May			
	2019	**2020**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade and other payables	8,422	21,761	9,779	59,066
Contract liabilities	10,242	26,175	42,135	60,784
Total current liabilities	**20,299**	**48,859**	**52,677**	**122,892**
TOTAL LIABILITIES	**21,208**	**49,549**	**54,005**	**128,173**

Comparison between 31 May 2019 and 31 May 2020

Our total liabilities increased by RM28.3 million from RM21.2 million as at 31 May 2019 to RM49.6 million as at 31 May 2020. This was mainly due to an increase in current liabilities of RM28.6 million.

The increase in current liabilities was mainly attributable to:

(i) increase in trade and other payables of RM13.3 million from increased supplier invoices across multiple projects (totalling RM9.5 million during the last quarter of FYE 2020) and increase in other payables of RM3.9 million mainly in relation to higher amount owing to a director of RM1.5 million (mainly in relation to a fixed deposit placed under Infomina TH with a licenced bank for a project for The Siam Commercial Bank Public Company Limited) and sales and services tax payables of RM0.9 million; and

(ii) increase in contract liabilities of RM15.9 million as a result of higher advance billings for which work has not been performed for a total of 23 contracts amounting to RM12.6 million.

The increase in current liabilities was partially offset by the decrease in current tax liabilities of RM0.8 million.

Comparison between 31 May 2020 and 31 May 2021

Our total liabilities increased by RM4.5 million from RM49.6 million as at 31 May 2020 to RM54.0 million as at 31 May 2021. This was mainly due to an increase in current liabilities of RM3.8 million.

The increase in current liabilities was attributable to:

(i) increase in contract liabilities of RM16.0 million as a result of higher advance billings to customers for services to be delivered for a total of 30 contracts in relation to renewals of software licences; and

(ii) increase in loans and borrowings of RM0.2 million due to the short-term portion of lease liabilities for rental obligations.

The increase in current liabilities was offset by:

(i) the decrease in current tax liabilities of RM0.4 million; and

(ii) decrease in trade and other payables of RM12.0 million attributable to higher payments to several suppliers towards the end of FYE 2021.

Comparison between 31 May 2021 and 31 May 2022

Our total liabilities increased by RM74.2 million from RM54.0 million as at 31 May 2021 to RM128.2 million as at 31 May 2022. This was mainly due to an increase in current liabilities of RM70.2 million.

The increase in current liabilities was mainly attributable to:

(i) increase in trade and other payables of RM49.3 million mainly from increased supplier invoices across multiple projects totalling RM19.1 million during the last quarter of FYE 2022 and accrued purchases of RM33.2 million in line with our business growth. Additionally, there was an increase in accruals of RM4.1 million mainly in relation to staff bonuses;

(ii) increase in contract liabilities of RM18.6 million as a result of higher advance billings to customers for services to be delivered for a total of 37 contracts; and

(iii) increase in current tax liabilities of RM2.0 million, being our income tax expenses for FYE 2022 of RM6.5 million which was offset by the monthly tax instalments paid of RM4.5 million.

12.2.5 Review of cash flows

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FYE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from / (used in) operating activities	7,595	9,066	(307)	49,224
Net cash used in investing activities	(348)	(855)	(1,564)	(6,074)
Net cash (used in) / from financing activities	(523)	1,171	(1,670)	(357)
Net increase / (decrease) in cash and cash equivalents	6,724	9,382	(3,541)	42,793
Cash and cash equivalents at the beginning of the financial years	9,894	16,618	25,839	22,517
Effect of exchange rate changes on cash and cash equivalents	-	(161)	219	82
Cash and cash equivalents at the end of the financial years	**16,618**	**25,839**	**22,517**	**65,392**

FYE 2019

Net cash from operating activities

In FYE 2019, our Group recorded net cash inflow from operating activities of RM7.6 million, based on an operating profit of RM9.4 million and after taking into account the following working capital changes:

(i) decrease in receivables of RM3.1 million mainly due to higher collections from several of our customers;

(ii) increase in contract assets of RM3.6 million for more work performed which was yet to be billed in relation to our project with a national registry body in Malaysia;

(iii) decrease in payables of RM2.3 million mainly due to higher payments to suppliers during the last quarter of FYE 2019;

(iv) increase in contract liabilities of RM2.0 million due to advance billings to customers prior to work done; and

(v) payment of income tax of RM1.3 million.

