

FOR RESTRICTED CIRCULATION ONLY



MCOM HOLDINGS BERHAD

(formerly known as MCatch Holdings Sdn Bhd)
(Company No.1248277-X)
(Incorporated in Malaysia)

PROPOSED PLACEMENT OF 18,856,000 ORDINARY SHARES IN MCOM HOLDINGS BERHAD AT AN INDICATIVE ISSUE PRICE OF RM0.28 PER PLACEMENT SHARE IN CONJUNCTION WITH MCOM HOLDINGS BERHAD'S PROPOSED LISTING ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Approved Adviser, Placement Agent and Continuing Adviser



TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INFORMATION MEMORANDUM

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("LEAP MARKET")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS WITH HIGHER INVESTMENT RISK THAN CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD. LEAP MARKET IS A QUALIFIED MARKET MEANT FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SHAREHOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY US. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN US AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



This Information Memorandum is dated 23 January 2019

All defined terms used in this Information Memorandum are defined under “Definitions” and “Glossary of Technical Terms”.

The Board of Directors (“**Board**”) and promoters of our Company have seen and approved this Information Memorandum. Our Board and promoters, having made all reasonable enquiries and to the best of their knowledge, information and belief, collectively and individually accept full responsibility for the accuracy of all the information and statements contained in this Information Memorandum, and confirm that this Information Memorandum contains all relevant information with regards to our Company which is material in the context of our Proposed Placement (as defined herein) and Proposed Listing (as defined herein). As at the date hereof, the information contained in this document is true and accurate in all material aspects and is not misleading. As at the date hereof, the opinions and intentions of our Company expressed herein are honestly held, and that there are no false or misleading statements or other material facts which, if omitted, would make any statement in this Information Memorandum false or misleading.

TA Securities Holdings Berhad (“**TA Securities**”), being the Approved Adviser, Placement Agent and the Continuing Adviser to our Proposed Listing acknowledges that, based on all available information, and to the best of its knowledge, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Placement and the Proposed Listing.

This Information Memorandum has been drawn up in accordance with the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) for our Proposed Placement and the Proposed Listing. The Proposed Placement constitutes an excluded issue within the meanings of Section 230 of CMSA. This Information Memorandum has been prepared in the context of securities offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

A copy of this Information Memorandum has been deposited with the Securities Commission Malaysia (“**SC**”).

The SC and Bursa Securities take no responsibility for the contents of this Information Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Information Memorandum. The SC and Bursa Securities do not make any assessment on the suitability, viability or prospects of our Company. Sophisticated Investors are expected to make their own assessment on our Company or seek appropriate advice before making their investment decisions. TA Securities, as our Approved Adviser, has assessed the suitability of our Company for admission to the LEAP Market of Bursa Securities as required under Rule 4.10 of the Listing Requirements.

An application has been made to Bursa Securities for the admission of our Company and the listing of and quotation for the entire ordinary share capital of our Company on the LEAP Market of Bursa Securities. No monies shall be collected from Sophisticated Investors for the subscription of the Placement Shares (as defined herein), and no new ordinary shares in our Company (“**Shares**”) shall be allotted pursuant to our Proposed Placement until Bursa Securities has granted its approval for the admission of our Company to the LEAP Market of Bursa Securities. Approval from Bursa Securities of the same is not an indication of the merits of our Proposed Listing, Proposed Placement, our Company and our Shares. This Information Memorandum can be viewed or downloaded from Bursa Securities’ website at www.bursamalaysia.com.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO “RISK FACTORS” AS SET OUT IN THIS INFORMATION MEMORANDUM.

Sophisticated Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws and regulations including any statement in the Information Memorandum that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to the Information Memorandum. This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of our Shares is not and should not be construed as a recommendation by us and/or the Approved Adviser to subscribe for or purchase our Shares.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of our Shares is not and should not be construed as a recommendation by us and/or the Approved Adviser to subscribe for or purchase our Shares. This Information Memorandum is not a substitute for and should not be regarded as an independent evaluation and analysis and does not purport to be all inclusive. Each Sophisticated Investor should perform and is deemed to have made its own independent investigation, assess the merits and risks of the investment and analysis of our Company and all other relevant matters.

IMPORTANT INFORMATION

All defined terms used in this Information Memorandum are defined under “Definitions” and “Glossary of Technical Terms”.

This Information Memorandum shall not be, in whole or in part, reproduced, disclosed or distributed to any other person or used for any other purpose. By accepting this Information Memorandum, Sophisticated Investors agree to be bound by the limitations and restrictions described herein.

This Information Memorandum includes certain historical information, estimates or reports thereon derived from sources mentioned in this Information Memorandum. Such information, estimates or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimate and or report thereon derived from such and other third party sources.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” and “MCOM” in this Information Memorandum are to MCOM Holdings Berhad, while references to “we”, “us”, “our” and “ourselves” are to our Company, our Group or any member of our Group as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our key management as disclosed in this Information Memorandum and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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

References to dates and times in this Information Memorandum are references to dates and times in Malaysia.

In particular, certain information in this Information Memorandum is extracted or derived from the report prepared by Providence Strategic Partners Sdn Bhd, an independent market research consulting firm. The statistical data and projections cited in this Information Memorandum may help Sophisticated Investors to understand the major trends in the industry in which we operate. Sophisticated Investors should not place undue reliance on the statistical data cited in this Information Memorandum. Similarly, third party projections cited herein are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and Sophisticated Investors should not place undue reliance on the third party projections cited in this Information Memorandum.

Sophisticated Investors should not rely on the information on our website or any website directly or indirectly linked to our website as it does not form part of this Information Memorandum.

Any reference in this Information Memorandum to any statutory legislation is a reference to that statutory legislation as for the time being amended, modified or re-enacted.

INVESTMENT RISKS

Investment in our Company carries risk. There can be no assurance that our Company’s strategy will be achieved and investment results may vary substantially over time. Sophisticated Investors contemplating an investment in our Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that shareholders will receive back the amount of their investment in our Shares.

Sophisticated Investors should carefully consider whether an investment in our Shares is suitable for them in light of their circumstances and financial resources and whether they are able and willing to withstand the potential loss of their entire investment, and they should refer to the “Risk Factors” as set out in Section 5 of this Information Memorandum.

This Information Memorandum should be read in its entirety before making any investment in our Company.

IMPORTANT INFORMATION (CONT'D)

FORWARD LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our financial condition, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions. Such forward-looking statements involve known or unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure Sophisticated Investors that the forward-looking statements in this Information Memorandum will be realised. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 5 - Risk Factors and Section 8 - Management Discussion and Analysis of Financial Condition and Results of Operations of this Information Memorandum. We cannot give any assurance that the forward-looking statements made in the Information Memorandum will be realised.

These forward-looking statements are based on information available to us as at the date of this Information Memorandum. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Information Memorandum to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Sophisticated Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained in this Information Memorandum.

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INDICATIVE TIMETABLE

The indicative timing of events leading to the listing of and quotation for our entire enlarged share capital on the LEAP Market is set out below:

Events	Tentative date
Date of this Information Memorandum	23 January 2019
Price-fixing date for Placement Shares	Mid-March 2019
Allotment of Placement Shares to selected Sophisticated Investors	Mid-March 2019
Listing of our Company on the LEAP Market of Bursa Securities	End-March 2019

The timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. An announcement for the key relevant dates will be made after Bursa Securities' approval-in-principle has been obtained for our Proposed Listing.

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DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Information Memorandum and the accompanying appendices:

Group Companies

“Ivalent”	:	Ivalent Co., Ltd.
“M-Media”	:	M-Media Co., Ltd.
“MCatch Labuan”	:	MCatch (L) Bhd
“MCOM” or “Company”	:	MCOM Holdings Berhad <i>(formerly known as MCatch Holdings Sdn Bhd)</i>
“MCOM Group” or “Group”	:	Our Company and our subsidiaries, collectively
“MCOM Messaging (M)”	:	MCOM Messaging Sdn Bhd
“MCOM Messaging (T)”	:	MCOM Messaging (Thailand) Co., Ltd.
“MCOM Network”	:	MCOM Network Sdn Bhd
“Streamer Tech”	:	Streamer Tech Co., Ltd.