Net cash for investing activities

In FYE 2019, our Group recorded net cash outflow for investing activities of RM0.4 million.

This was attributable to the following:

(i) cash purchase of computer and software of RM0.2 million; and

(ii) higher pledged deposits of RM0.1 million.

Net cash for financing activities

In FYE 2019, we recorded net cash outflow for financing activities of RM0.5 million, which was attributable to the following:

(i) net repayment of loans and borrowings (being used to finance working capital and purchase of motor vehicles) of RM0.2 million;

(ii) net increase in amount owing to a director of RM0.2 million (in relation to payments made by this director on behalf of our Group); and

(iii) interest of RM0.1 million for loans and borrowings.

FYE 2020

Net cash from operating activities

In FYE 2020, our Group recorded net cash inflow from operating activities of RM9.1 million based on an operating profit of RM4.9 million and after taking into account the following working capital changes:

(i) increase in receivables of RM23.1 million mainly due to higher billings to customers during the last quarter of FYE 2020, in tandem with the growth in our revenue as well as higher prepayments for software licences;

(ii) decrease in contract assets of RM1.3 million in line with the billings for work performed;

(iii) increase in payables of RM11.3 million mainly due to higher supplier invoices across multiple projects during the last quarter of FYE 2020;

(iv) increase in contract liabilities of RM15.9 million as a result of higher advance billings to several customers for 23 contracts; and

(v) payment of income tax of RM1.7 million.

Net cash for investing activities

In FYE 2020, our Group recorded net cash outflow for investing activities of RM0.9 million. This was attributable to the following:

(i) cash purchase of property, plant and equipment of RM0.1 million, mainly comprising 25 units of notebooks; and

(ii) placement of a fixed deposit with a licenced bank in Malaysia of RM0.8 million.

The cash outflow was offset by the proceeds of RM0.1 million from the disposal a unit of motor vehicle.

Net cash from financing activities

In FYE 2020, we recorded net cash inflow from financing activities of RM1.2 million, which was mainly attributable to amount owing by a director of RM1.4 million (in relation to a fixed deposit placed under Infomina TH with a licenced bank for a project for The Siam Commercial Bank Public Company Limited). These advances were fully repaid in FYE 2021.

The cash inflow was offset by the following:

(i) net repayment of loans and borrowings (being used to finance working capital and purchase of motor vehicles) of RM0.2 million; and

(ii) interest of RM0.1 million for loans and borrowings.

FYE 2021

Net cash for operating activities

In FYE 2021, our Group recorded net cash outflows for operating activities of RM0.3 million based on an operating profit of RM12.9 million and after taking into account the following working capital changes:

(i) increase in receivables of RM17.6 million mainly due to higher billings to customers during the last quarter of FYE 2021 and also in line with our revenue growth;

(ii) decrease in contract assets of RM2.3 million which were billed for and transferred to receivables;

(iii) decrease in payables of RM9.9 million mainly due to higher payments to several suppliers for multiple projects towards the end of FYE 2021;

(iv) increase in contract liabilities of RM16.0 million due to higher advance billings to customers for 30 contracts mainly in relation to renewals of software licences; and

(v) payment of income tax of RM4.0 million.

Our Sponsor is of the view that our Group's net cash used in operations for FYE 2021 is a temporary situation due to higher billings to customers during the last quarter of FYE 2021, and a delay in payment from Customer H owing an amount of RM11.4 million which was fully collected in July 2021.

Net cash for investing activities

In FYE 2021, our Group recorded net cash outflow for investing activities of RM1.6 million. This was mainly attributable to the following:

(i) purchase of furniture and fittings as well as office renovation for our offices at KL Eco City, Kuala Lumpur of RM0.7 million and purchase of computer, software and office equipment of RM0.2 million; and

(ii) higher pledged deposit of RM0.8 million.

The cash outflow was offset by proceeds of RM0.2 million from disposal of a unit of motor vehicle.

Net cash for financing activities

In FYE 2021, we recorded net cash outflow for financing activities of RM1.7 million, which was mainly attributable to the following:

(i) net repayment of loan and borrowings (being used to finance working capital and purchase of motor vehicles) of RM0.5 million;

(ii) repayment of amount owing to directors of RM1.4 million, being full settlement of this amount; and

(iii) interest of RM0.1 million for loans and borrowings.

The cash outflow was partially offset by the interest received from fixed deposit and bank balances from licenced banks of RM0.2 million.

FYE 2022

Net cash from operating activities

In FYE 2022, our Group recorded net cash inflows from operating activities of RM49.2 million based on an operating profit of RM23.0 million and after taking into account the following working capital changes:

(i) increase in receivables of RM37.7 million mainly due to higher billings to customers during the last quarter of FYE 2022 in line with our revenue growth and higher prepaid expenses on software licences;

(ii) increase in payables of RM49.6 million mainly due to higher supplier invoices as well as accrued purchases across multiple projects during the last quarter of FYE 2022, in line with our business growth;

(iii) increase in contract liabilities of RM18.8 million due to higher advance billings to customers for 37 contracts; and

(iv) payment of income tax of RM4.5 million.

Net cash for investing activities

In FYE 2022, our Group recorded net cash outflow for investing activities of RM6.1 million. This was attributable to the following:

(i) cash purchase of property, plant and equipment of RM2.5 million, mainly comprising computer and software; and

(ii) higher pledged fixed deposits of RM3.6 million.

Net cash for financing activities

In FYE 2022, we recorded net cash outflow for financing activities of RM0.4 million, which was mainly attributable to the following:

(i) net repayment of loan and borrowings (being used to finance working capital and purchase of motor vehicles) of RM0.5 million; and

(ii) interest of RM0.2 million for loans and borrowings.

The cash outflow was partially offset by the cash inflow from interest received from fixed deposit and bank balances from licenced banks of RM0.2 million and proceeds from allotment of shares of RM0.1 million.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We have been financing our operations through existing cash and bank balances, cash generated from our operations, credit extended by our suppliers and external sources of funds. Our external sources of funds comprise term loans and lease liabilities under hire purchase arrangement. The principal use of our borrowings is for working capital purpose and purchase of motor vehicles. In addition, we also rely on bank guarantees from financial institutions to provide performance bonds for our projects.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflow and outflow, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

After taking into consideration the following, our Board is of the view that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

(a) our cash and cash equivalents as at LPD of approximately RM82.0 million (excluding RM6.3 million which is pledged as security for our banking facilities);

(b) our banking facilities (excluding lease liabilities) of up to a limit of RM103.1 million as at LPD, of which RM67.7 million has been utilised;

(c) our expected future cash flows from operations taking into account our on-going contracts of RM443.6 million as at LPD, to be recognised progressively up to FYE 2027; and

(d) our pro forma NA position and gearing level as at 31 May 2022 after the Public Issue (and utilisation of proceeds) of RM70.8 million and less than 0.1 times respectively.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance personnel work closely with our marketing and sales staff for the collection of outstanding balances on a monthly basis. This measure has proven to be effective while allowing us to maintain cordial relationship with our customers.

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12. FINANCIAL INFORMATION *(Cont'd)*

12.4 BORROWINGS AND INDEBTEDNESS

We utilise banking facilities such as term loan to finance our working capital. Lease liabilities are used to finance the purchase of motor vehicles under hire purchase arrangement.

Our total outstanding borrowings as at 31 May 2022 stood at RM3.0 million, details of which are set out below. All our borrowings are interest-bearing and denominated in RM.