Promoters

“BHC”	:	BHC Holdings Sdn Bhd <i>(formerly known as MCOM Media Technology Sdn Bhd)</i>
“MCatch Hong Kong”	:	MCatch Co., Ltd.
“Promoters”	:	MCatch Hong Kong, BHC, Ho Kim Hun and Chew Lee Poh, collectively

**Other Corporations,
Establishment and
Agencies**

“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“MCMC”	:	Malaysian Communications and Multimedia Commission
“MyIPO”	:	Intellectual Property Corporation of Malaysia
“Providence”	:	Providence Strategic Partners Sdn Bhd, as the Independent Market Researcher
“TA Securities”	:	TA Securities Holdings Berhad, as the Approved Adviser, Placement Agent and Continuing Adviser for our Proposed Placement and Proposed Listing

General

“Acquisitions”	:	The acquisitions of MCatch Labuan, MCOM Messaging (M), MCOM Network, MCOM Messaging (T), Ivalent, Streamer Tech and M-Media, collectively
“Act”	:	Companies Act 2016
“Board”	:	Our Board of Directors

DEFINITIONS (CONT'D)

“CAGR”	:	Compounded annual growth rate
“Cambodia”	:	Kingdom of Cambodia
“CMSA”	:	Capital Markets and Services Act 2007
“Constitution”	:	Constitution of our Company
“Director”	:	A natural person who holds directorship in our Company and has the meaning given in Section 2 of the Act and Section 2(1) of the CMSA
“EBITDA”	:	Earnings before interest, tax, depreciation and amortisation
“EPS”	:	Earnings per Share
“FPE”	:	Financial period ended/ ending
“FYE”	:	Financial year ended/ ending
“GP”	:	Gross profit
“IMR Report”	:	Independent market research report on the mobile advertising markets in Malaysia and Thailand, mobile payment solutions in Malaysia and Thailand as well as overview of the internet industry in Cambodia dated 28 December 2018 prepared by Providence
“Indicative Placement Price”	:	The indicative placement price of RM0.28 per Share for the Proposed Placement
“Information Memorandum”	:	This Information Memorandum dated 23 January 2019
“LEAP Market”	:	LEAP Market of Bursa Securities
“Listing Requirements”	:	LEAP Market Listing Requirements of Bursa Securities
“LPD”	:	28 December 2018, as the latest practicable date before the date of this Information Memorandum
“MCOM Shares” or “Shares”	:	Our ordinary shares
“NA”	:	Net assets
“Official List”	:	The list specifying all securities listed on Bursa Securities
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PDPA”	:	Personal Data Protection Act 2010
“Pre-IPO Reorganisation”	:	Acquisitions and Subscription by Pre-IPO Investor, collectively
“Proposed Listing”	:	Proposed admission to the Official List and the listing of and quotation for our entire enlarged share capital of RM14,613,403 comprising 188,559,908 Shares on the LEAP Market

DEFINITIONS (CONT'D)

“Placement Shares”	:	18,856,000 new Shares to be issued pursuant to the Proposed Placement
“Proposed Placement”	:	Proposed issuance of the Placement Shares within the meaning of Section 230 of CMSA, at the Indicative Placement Price to selected Sophisticated Investors in conjunction with the Proposed Listing
“Public”	:	All persons or members of the public but excluding Directors of our Group, our substantial shareholders and persons associated with them (as defined in the Listing Requirements)
“Sophisticated Investors”	:	Any person who falls within any of the categories of investors set out in Part I of Schedule 6 or Part I of Schedule 7 of the CMSA
“sq. m.”	:	Square metre
“Subscription by Pre-IPO Investor”	:	Subscription of 4,714,000 new MCOM Shares by Dato’ Sri Chiang Fong Yee for a cash consideration of RM1,084,220 at the issue price of RM0.23 each which was completed on 16 October 2018
“USA”	:	United States of America

Currencies

“Exchange Rate”	:	(i) Exchange rate of THB100 for RM12.4377 as at 31 May 2018 (being the date indicated in the share sale agreements for the Acquisitions); or (ii) Exchange rate of 1 USD for RM3.9785 as at 31 May 2018 (being the date indicated in the share sale agreements for the Acquisitions); or (iii) Exchange rate of HKD100 for RM53.0947 as at 28 December 2018 (being the LPD).
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“KHR”	:	Cambodian riel
“THB”	:	Thai baht
“USD”	:	United States Dollar

Glossary of technical terms

“API”	:	Application Programming Interface, which is a set of communication protocols and tools for building software applications. It allows applications to access the features of an operating system, service or database
“B2B2C”	:	Business-to-business-to-consumer is an e-commerce model that combines business-to-business and business-to-consumer models. This allows for transactions to take place between businesses as well as between businesses and consumers
“call to action”	:	Content intended to induce a viewer, reader, or listener to perform a specific act, typically taking the form of an instruction or directive
“content”	:	Includes texts, images, sounds or anything that is published via digital media and can be consumed directly by a user

DEFINITIONS (CONT'D)

“CPA”	:	Cost per acquisition, which is an online advertising pricing model where the advertiser pays for a specified action/ acquisition (for example, a click on a ‘call to action’)
“CPC”	:	Cost per click, which is an online advertising pricing model where the advertiser pays a publisher when the advertisement is clicked
“CPM”	:	Cost per mile or cost per thousand advertisement impressions, which is the cost an advertiser pays for one thousand views of an advertisement
“CPS”	:	Cost per sale, which is an online advertisement pricing system where the publisher is paid on the basis of the number of purchases of a product/ service that is directly generated by an advertisement
“data centre”	:	A repository that houses computing facilities such as servers, routers, switches and firewalls, as well as supporting components like backup equipment, fire suppression facilities and air conditioning. It is typically used by organisations for the remote storage, processing or distribution of large amounts of data
“digital marketing campaign”	:	An online marketing effort put forward by a company to drive engagement, conversions, traffic or revenue. A digital marketing campaign typically includes, amongst others, advertisements or promotions and mobile advertisement campaigns
“direct carrier billing”	:	A service which allows mobile users (or end-users) to perform transactions using their mobile phone bill or prepaid credit
“dry test run”	:	A testing process where the effects of a possible failure are intentionally mitigated
“fiber optic cable”	:	A network that utilises optical fiber infrastructure to transmit rapid light pulses
“frequency channel”	:	The band used by one customer, among the given total frequency spectrum
“graphical user interface”	:	User interface which allows user to interact with electronic devices through graphical icons and visual indicators
“hypertext link”	:	A link with reference to data that the reader can directly follow either by clicking, tapping or hovering
“in-app purchase”	:	A sale or purchase of products and/or services through a mobile application
“insertion order”	:	In the context of this Information Memorandum, an insertion order represents an appointment by an advertiser to run its mobile advertising campaign
“internet service provider” or “ISP”	:	An organisation that provides services for accessing, using, or participating in the internet
“IT”	:	Information technology
“landing page”	:	A webpage which serves as the entry point for a website or a particular section of a website
“lead”	:	A lead usually is the contact information and in some cases, demographic information of a customer who is interested in a specific product or service

DEFINITIONS (CONT'D)

“micropayment”	:	An e-commerce transaction involving a very small sum of money in exchange for products or services made available online
“mobile advertising”	:	A type of advertising that appears on mobile devices having wireless connections, such as smartphones and tablets
“mobile application” or “app”	:	A type of application software designed to run on a mobile device such as a smartphones and tablets
“mobile network operator”	:	A provider of wireless communication services that owns or controls all the elements necessary to sell and deliver services to an end user including, frequency spectrum allocation, wireless network infrastructure, billing and customer care, amongst others
“mobile payment”	:	Payment services performed from or via a mobile device
“network infrastructure”	:	Hardware and software resources of an entire network that enable network connectivity, communication, operations and management of an entire network
“network operating centre”	:	A primary work space for network engineers to monitor, manage and troubleshoot problems on a telecommunication network
“payment gateway”	:	A merchant service that authorises credit card or direct payments processing for e-businesses, online retailers or traditional brick and mortar
“publisher”	:	A party that promotes the contents in exchange for a commission on leads or sales through a variety of methods. This include mobile application owners
“resilient network”	:	The ability of a network to provide continuous operation; recover effectively if failure does occur; and scale to meet rapid or unpredictable demands.
“Service ID”	:	A short numeric code dedicated for the type of content which has been approved by the mobile network operator. The Service ID is to facilitate the direct carrier billing services to customers
“social media”	:	Websites and applications that enable users to create and share content or to participate in social networking
“URL”	:	Uniform Resource Locator, the address of a World Wide Web page
“web browser”	:	A software application for accessing information on the World Wide Web
“wireless internet services”	:	A technology that allows electronic devices to connect to the internet without the need for a physical wired connection
“World Wide Web”	:	An information space where documents and other web resources are identified by URLs, interlinked by hypertext links, and accessible via the internet