	Purpose	Number of borrowing / facility / indebtedness	Tenure of facility	Security	Effective interest rate	As at 31 May 2022
					% per annum	**RM'000**
Current						
Lease liabilities	• Purchase of motor vehicles • Rental of offices	3	4 to 9 years	Certain lease liabilities of our Group are secured by our Group's motor vehicles under the hire purchase arrangements.	4.74% to 7.60%	739
Term loan	• Working capital	1	7 years	(a) Letter of offer; (b) Asset sale agreement (Islamic financing); (c) Personal guarantee by the Promoters (who are Directors and substantial shareholders of Infomina); and (d) Guarantee by Credit Guarantee Corporation Malaysia Berhad for RM0.42 million.	9.90%	90
					Total current borrowing	**829**

12. FINANCIAL INFORMATION *(Cont'd)*

	Purpose	Number of borrowing / facility / indebtedness	Tenure of facility	Security	Effective interest rate	As at 31 May 2022
					% per annum	**RM'000**
Lease liabilities	• Purchase of motor vehicles • Rental of offices	3	4 to 9 years	Certain lease liabilities of our Group are secured by our Group's motor vehicles under the hire purchase arrangements.	4.74% to 7.60%	2,213
					Total non-current borrowing	**2,213**
					Total borrowing	**3,042**

Pro forma gearing (times)	
Before the Public Issue[1]	0.1
After the Public Issue and utilisation of proceeds[2]	less than 0.1

Notes:

(1) Computed based on our pro forma equity attributable to the owners of the Company of RM40.5 million in the pro forma combined statements of financial position before Public Issue and proposed utilisation of proceeds.

(2) Computed based on our pro forma equity attributable to the owners of the Company of RM70.8 million in the pro forma combined statements of financial position after the Public Issue and utilisation of proceeds.

We also rely on bank guarantees for performance bonds. Such bank guarantees are used for all aspects of the project contract lifecycle from the start of project up to expiration of our liability towards the customer in accordance with the terms of each contract. The bank guarantees allow us to execute and guarantee our deliverables to our customers.

12. FINANCIAL INFORMATION *(Cont'd)*

Our total bank guarantees as at 31 May 2022 stood at RM13.7 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM.

	Purpose	Number of facility	Tenure of facility	Security	Commission rate % per annum	As at 31 May 2022 RM'000
Bank guarantee	Performance bond	2	On demand	(a) Fixed deposits pledged; (b) Letters of set-off; (c) Memoranda of deposit in relation to fixed deposits pledged; (d) Facility agreements; and (e) Personal guarantee by our Promoters (who are Directors and substantial shareholders of Infomina) (with respect to 1 bank guarantee only).	0.15%	13,652

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our customer of the performance bonds in accordance with the terms and conditions of such contracts. During FYE 2019 to FYE 2022, we did not experience any call of the performance bonds issued to our customers.

Included in the borrowings set out above are the following lease liabilities:

	Purpose	Tenure	As at 31 May 2022 RM'000
Lease liabilities payable within 1 year	Rental for offices	Between 2 and 6 years	500
Lease liabilities payable more than 1 year	Rental for offices	Between 2 and 6 years	1,482

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout FYE 2019 to FYE 2022 and up to LPD. As at LPD, neither our Company nor our subsidiaries are in breach of any terms, conditions or covenants associated with credit arrangements or bank loans which can materially affect our financial position and results or business operations or the investments by holders of our securities.

From FYE 2019 to FYE 2022, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4, we do not utilise any other financial instruments. We receive proceeds in THB, PHP, USD in respect of our foreign sales and pay for purchases denominated in THB, PHP, USD from our foreign currency accounts.

We finance our operations mainly through cash generated from our operations, credit extended by trade payables as well as external sources of funds which mainly comprise borrowings. Save for finance leases and bank guarantees, which carry fixed interest rates, all other borrowings bear variable interest rates based on the bank's cost of funds plus a rate which varies depending on the different types of bank facilities.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, our Group does not have any material capital commitment.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

(a) Material litigation

As at LPD, we have not been engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of our Group.

(b) Contingent liabilities

As at LPD, save for the bank guarantees placed as performance bonds as set out under Section 12.4, there are no contingent liabilities incurred by us, our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries' financial position.

12.8 KEY FINANCIAL RATIOS

Our key financial ratios are as follows:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Trade receivable turnover (days)(1)	27	23	36	48
Trade payable turnover (days)(2)	57	62	56	70
Current ratio (times)(3)	1.5	1.3	1.4	1.3
Gearing ratio (times)(4)	0.1	0.1	0.1	0.1

Notes:

(1) Computed based on average trade receivables multiplied by 365 days for the respective FYE, and divided by total revenue:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	6,314	3,366	6,944	13,977
Closing trade receivables	3,366	6,944	13,977	38,462
Revenue	66,006	81,616	105,224	201,063

(2) Computed based on average trade payables multiplied by 365 days for the respective FYE, and divided by cost of sales:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Opening trade payable	9,084	6,773	16,261	8,597
Closing trade payable	6,773	16,261	8,597	52,360
Cost of sales	50,380	68,167	81,280	159,164

(3) Computed based on current assets over current liabilities as at the end of the respective financial years.

(4) Computed based on the total borrowings and lease liabilities over total equity as at the end of the respective financial years.

12.8.1 Trade receivables turnover

The normal credit terms that our Group gives its customers are generally 30 days from the date of invoice, but this may be extended in certain cases after taking into consideration the background and credit-worthiness of the customer, payment history of the customer and our relationship with the customer.

Our Group has outstanding trade receivables of approximately RM38.5 million as at 31 May 2022. Our trade receivable turnover periods for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 were between 23 days and 48 days. Our trade receivable turnover periods for FYE 2021 is higher than our credit period, due to delay in payment from Customer H owing an amount of RM11.4 million or 81.3% of total trade receivables, which was subsequently collected in July 2021. Our Group had long term working relationship with Customer H, and has therefore allowed late repayments from Customer H with the understanding that late payment charges will be imposed and similarly, our Group is also accorded longer terms of repayment by Customer H as Supplier H with the understanding that we will be charged for late payment as well. Our Group did not have any purchases from Supplier H for FYE 2022. However, our Group still has revenue from Customer H for FYE 2022 amounting to RM15.1 million. Notwithstanding that our Group does not have any trade payables to Supplier H to contra against the trade receivables from Customer H, we are confident that all amounts due from Customer H are recoverable based on their past track record and payment trends. Furthermore, we will remain open to business opportunities with Customer H, as the end-user of Customer H's contracts with our Group had historically been mainly government agencies, which provided a channel for us to showcase our strengths and grow our customer base and revenue.

In FYE 2022, trade receivable turnover period is higher than our credit period, due to higher invoices issued to two major customers at the end March 2022 and early April 2022, amounting to an aggregate of RM34.7 million or 90.2% of trade receivables past due, of which RM17.4 million have been subsequently collected up to the LPD.

Although the credit period as per contractual terms is 30 days, there is still a gap between contractual terms and actual collections as indicated in the trade receivable turnover days. This is mainly due to our clients' internal process involving verification by various internal departments before payment is processed. However, we opt not to extend our credit period in our contracts to reflect the actual practice as clients may take even longer time to pay if longer payment terms are granted.

The ageing analysis of our trade receivables as at 31 May 2022 and the subsequent collections up to LPD are set out below:

			Exceeding credit period				
		Within credit period	**1 to 30 days**	**31 to 60 days**	**61 - 90 days**	**More than 90 days**	**Total**
Gross trade receivables (RM'000)	A	1,043	30,631	6,644	[(1)]	205	38,523
Less: Impairment (RM'000)	B	-	-	-	-	(61)	(61)
Net receivables (RM'000)	C = A - B	1,043	30,631	6,644	[(1)]	144	38,462
% of net trade receivables (%)		*2.7*	*79.6*	*17.3*	*[(1)]*	*0.4*	*100.0*
Subsequent collections up to LPD (RM'000)	D	(1,043)	(19,992)	-	[(1)]	-	(21,035)
% of subsequent collections up to LPD (%)	*E = D / A*	*100.0*	*65.3*	*-*	*100.0*	*-*	*54.7*
Outstanding gross trade receivables (RM'000)	**F = A - D**	**-**	**10,639**	**6,644**	**-**	**144**	**17,427**

Note:

[(1)] Negligible.