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1. CORPORATE DIRECTORY

- BOARD OF DIRECTORS** : Foo Seck Chyn
Independent Non-Executive Chairman
- Ho Kim Hun
Executive Director and Chief Executive Officer
- Chew Lee Poh
Executive Director and Vice President
- HEAD / MANAGEMENT OFFICE** : No. 7-1, Jalan Putra Mahkota 7/8B
Putra Heights
47650 Subang Jaya
Selangor Darul Ehsan
Malaysia
- Website: www.mcommsg.com
Email address: info@mcommsg.com (general inquiries)
ir@mcommsg.com (investor relations)
- REGISTERED OFFICE** : No. 4-1, Kompleks Niaga Melaka Perdana
Jalan KNMP 3
Bukit Katil
75450 Melaka
Malaysia
- COMPANY SECRETARY** : Teo Soon Mei (MAICSA 7018590)
c/o E-Dynamic Companies Services Sdn Bhd (676525-D)
No. 4-1, Kompleks Niaga Melaka Perdana
Jalan KNMP 3
Bukit Katil
75450 Melaka
Malaysia
- APPROVED ADVISER,
PLACEMENT AGENT AND
CONTINUING ADVISER** : TA Securities Holdings Berhad (14948-M)
32nd Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia
- AUDITORS AND
REPORTING
ACCOUNTANTS** : Crowe Malaysia (AF 1018)
(formerly known as Crowe Horwath)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
- DUE DILIGENCE
SOLICITORS FOR OUR
PROPOSED LISTING** : *For our Company and subsidiaries as to the laws of Malaysia*
Olivia Lim & Co.
41-3 Plaza Damansara
Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
Malaysia

1. CORPORATE DIRECTORY (CONT'D)

- DUE DILIGENCE
SOLICITORS FOR OUR
PROPOSED LISTING (cont'd)** : For our local subsidiary as to the laws of Labuan
Bonnie T. Suru (BC/B/203)
Unit A030
First Floor Podium Level
Financial Park Labuan Complex
Jalan Merdeka
87000 Federal Territory of Labuan
Malaysia
- For our foreign subsidiaries as to the laws of Thailand
Kamthorn Surachet & Somsak (0105527000641)
31st Floor, Sinn Sathorn Tower
77/131-132 Krungthonburi Road
Khlongtongsai
Klongsarn
Bangkok, Thailand
- For our foreign subsidiary as to the laws of Cambodia
Soksiphana&associates (LO 025/15)
Maybank Tower (Level 8)
No.43, Preah Norodom Boulevard
Sangkat Phsar Thmey 3
Khan Daun Penh
Phonm Penh, Cambodia
- INDEPENDENT MARKET
RESEARCHER** : Providence Strategic Partners Sdn Bhd (1238910-A)
L-2-1, Plaza Damas
No. 60, Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur
Malaysia
- SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
- PRINCIPAL BANKER** : RHB Bank Berhad (6171-M)
Jalan USJ 10/1 Branch
47 & 49, Jalan USJ 10/1
UEP Subang Jaya
47620 Petaling Jaya
Selangor, Malaysia
- LISTING SOUGHT** : LEAP Market of Bursa Securities

2. DETAILS OF OUR PROPOSED LISTING

2.1 DETAILS OF THE PROPOSED PLACEMENT

Pursuant to our Proposed Listing, our Company is offering 18,856,000 Placement Shares representing approximately 10.00% of our enlarged share capital after the Proposed Placement, to selected Sophisticated Investors at the Indicative Placement Price of RM0.28 per Placement Share.

In respect of Rule 3.10 of the Listing Requirements:

- (i) TA Securities had obtained a waiver from Bursa Securities from compliance with Rule 3.10(1) of the Listing Requirements and as a result, all monies received from investors pursuant to the subscription of the Placement Shares will be deposited into a trust account operated by TA Securities and will be held in trust by TA Securities;
- (ii) our Company and TA Securities undertake that all monies held in trust by TA Securities will not be withdrawn until the listing date; and
- (iii) our Company undertakes to repay (without interest) all monies received from investors if:
 - (a) the listing of our Company does not take place within 6 months from the date of Bursa Securities' approval for our listing on the LEAP Market or such further extension of time as Bursa Securities may allow ("Period"); or
 - (b) our Company aborts its listing on the LEAP Market.

If the above occurs, all monies received from the Sophisticated Investors will be repaid within 14 days from the end of the Period or the date when we notify Bursa Securities of our decision to abort our listing. If we fail to do so, in addition to our Company's liabilities, our Board shall be jointly and severally liable to repay such monies with interest at the rate of 10% per annum from the end of the Period or such other rate as Bursa Securities may prescribe.

2.2 DETAILS OF THE PROPOSED LISTING

We are seeking to be listed on the LEAP Market for the following reasons:

- (i) to be able to tap into the capital market for future fundraising to pursue growth opportunities;
- (ii) to gain recognition and enhance our stature, as well as to increase market awareness for our services and expand our customer base; and
- (iii) to provide an opportunity for investors to participate in our equity and future growth.

The Proposed Listing requires approval-in-principle from Bursa Securities (which we have applied for and are awaiting Bursa Securities' decision) for the admission of our Company to the Official List as well as the listing of and quotation for our entire enlarged share capital of RM14,613,403 comprising 188,559,908 MCOM Shares on the LEAP Market.

2. DETAILS OF OUR PROPOSED LISTING (CONT'D)

2.3 SHARE CAPITAL

	No. of Shares	RM
Issued share capital (as at the date of this Information Memorandum)	169,703,908	9,333,723
New Placement Shares to be issued pursuant to the Proposed Placement	18,856,000	5,279,680
Enlarged share capital (upon Proposed Listing)	188,559,908	14,613,403
Indicative Placement Price		0.28
Market capitalisation at the Indicative Placement Price upon Proposed Listing		52,796,774

Based on the Indicative Placement Price and our enlarged share capital of RM14,613,403 comprising 188,559,908 MCOM Shares, we will have a market capitalisation of approximately RM52.80 million. The board lot size of our share capital will be 100 units each, upon the Proposed Listing.

As at the LPD, our Company has a single class of shares, namely ordinary shares. The Placement Shares will, upon allotment and issuance, rank *pari passu* in all respects with our existing Shares, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Placement Shares.

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

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, by attorney or by duly authorised representative. Each shareholder shall be entitled to appoint more than 1 proxy to attend and vote at any general meeting of our Company. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy. On a poll, each shareholder present either in person, by proxy, by attorney or by other authorised representative shall have one vote for each Share held.

2.3.1 Shareholding structure

Our shareholding structure is set out below:

	Before Proposed Listing		After Proposed Listing	
	No. of Shares	%	No. of Shares	%
Promoters, Directors and substantial shareholders	135,061,324	79.59	135,061,324	71.63
Existing Public shareholders	29,928,584	17.63	29,928,584	15.87
Pre-IPO Investor	4,714,000	2.78	4,714,000	2.50
Sophisticated Investors	-	-	18,856,000	10.00
Total	169,703,908	100.00	188,559,908	100.00

As at the LPD, our Company does not have any outstanding warrants, options, convertible securities or uncalled capital.