As at LPD, we have collected RM21.0 million of our gross trade receivables as at 31 May 2022.

Our management closely monitors the recoverability of the trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. Our Board is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration our relationship with customers as well as our effort to improve collection with various credit control measures to reduce the potential exposure on credit risk.

12.8.2 Trade payables turnover

The normal trade credit terms granted to our Group by our suppliers is 30 days. Our Group has outstanding trade payables of approximately RM52.4 million as at 31 May 2022. Our trade payables turnover periods for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 were between 56 days and 70 days.

Our trade payables turnover period for FYE 2019 of 57 days was above the normal credit period granted by our suppliers, as most of the suppliers allowed us a longer period for payment in view of our established relationship with them. Nonetheless, all of the amounts outstanding have been subsequently paid.

Our trade payables turnover period increased from 57 days for FYE 2019 to 62 days for FYE 2020 was mainly due to higher purchases of licence and software as more orders were made towards the end of the period which were required at that point in time in accordance with project timeline. The purchases made towards the end of the period amounted to approximately RM7.2 million, out of which RM5.3 million are within the credit period of 30 days and RM1.9 million exceeded the credit period of 30 days. As a result, trade payables increased, and in turn, the trade payables turnover period. All of the amounts outstanding have been subsequently paid.

Our trade payables turnover period for FYE 2021 of 56 days was above the normal credit period granted by our suppliers, as most of the suppliers allowed us a longer period for payment in view of our established relationship with them. Nonetheless, all of the amounts outstanding have been subsequently paid. Our trade payables turnover period improved from 62 days for FYE 2020 to 56 days in FYE 2021. This was mainly due to higher payment to suppliers towards the end of FYE 2021.

In FYE 2022, our trade payables turnover period increased to 70 days, due to accrued purchases of RM33.2 million or 63.4% of total trade payables (which was not due for payment as no supplier invoice was issued), mainly attributable to a major supplier of RM31.5 million. The accrued purchases were recognised as the major supplier had delivered hardware and rendered the related expert services during the FYE 2022. As at LPD, we have not received the invoices on such purchases in order to proceed with payment to them.

Certain payables exceeded the credit period, as our suppliers have allowed a longer period for payment in view of our established relationship with them, our payment history and our credentials. We have not encountered any issue with our suppliers in spite of the slower payment to them.

The ageing analysis of our trade payables as at 31 May 2022 is as follows:

			Exceeding credit period				
		Within credit period	**1 to 30 days**	**31 to 60 days**	**61 - 90 days**	**More than 90 days**	**Total**
Trade payables (RM'000)		18,888	4	219	-	71	19,182
Accrued purchases (RM'000)		33,178	-	-	-	-	33,178
Total trade payables (RM'000)	A	52,066	4	219	-	71	52,360

			Exceeding credit period				
		Within credit period	**1 to 30 days**	**31 to 60 days**	**61 - 90 days**	**More than 90 days**	**Total**
% of total trade payables (%)		*99.5*	***	*0.4*	*-*	*0.1*	*100.0*
Subsequent payments up to LPD (RM'000)	B	(17,212)	(4)	(27)	-	-	(17,243)
% of subsequent payments up to LPD (%)	*C = B / A*	*33.1*	*100.0*	*12.3*	*-*	*-*	*32.9*
Outstanding trade payables (RM'000)	**D = A -B**	**34,854**	**-**	**192**	**-**	**71**	**35,117**

As at LPD, we have settled trade payables amounting RM17.2 million as at 31 May 2022.

As at LPD, there are no disputes in respect of any trade payables and our Board confirms that there has been no legal action initiated by our suppliers to demand for payment from us in the past and present.

12.8.3 Current ratio

Our current ratios throughout the financial years under review are as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FYE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	29,921	61,634	73,350	157,131
Current liabilities	20,299	48,859	52,677	122,892
Net current assets	**9,622**	**12,775**	**20,673**	**34,239**
Current ratio (times)	1.5	1.3	1.4	1.3

For FYE 2020, our current ratio reduced from 1.5 times for FYE 2019 to 1.3 times for FYE 2020. This was mainly due to an increase in trade and other payables as well as contract liabilities in FYE 2020, which are attributed to higher project-related costs incurred and advance billings for services to be delivered.