2. DETAILS OF OUR PROPOSED LISTING (CONT'D)**2.3.2 Costs of investment**

Our existing shareholders' costs of investment in our Shares are set out as below:

	Shareholder name	Investment Date	Relationship with Promoters	Cost of investment per Share (RM)	No. of Shares held before Proposed Listing	%
1.	WATV Investment (Holding) Limited	31 March 2016 ⁽¹⁾	Non-related investor	0.05	7,558,120	4.45
2.	Ong Toon Peow ⁽³⁾	31 March 2016 ⁽¹⁾	Non-related investor	0.05	7,558,120	4.45
3.	Sua Chui Fang	30 April 2016 ⁽¹⁾	Employee of MCOM Messaging (M)	0.05	557,427	0.33
4.	Ren Hai Yan	30 April 2016 ⁽¹⁾	Non-related investor	0.05	318,530	0.18
5.	Wang Li	30 April 2016 ⁽¹⁾	Non-related investor	0.05	318,530	0.18
6.	Zeng Yan Fen	30 April 2016 ⁽¹⁾	Non-related investor	0.05	318,530	0.18
7.	Siriporn Wongchantha	30 April 2016 ⁽¹⁾	Shareholder of MCOM Messaging (T)	0.05	318,530	0.18
8.	Kittipat Sae-ung	30 April 2016 ⁽¹⁾	Grandson of the grandaunt of Ho Kim Hun and employee of MCOM Messaging (T)	0.05	79,632	0.05
9.	Pek Penhsomalina	30 April 2016 ⁽¹⁾	Shareholder and employee of M-Media	0.05	79,632	0.05
10.	Luo Yi Feng	31 May 2016 ⁽¹⁾	Non-related investor	0.05	1,635,449	0.96
11.	James Tan Tien Chong	31 May 2016 ⁽¹⁾	Non-related investor	0.05	981,270	0.58
12.	Ong Kun Eng	31 May 2016 ⁽¹⁾	Non-related investor	0.05	654,180	0.39
13.	Pang Sen Tong	31 May 2016 ⁽¹⁾	Non-related investor	0.05	654,180	0.39
14.	Lau Suat Lor	31 May 2016 ⁽¹⁾	Mother of Sua Chui Fang who is an employee of MCOM Messaging (M)	0.05	327,090	0.19
15.	EMS Worldwide Resources Sdn Bhd	31 May 2016 ⁽¹⁾	Non-related investor	0.05	327,090	0.19
16.	Chua Chiou Peng	31 May 2016 ⁽¹⁾	Non-related investor	0.05	163,545	0.10
17.	Gan Fui Ling	31 May 2016 ⁽¹⁾	Non-related investor	0.05	163,545	0.10
18.	Armstrong Capital Holding Sdn Bhd	31 May 2016 ⁽¹⁾	Non-related investor	0.05	163,545	0.10
19.	Yong Hoo Noon	31 May 2016 ⁽¹⁾	Non-related investor	0.05	163,545	0.10
20.	Wang Liang	31 May 2016 ⁽¹⁾	Non-related investor	0.05	163,545	0.10
21.	Pang Nam Ming	14 June 2018 ⁽¹⁾	Non-related investor	0.05	7,424,549	4.38
					29,928,584⁽²⁾	17.63
22.	MCatch Hong Kong	25 July 2018	Subsidiary of BHC	0.05	135,061,324	79.59
23.	Dato' Sri Chiang Fong Yee ⁽⁴⁾	16 October 2018	Non-related investor	0.23	4,714,000	2.78
	Total				169,703,908	100.00

Notes:

- (1) Investment date refers to the relevant shareholders' investment in the shares of MCatch Hong Kong.
- (2) The shareholders had acquired 29,928,584 MCOM Shares from MCatch Hong Kong through a share sale agreement executed and completed on 30 August 2018.
- (3) Deceased (on 27 October 2018).
- (4) Pre-IPO Investor.

2. DETAILS OF OUR PROPOSED LISTING (CONT'D)

2.4 BASIS OF ARRIVING AT THE INDICATIVE PLACEMENT PRICE

Our Board had determined the Indicative Placement Price of RM0.28 per Placement Share after taking into consideration the following factors:

- (i) our financial performance and operating history as described in Sections 7 and 8 of this Information Memorandum;
- (ii) our NA per Share of approximately 3.73 sen, based on our combined Group NA of RM7.03 million as at 31 December 2017 after taking into consideration the Proposed Placement and our enlarged share capital of 188,559,908 MCOM Shares;
- (iii) our EPS of approximately 2.96 sen, based on our combined audited PAT attributable to the owners of the Company of RM5.59 million for the FYE 31 December 2017 and our enlarged share capital of 188,559,908 MCOM Shares, translating to a price-earnings multiple of approximately 9.46 times based on the Indicative Placement Price;
- (iv) our competitive strengths as set out in Section 4.4 of this Information Memorandum;
- (v) our business strategies and future plans as set out in Section 4.16 of this Information Memorandum; and
- (vi) the prospects of our Group and the prevailing outlook of our markets as set out in Section 4.17 and Appendix III of this Information Memorandum.

There had been no public market for our Shares prior to our Proposed Listing. The final price for our Placement Shares shall be determined by market demand for our Placement Shares. The final issue price for the Placement Shares will be announced prior to allotting the Placement Shares to the selected Sophisticated Investors. Sophisticated investors should consider the risk factors set out in Section 5 of this Information Memorandum and form their views on the valuation of our Shares before making any investment decision.

2.5 USE OF PROCEEDS

At the Indicative Placement Price of RM0.28, the Proposed Placement will raise gross proceeds of RM5,279,680 to be used for the following purposes:

Purpose of use	Notes	RM'000	% of total gross proceeds	Expected time frame for the utilisation of proceeds (from listing date)
Capital expenditure for internet service provision	(1)	2,900	54.9	Within 12 months
Capital expenditure for mobile advertising platform	(2)	880	16.7	Within 12 months
Listing expenses	(3)	1,500	28.4	Within 2 months
Total estimated proceeds		5,280	100.0	

2. DETAILS OF OUR PROPOSED LISTING (CONT'D)

Notes:

- (1) We will allocate RM2.90 million to set up essential facilities to offer wired and wireless internet services at Siem Reap, Sihanoukville and Phnom Penh in Cambodia, comprising:

Purpose of use	Amount (RM'000)
Purchase and installation of computer hardware and software for data centre in Phnom Penh	1,579
Site survey and technical set-up of network operating centre	294
Set-up of network operations control room in Phnom Penh	89
Renovation of sales and operation office in Phnom Penh	414
Purchase of hardware and installation costs for access points in Phnom Penh	524
Total	2,900

At the time we receive the proceeds from the Proposed Placement, some of the above capital expenditure may have already been paid for by using our internally-generated funds. If so, it will be replenished using the proceeds raised.

- (2) As part of our business expansion and efficiency improvement of our mobile advertising platform, we will invest RM0.88 million on IT infrastructure and mobile advertising platform, comprising:

Purpose of use	Amount (RM'000)
Purchase and installation of computer servers in data centre in Malaysia	200
Upgrade of mobile advertising platform with enhanced and additional functionalities	680
Total	880

At the time we receive the proceeds from the Proposed Placement, some of the above capital expenditure may have already been paid for by using our internally-generated funds. If so, it will be replenished using the proceeds raised.

- (3) RM1.50 million will be set aside for listing expenses including professional fees, placement fees, fees payable to relevant authorities and other miscellaneous expenses. Any shortfall or excess will be reallocated from/ to the amount allocated for capital expenditure for mobile advertising platform.

Before the proceeds are used, they will be placed in deposits with licensed financial institutions and/or short-term money market instruments, as our Board may deem fit. Any interest income arising therefrom will be used for our working capital.

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3. INFORMATION ON OUR GROUP

3.1 HISTORY AND KEY MILESTONES

We are a digital marketing solution provider, specialising in mobile advertising platform and mobile payment solutions. In addition, we also provide internet services.

Our Company was incorporated in Malaysia under the Act as a private limited company on 26 September 2017 under the name of MCatch Holdings Sdn Bhd. We changed our name to MCOM Holdings Sdn Bhd on 20 April 2018. On 7 November 2018, our Company was converted into a public limited company and changed to its present name to facilitate our listing on the LEAP Market of Bursa Securities.

Our Company is principally an investment holding company, whilst our subsidiaries, namely MCatch Labuan, MCOM Messaging (M), MCOM Network, MCOM Messaging (T), Ivalent and Streamer Tech are principally involved in the provision of digital marketing solutions. Our subsidiary M-Media was set up to undertake the provision of internet and related IT services. Further details of the subsidiaries are set out in Section 3.2 of this Information Memorandum.

Our Group's history began in 2005 when MCOM Messaging (M) was incorporated. In 2006, we began to offer micropayment gateway for direct carrier billing services to customers (further details on this solution are set out in Section 4.1 of this Information Memorandum).

In 2010, we made our foray into Thailand when MCOM Messaging (T) was appointed as a mobile value-added service provider by MIMO Tech Company Limited, a subsidiary of Advanced Info Service PLC ("AIS"), one of Thailand's largest telecommunication service provider. This enabled us to offer our micropayment gateway for direct carrier billing services in Thailand. We were later appointed by other major telecommunication service providers in Thailand as one of their content service providers, namely True Move Co., Ltd., Real Move Co., Ltd., Real Future Co., Ltd., and True Digital Content and Media Co., Ltd. pursuant to a master content provider service agreement signed in 2014 as well as with the subsidiary of another major telecommunication services provider in Thailand in 2016.

In offering micropayment gateway solutions for mobile applications, we recognised a commercial potential to venture into the mobile advertising platform business. Mobile advertising platform solutions allow for placement of advertisements in mobile applications which encourage in-app purchases and are thus complementary to our micropayment gateway solutions. As such, we developed and launched our own platform in 2015 for our mobile advertising customers and secured our first sales through MCatch Labuan.

We subsequently expanded our micropayment gateway solutions in 2016 to offer third-party payment gateway. Further details on these solutions are set out in Section 4.1 of this Information Memorandum. MCatch Labuan began working with PayPal for credit card processing services to offer third-party payment gateway in the same year.

In 2016, M-Media was granted an ISP licence from the Telecommunication Regulator of Cambodia to establish and provide internet services. The ISP licence, when coupled with our frequency licence, provides us with a resilient network, as defined in the Glossary of technical terms in Definitions. With these licences and using the main optical fiber communications network of a local licensed fiber optic cable provider in Cambodia, we are able to offer wired and wireless internet services to the market in Cambodia for the next 30 years. M-Media began its first offering of wired internet services in June 2018. This is expected to complement and enhance our existing digital marketing solutions, as described in Section 4.1 of this Information Memorandum.

3. INFORMATION ON OUR GROUP (CONT'D)

Our key milestones and achievements since incorporation are as follows:

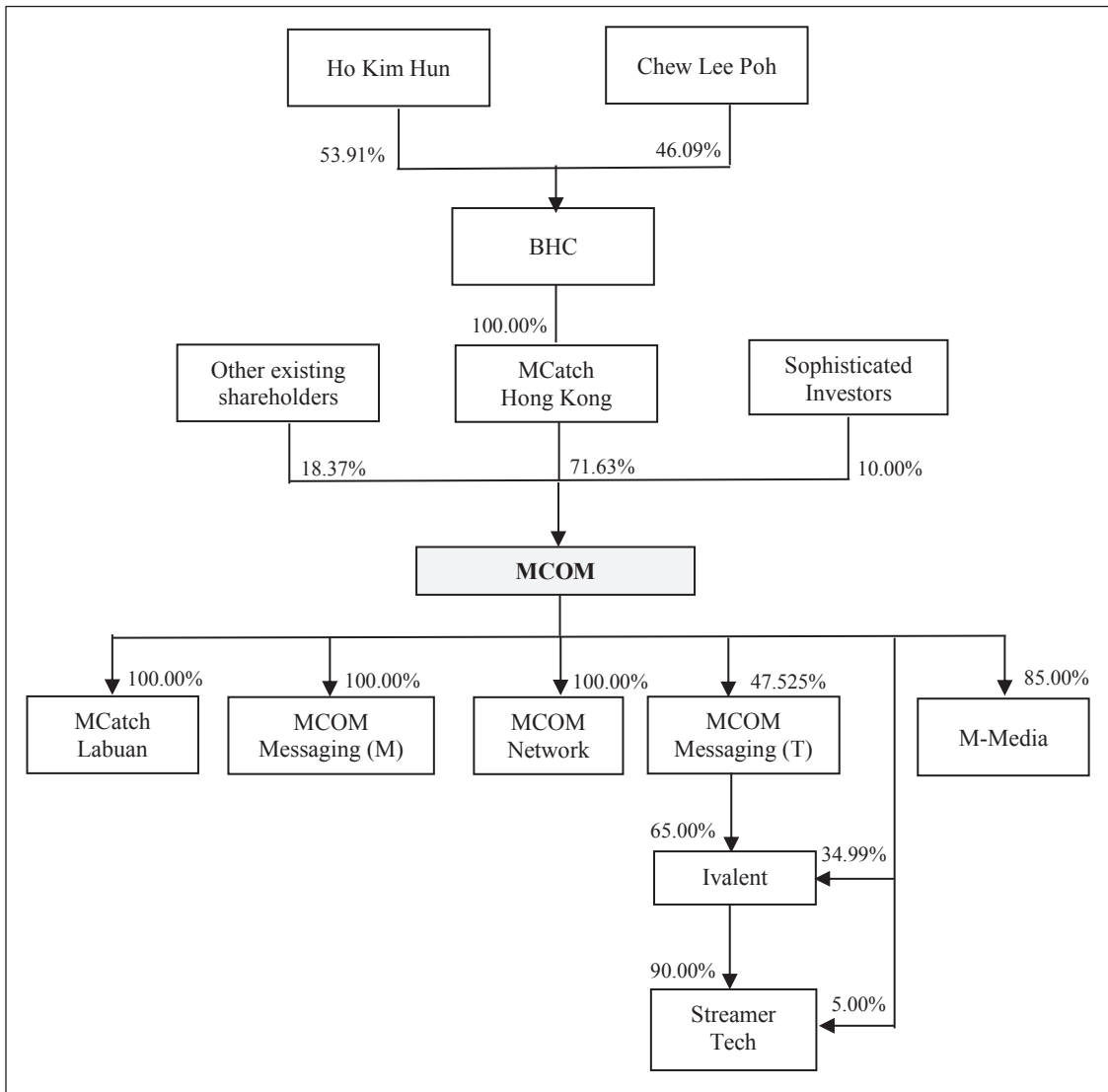
Year	Events
2005	<ul style="list-style-type: none"> • MCOM Messaging (M) was incorporated
2006	<ul style="list-style-type: none"> • MCOM Messaging (M) secured its first customer for micropayment gateway business
2010	<ul style="list-style-type: none"> • MCOM Messaging (T) was appointed as mobile value-added service provider by MIMO Tech Co., Ltd. in relation to its digital marketing solutions in Thailand
2014	<ul style="list-style-type: none"> • MCOM Messaging (T) signed a master content provider service agreement with True Move Co., Ltd., Real Move Co., Ltd., Real Future Co., Ltd. and True Digital Content and Media Co., Ltd. in relation to its digital marketing solutions in Thailand
2015	<ul style="list-style-type: none"> • MCOM Messaging (M) developed and launched its mobile advertising platform • MCOM Messaging (M) secured its first mobile advertising customer through MCatch Labuan
2016	<ul style="list-style-type: none"> • MCOM Messaging (T) signed a content service provider agreement with the subsidiary of another major telecommunication services provider in Thailand • M-Media was granted the ISP licence and frequency licence from the Telecommunication Regulator of Cambodia • MCatch Labuan commenced its third-party payment gateway when it started working with PayPal for credit card processing services

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3. INFORMATION ON OUR GROUP (CONT'D)

3.2 GROUP STRUCTURE

Group structure after Pre-IPO Reorganisation and Proposed Placement



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3. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, our subsidiaries are as follows:

Subsidiaries	Date / Country of incorporation	Date of commencement of business	Issued share capital	Equity interest (%) held by		Principal activities
				Company	Subsidiaries	
<u>Direct subsidiaries</u>						
MCatch Labuan	15 July 2015 / Malaysia	17 November 2015	USD400,100	100.00	-	Provision of mobile advertising platform services
MCOM Messaging (M)	13 June 2005 / Malaysia	31 January 2006	RM100,000	100.00	-	Provision of mobile payment solution services and management services
MCOM Network	28 February 2006 / Malaysia	27 September 2006	RM100,000	100.00	-	Provision of mobile payment solution services
MCOM Messaging (T)	29 July 2010 / Thailand	18 November 2011	THB5,050,000	47.525 ⁽¹⁾	-	Provision of mobile payment solution services
M-Media	28 October 2014 / Cambodia	22 June 2018	USD5,000	85.00 ⁽⁴⁾	-	Operation of IT services (internet connection) and IT services (phone software)
<u>Indirect subsidiaries</u>						
Ivalent	14 February 2011 / Thailand	6 November 2014	THB1,000,000	34.99 ⁽²⁾	65.00 ⁽²⁾	Provision of mobile payment solution services
Streamer Tech	24 September 2008 / Thailand	25 October 2013	THB1,000,000	5.00 ⁽³⁾	90.00 ⁽³⁾	Provision of mobile payment solution services

Notes:

(1) MCOM Messaging (T) has a registered capital of THB5,050,000 comprising 50,500 shares as follows:

- (a) Group A Shares consisting of 24,000 ordinary shares (issued to MCOM as a foreign shareholder);
- (b) Group B Shares consisting of 16,000 ordinary shares (issued to local shareholders); and
- (c) Group C Shares consisting of 10,500 preference shares (issued to local shareholders).

The shareholding structure of MCOM Messaging (T), as at the LPD, is as follows:

Shareholders of MCOM Messaging (T)	Date of investment ^(iv)	Class of Shares	Shareholdings		Voting rights	
			No. of shares	%	No. of votes	%
MCOM	25 July 2018	Group A Shares	24,000	47.525%	24,000	59.22
Professional Systems Limited ⁽ⁱ⁾	1 April 2013	Group B Shares	14,001	27.725%	14,001	34.55
Siriporn Wongchantha ⁽ⁱⁱ⁾	10 November 2010	Group B Shares	1,999	3.958%	1,999	4.93
Kittipat Sae-ung ⁽ⁱⁱⁱ⁾	28 March 2018	Group C Shares	10,500	20.792%	525 ^(v)	1.30
Total			50,500	100.00	40,525	100.00

Notes:

(i) Professional Systems Limited is an investor and not related to the Promoters.

(ii) Siriporn Wongchantha is an investor and not related to the Promoters. She also holds 318,530 Shares, representing 0.18% of the shareholding in MCOM.

3. INFORMATION ON OUR GROUP (CONT'D)

(iii) Kittipat Sae-ung is the grandson of the grandaunt of Ho Kim Hun and also an employee of MCOM Messaging (T). He also holds 79,632 Shares, representing 0.05% of the shareholding in MCOM.

(iv) Based on Share Register Book.

(v) Every 20 preference shares carry 1 vote while every 1 ordinary share carries 1 vote. The preference shares are not convertible into ordinary shares. MCOM Messaging (T) is deemed to be a subsidiary of MCOM as MCOM holds approximately 59.22% of the voting rights in MCOM Messaging (T).

(2) Pursuant to the laws of Thailand, a limited company must have a minimum of 3 shareholders at all times in order to be registered in Thailand. Other than the 34.99% and 65.00% equity interests of Ivalent held by MCOM and MCOM Messaging (T) respectively, the remaining 0.01% equity interest of Ivalent is held by Siwat Manosak (an investor of Thai nationality who is not related to the Promoters). MCOM's effective equity interest in Ivalent is approximately 65.88%.

(3) Pursuant to the laws of Thailand, a limited company must have a minimum of 3 shareholders at all times in order to be registered in Thailand. Other than the 5.00% and 90.00% equity interests of Streamer Tech held by MCOM and Ivalent respectively, the remaining 5.00% equity interest of Streamer Tech is held by Siam Intervest Limited. The shareholders of Siam Intervest Limited are Professional Systems Limited, Sathien Hemsin and Wittaya Kitjajwit, holding equity interests of 99.98%, 0.01% and 0.01% respectively. None of the shareholders of Siam Intervest Limited are related to the Promoters. MCOM's effective equity interest in Streamer Tech is approximately 64.29%.

(4) The remaining 15.00% equity interest of M-Media is held by:

Other shareholders of M-Media ⁽ⁱ⁾	Date of investment ⁽ⁱⁱⁱ⁾	Position in M-Media	Shareholding	
			No. of shares	%
David Ng Wui Ming	17 September 2018	General Manager	100	10.0%
Christopher Foo Wei Siew	28 December 2017	Head of Operations of M-Media	5	0.5%
Kang Chin Seong	28 December 2017	Head of Technical of M-Media	20	2.0%
Pek Pehsomalina ⁽ⁱⁱ⁾	28 December 2017	Technical manager of M-Media	20	2.0%
An Sopheak	28 December 2017	Director	5	0.5%

Notes:

(i) All 5 shareholders are not related to the Promoters.

(ii) Pek Pehsomalina also holds 79,632 Shares, representing 0.05% shareholding in MCOM.

(iii) Based on the date of legal registration of shareholding as filed with authority in Cambodia.

3.3 PRE-IPO REORGANISATION

To facilitate our Proposed Listing, we have completed the following Pre-IPO Reorganisation:

- (i) Acquisitions; and
- (ii) Subscription by Pre-IPO Investor.

3.3.1 Acquisitions

Our Company entered into share sale agreements with MCatch Hong Kong to acquire equity interests in MCatch Labuan, MCOM Messaging (M), MCOM Network, MCOM Messaging (T), Ivalent, Streamer Tech and M-Media, all fully satisfied through the issuance of new MCOM Shares.

3. INFORMATION ON OUR GROUP (CONT'D)**(i) Acquisition of MCatch Labuan**

On 25 July 2018, our Company completed the acquisition of the entire 400,100 ordinary shares in MCatch Labuan for a purchase consideration of USD1,765,915.04 (equivalent to RM7,025,693 at the Exchange Rate), satisfied through the issuance of 140,513,860 new MCOM Shares at RM0.05 each to MCatch Hong Kong. The purchase consideration was arrived at on a “willing-buyer willing-seller” basis, after taking into consideration MCatch Labuan’s audited NA of USD1,765,915.04 (equivalent to RM7,025,693 at the Exchange Rate) as at 31 December 2017.

(ii) Acquisition of MCOM Messaging (M)

On 25 July 2018, our Company completed the acquisition of the entire 100,000 ordinary shares in MCOM Messaging (M) for a purchase consideration of RM100,000, satisfied through the issuance of 2,000,000 new MCOM Shares at RM0.05 each to MCatch Hong Kong. The purchase consideration was based on MCOM Messaging (M)’s audited NA of RM99,630 as at 31 December 2017.

(iii) Acquisition of MCOM Network

On 25 July 2018, our Company completed the acquisition of the entire 100,000 ordinary shares of MCOM Network for a purchase consideration of RM732,569, satisfied through the issuance of 14,651,380 new MCOM Shares at RM0.05 each to MCatch Hong Kong. The purchase consideration was based on MCOM Network’s audited NA of RM732,569 as at 31 December 2017.

(iv) Acquisition of MCOM Messaging (T)

On 25 July 2018, our Company completed the acquisition of 24,000 ordinary shares representing 47.525% equity interest of MCOM Messaging (T) for a purchase consideration of USD75,029 (equivalent to RM298,503 at the Exchange Rate), satisfied through the issuance of 5,970,060 new MCOM Shares at RM0.05 each to MCatch Hong Kong. The purchase consideration was based on 47.525% of MCOM Messaging (T)’s issued share capital of THB5,050,000 (equivalent to RM628,104 at the Exchange Rate) as at 31 December 2017. MCOM Messaging (T) has net liabilities of THB5,796,497 (equivalent to RM720,951 at the Exchange Rate) as at 31 December 2017.

(v) Acquisition of Ivalent

On 25 July 2018, our Company completed the acquisition of 3,499 ordinary shares representing 34.99% equity interest of Ivalent for a purchase consideration of USD10,939 (equivalent to RM43,521 at the Exchange Rate), satisfied through the issuance of 870,420 new MCOM Shares at RM0.05 each to MCatch Hong Kong. The purchase consideration was based on 34.99% of Ivalent’s issued share capital of THB1,000,000 (equivalent to RM124,377 at the Exchange Rate) as at 31 December 2017. Ivalent has net liabilities of THB1,780,082 (equivalent to RM221,401 at the Exchange Rate) as at 31 December 2017.