For FYE 2021, our current ratio improved from 1.3 times in FYE 2020 to 1.4 times in FYE 2021 mainly due to an increase in trade and other receivables attributed to increase in revenue and higher billings issued at the last quarter of FYE 2021.

For FYE 2022, our current ratio reduced from 1.4 times for FYE 2021 to 1.3 times for FYE 2022. This was mainly due to an increase in trade and other payables as well as contract liabilities in FYE 2022, which are attributable to higher project-related costs incurred, accrued purchases and advance billings for services to be delivered.

12.8.4 Gearing ratio

Our gearing ratios throughout the financial years under review are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Total borrowings	1,137	1,041	1,580	3,042
Total equity	11,385	14,788	23,167	40,460
Gearing ratio (times)	0.1	0.1	0.1	0.1

There was no significant change in our gearing ratio for the financial years under review.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which materially affected our financial performance during the financial years under review except for the various movement restrictions imposed as detailed in Section 7.7.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9.

12.10 IMPACT OF INFLATION

Our Group is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operations. However, any significant increase in future inflation may adversely affect our Group's operations and performance if we are unable to pass on the higher costs to our customers.

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES

12.11.1 Impact of foreign exchange rates

We are mainly exposed to transactional currency exposure as our revenue and purchase are denominated in RM, THB, PHP and USD. Any significant change in foreign exchange rates may affect our financial results.

For FYE 2019 to FYE 2022, our losses from foreign exchange fluctuations are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Realised (loss) / gain on foreign exchange	-	(899)	61	245
Unrealised (loss) / gain on foreign exchange	-	(206)	(252)	287
Net (loss) / gain	**-**	**(1,105)**	**(191)**	**532**

A sensitivity analysis performed on our Group's foreign currency financial assets and liabilities as at 31 May 2022 indicates that, in the event of a 5% fluctuation of RM against USD, our PBT for FYE 2022 would fluctuate by RM0.4 million, while the effects of fluctuations in SGD, PHP, THB and IDR are negligible.

We maintain foreign currency accounts to receive sales proceeds in foreign currencies. In addition, we also mitigate foreign exchange risk through natural hedging of our foreign currency accounts used to pay for foreign currency denominated purchases of software licence and hardware. Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

Separately, as the financial results of our subsidiaries are consolidated with the financial results of our Group which is reported in RM, any adverse fluctuation of USD, THB, PHP, IDR and SGD against the RM may have a material impact on our Group's financial performance. Notwithstanding the above, the exchange translation on consolidation is only an accounting entry for the purpose of consolidating the enlarged our Group's financial results as at a particular date.

12.11.2 Impact of interest rates

Our exposure to changes in interest rate relates primarily to our borrowings from banks. We do not hedge interest rate risk.

A sensitivity analysis performed on our Group based on the outstanding floating rate of the bank borrowings as at 31 May 2022 indicates that our PAT for FYE 2022 would increase or decrease by less than RM1,000, as a result of increase or decrease in interest rates by 50 basis points on these borrowings.

Our Group's financial results for FYE 2019 to FYE 2022 were not materially affected by fluctuations in interest rates. However, should we undertake significant bank borrowings, a major increase in interest rates would raise the cost of borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

12.11.3 Impact of commodity prices

We are not affected by fluctuations in commodity prices as the hardware, software and licences that we use in delivering our products and service are not commodities.

12.12 SIGNIFICANT CHANGES

Save for the COVID-19 pandemic as disclosed in Section 7.7, there are no other significant changes which may have a material effect on the financial position and results of our Group subsequent to FYE 2022 and up to LPD. Please refer to Section 7.7 for further details on the impact of the COVID-19 pandemic on our Group's business and financial performance.

12.13 ORDER BOOK

Our order book relates to the contract value of on-going projects and less amounts recognised as revenue up to LPD. These on-going contracts will be performed and recognised as revenue progressively up to FYE 2027 based on expected progress.