(vi) Acquisition of Streamer Tech

On 25 July 2018, our Company completed the acquisition of 500 ordinary shares representing 5.00% equity interest of Streamer Tech for a purchase consideration of USD8,119 (equivalent to RM32,301 at the Exchange Rate), satisfied through the issuance of 646,020 new MCOM Shares at RM0.05 each to MCatch Hong Kong. The purchase consideration was based on 5.00% of Streamer Tech’s audited NA of THB5,193,994 (equivalent to RM646,013 at the Exchange Rate) as at 31 December 2017.

3. INFORMATION ON OUR GROUP (CONT'D)

(vii) Acquisition of M-Media

On 25 July 2018, our Company completed the acquisition of 850 ordinary shares representing 85.00% equity interest of M-Media for a purchase consideration of USD4,250 (equivalent to RM16,908 at the Exchange Rate), satisfied through the issuance of 338,160 new MCOM Shares at RM0.05 each to M-Catch Hong Kong. The purchase consideration was based on 85.00% of M-Media's issued share capital of USD5,000 (equivalent to RM19,893 at the Exchange Rate) as at 31 December 2017. M-Media has net liabilities of USD163,089 (equivalent to RM648,850 at the Exchange Rate) as at 31 December 2017.

3.3.2 Subscription by Pre-IPO Investor

The Subscription by Pre-IPO Investor was completed on 16 October 2018 with the issuance of 4,714,000 new MCOM Shares for a cash consideration of RM1,084,220 at the issue price of RM0.23 each to an independent individual (not connected to nor has any direct relationship with our Promoters, Directors and substantial shareholders), namely Dato' Sri Chiang Fong Yee. The Subscription by Pre-IPO Investor was undertaken to facilitate funding for the working capital requirement of the Group.

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4. BUSINESS OVERVIEW

4.1 PRINCIPAL ACTIVITIES

We are primarily a digital marketing solution provider, specialising in mobile advertising platform and mobile payment solutions. As at the LPD, our digital marketing solution business is operated out of Malaysia and Thailand. We have commenced providing internet services in Cambodia since June 2018.

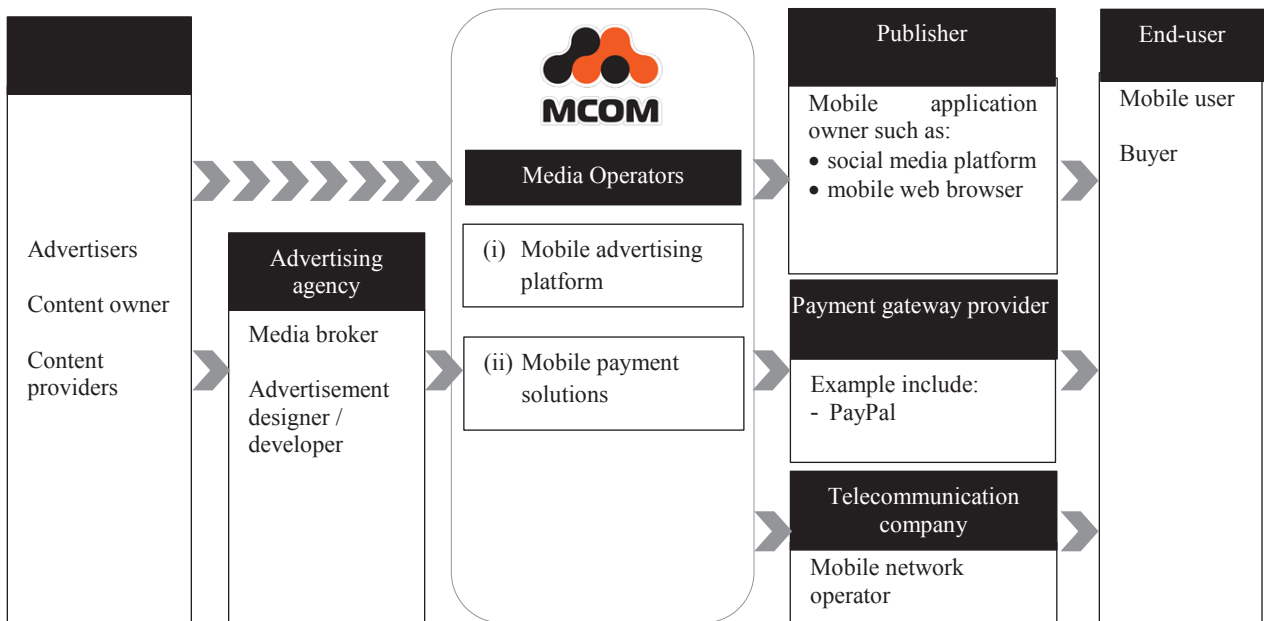
Our principal activities are segmented as follows:

(i) Provision of digital marketing solutions

For mobile advertising, an advertiser can either directly engage with our Group for mobile advertising campaigns, or engage an advertising agency (comprising media brokers and advertisement designers/ developers) to run advertising campaigns across various advertising mediums (including mobile advertising media). In the event the advertiser engages an advertising agency, the advertising agency will then engage various parties to reach or target consumers, including our Group.

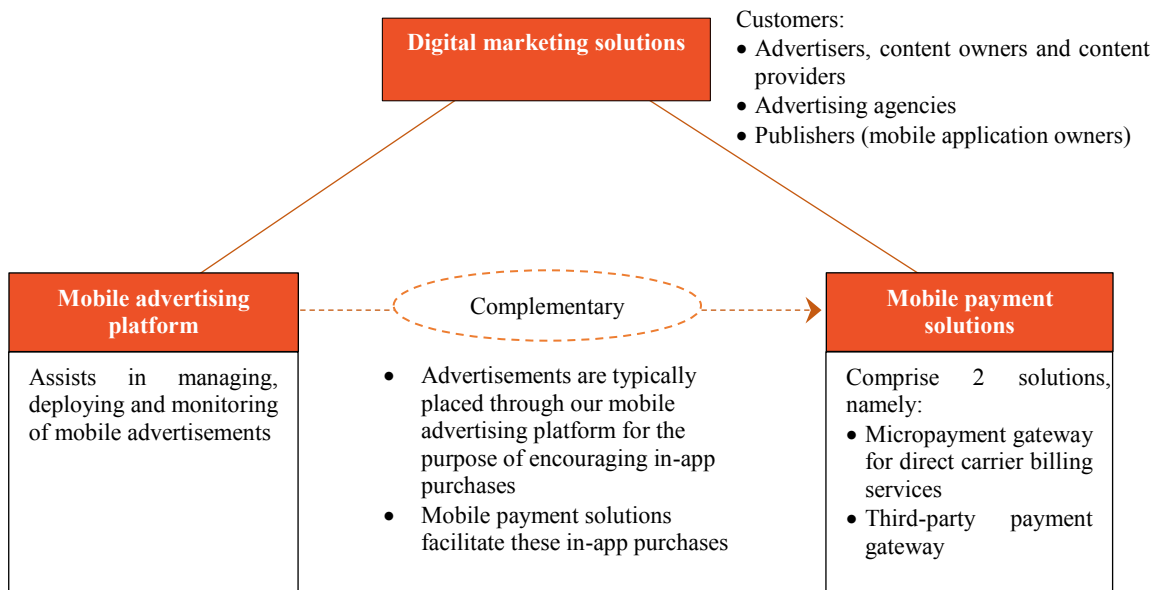
In the case of mobile payments, content providers or content owners can directly engage our Group for our mobile payment solutions.

Our mobile advertising platform link advertisers and/or advertising agencies with publishers, in order to target mobile users. Meanwhile our mobile payment solutions act as a platform to link content owners/ content providers with payment gateway providers or telecommunication companies, to target buyers.



4. BUSINESS OVERVIEW (CONT'D)

Our digital marketing solution business model is as illustrated below:



Our customers comprise advertisers, content owners and content providers, advertising agencies and publishers (i.e. mobile application owners).