Business segment	LPD to end of FYE 2023 RM' million	FYE 2024 RM' million	FYE 2025 RM' million	FYE 2026 RM' million	FYE 2027 RM' million	Total as at LPD RM' million
Design and delivery of technology infrastructure solutions	56.7	56.7	22.1	11.2	7.3	154.0
Technology infrastructure operations, maintenance and support services	103.6	72.1	58.2	42.2	13.4	289.6
	160.3	128.8	80.3	53.4	20.7	443.6

Note:

(1) Our order book based on geographical location is as follows:

Geographical location	RM' million
Malaysia	180.0
Overseas	263.6
Total	**443.6**

As at LPD, the total value of the projects that we have tendered for amounts to RM375.9 million. These projects, if awarded to our Group, will further increase our order book.

12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) our Group's revenue will remain sustainable with an upward growth trend, in line with our on-going contracts as set out in Section 12.13 and the positive outlook of the enterprise IT services industry as set out in the IMR Report in Section 8;

(b) our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our future plans and business strategies as stated in Section 7.15; and

(c) our financial resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt funding for our business expansion should the need arise.

In addition to the above, our Board confirms that there are no known circumstances which would result in a significant decline of our revenue and GP margins, or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.15 TREND INFORMATION

Based on our track record for FYE 2019 to FYE 2022, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

(a) during FYE 2019 to FYE 2022, an average 50.8% of our revenue was derived from technology infrastructure operations, maintenance and support services segment. We expect the technology infrastructure operation, maintenance and support services segment will continue contributing significantly to our revenue in the future;

(b) during FYE 2019 to FYE 2022, our revenue was derived from both local and foreign projects. We expect this trend continue in the future; and

(c) during FYE 2019 to FYE 2022, the main component of our cost of sales was project-related costs, which constituted an average of 92.1% of our total cost of sales. We expect this trend to continue.

As at LPD, after all reasonable enquiries and save as disclosed in Sections 12.2, 12.3, and 12.4, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position, operations, liquidity and capital resources save as disclosed in this section and Sections 7.7, 9 and 12.2.2;

(b) material commitments for capital expenditure;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and Sections 7.7, 9 and 12.2.2;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue and/or profits save as disclosed in this section and Sections 7.7, 9 and 12.2.2; and

(e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position save as disclosed in this section and Sections 7.7, 9 and 12.2.2.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the enterprise IT services industry in Malaysia and Southeast Asia as set out in the IMR Report in Section 8, our Group's competitive advantages set out in Section 7.14 and our Group's intention to implement our business strategies as set out in Section 7.15.

12.16 DIVIDEND POLICY

Infomina is an operating and holding company. Our ability to pay dividends is dependent upon our financial performance as well as the dividends we receive from our subsidiaries, present or future. As at LPD, save as required under the Act, which is applicable to all Malaysian companies, consent from our financiers as set out in the respective facility agreements, and as disclosed in Section 15.4, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that our Board deem relevant.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group.

During the financial years under review and up to LPD, we did not declare or pay any ordinary dividends to our shareholders. However, Infomina TH has declared RM3,000 dividend on its preference shares on 31 May 2022.

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12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

(a) Based on the unaudited financial information as at 31 August 2022; and

(b) After adjusting for the effects of IPO and utilisation of proceeds.

		I	II	III
	As at 31 August 2022	**After the Group Internal Restructuring**	**After I and Public Issue**	**After II and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Capitalisation				
Shareholders' equity	44,605	44,605	77,072	74,930
Total capitalisation	**44,605**	**44,605**	**77,072**	**74,930**
Indebtedness				
Current				
Secured and guaranteed				
Lease liabilities	797	797	797	797
Non-current				
Secured and guaranteed				
Lease liabilities	2,094	2,094	2,094	2,094
Total indebtedness	**2,891**	**2,891**	**2,891**	**2,891**
Total capitalisation and indebtedness	**47,496**	**47,496**	**79,963**	**77,821**
Gearing ratio[1](times)	Less than 0.1	Less than 0.1	Less than 0.1	Less than 0.1

Note:

(1) Calculated based on the total indebtedness divided by the total capitalisation.

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