Our solutions can be sold as standalone solutions or as complementary solutions. Details of our solutions are as follows:

(a) Mobile payment solutions

We have 2 types of mobile payment solutions, namely:

- **Micropayment gateway for direct carrier billing services**

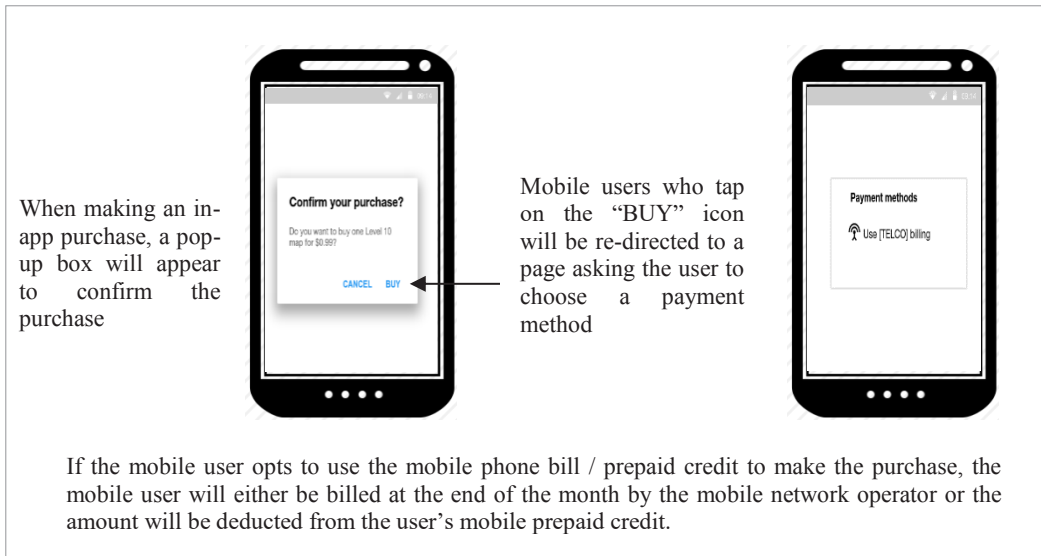
Our micropayment gateway enables direct carrier billing, where mobile users (or end-users) are able to perform transactions using their mobile phone bill or prepaid credit. This is typically used by mobile users for in-app purchases or online products involving a small monetary value.

Depending on the various mobile network operators that we collaborate with (in which the floor and cap on the price field are determined by mobile network operators), the maximum and minimum payment sum under our micropayment solution solutions are as follows:

- In Thailand, our maximum payment sum is THB99 (equivalent to RM12.31 at the Exchange Rate) per transaction. However, there are also mobile network operators which do not limit the maximum payment sum per transaction. Instead, there will be measures in place which restricts the imposition of high value transaction, such as transaction with payment sum above THB100 (equivalent to RM12.44 at the Exchange Rate). There is no minimum payment for our micropayment solutions.
- In Malaysia, the highest maximum payment sum per transaction is RM10.00 whilst the lowest minimum payment sum per transaction is RM0.10 for our micropayment solutions.

4. BUSINESS OVERVIEW (CONT'D)

The diagram below illustrates the manner in which direct carrier billing transactions are performed:



Our micropayment gateway provides the following functions:

- serves to facilitate the process of payment between mobile users, content owners/ content providers and mobile network operators (or telecommunication companies);
- tracks and monitors payment transactions;
- generates corresponding statements to content owners / content providers for payment settlement; and
- generate a report of the transactions to verify mobile network operators’ debit note statements for settlement.

• **Third-party payment gateway**

Third-party payment gateways facilitate mobile payment transactions for purchases involving a higher monetary value than micropayments. Our third-party payment gateway provides the following functions:

- eliminates the need for content owners to source and negotiate terms with multiple payment gateway provider(s) (such as PayPal);
- to facilitate payment transactions between mobile users and payment gateway provider(s) for products/services; and
- tracks and monitors payment transactions as evidence that these payment transactions have been made.

(b) Mobile advertising platform

Mobile advertising platform links advertisers and/or advertising agencies with publishers. It allows advertisers, advertising agencies and publishers to:

- monitor the effectiveness of advertising spaces in mobile applications through the tracking of successful leads and/or purchases; and
- effectively target advertisements to specific audiences based on their demographic background and/or interests.

4. BUSINESS OVERVIEW (CONT'D)

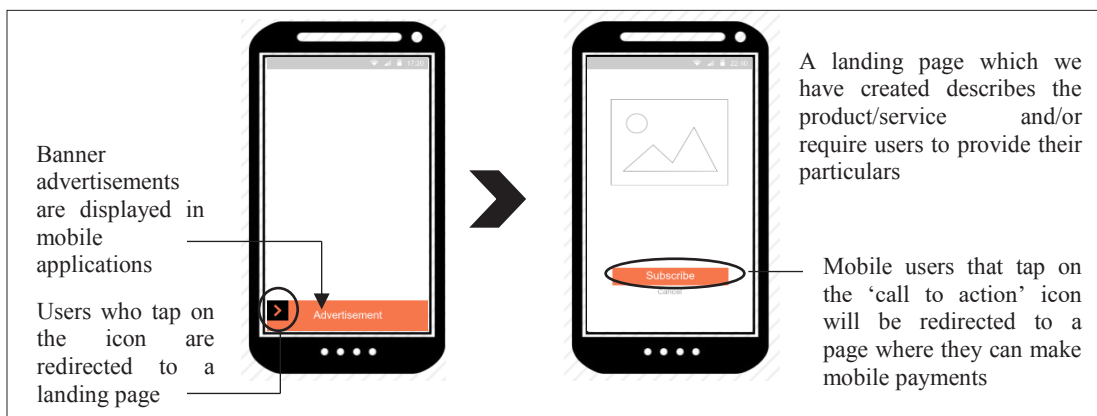
Without our mobile advertising platform, advertisers and/or advertising agencies will instead have to search on their own for publishers that match their advertising needs and target audiences. These advertisers and/or advertising agencies will also have to liaise and replicate their advertising set-ups when dealing with various publishers.

As at the LPD, we work with a large network of over 50 publishers. These mobile applications span across various interests including games, entertainment and lifestyle. From January 2015 up to the LPD, our mobile advertising platform has facilitated over 400.0 million advertisement impressions and clicks as well as leads and purchases.

Through our mobile advertising platform, we are able to provide our customers with the following services:

- consultation to optimise advertisement reach to target audiences in accordance to customers’ budget and requirements;
- implementation and management of mobile advertisements in mobile applications;
- facilitation of customer amendments in terms of target audiences and content;
- optimisation of advertisement target reach through demographic targeting and behavioural targeting (in terms of lifestyle, interests and needs); and
- monitoring and reporting of number of successful leads and/or purchases to assist in tracking the effectiveness of these advertisements.

The diagram below depicts the manner in which advertisements are displayed in mobile applications:



Note: The above diagram is an example for illustrative purposes

(ii) Provision of internet services

M-Media was granted with the ISP licence for a period of 30 years and frequency licence in 2016 from the Telecommunication Regulator of Cambodia. We have commenced offering wired internet services in Cambodia since June 2018. We offer “fiber to the home” (“FTTH”) and “fiber to the premise” (“FTTP”) services. FTTH is for residential use whereas FTTP targets commercial customers who require larger bandwidth and faster internet speed to support their business operations.

4. BUSINESS OVERVIEW (CONT'D)

These services are complementary to our digital marketing solutions due to the following reasons:

- our internet services will provide the infrastructure for us to launch digital marketing campaigns (such as advertisements or promotions) in Cambodia through our mobile advertising platform solutions;
- our internet services will provide the infrastructure for mobile users to utilise our mobile payment solutions;
- we will be able to localise our digital marketing solutions to meet consumer needs in Cambodia through the analysis of internet and mobile usage patterns in the country; and
- the provision of internet services in prime locations in Cambodia will establish our market reputation and branding, thus serving as a foundation to rollout our digital marketing solutions.

4.2 REVENUE MODEL

Revenues from our solutions are derived from the following means:

(i) Mobile advertisement platform

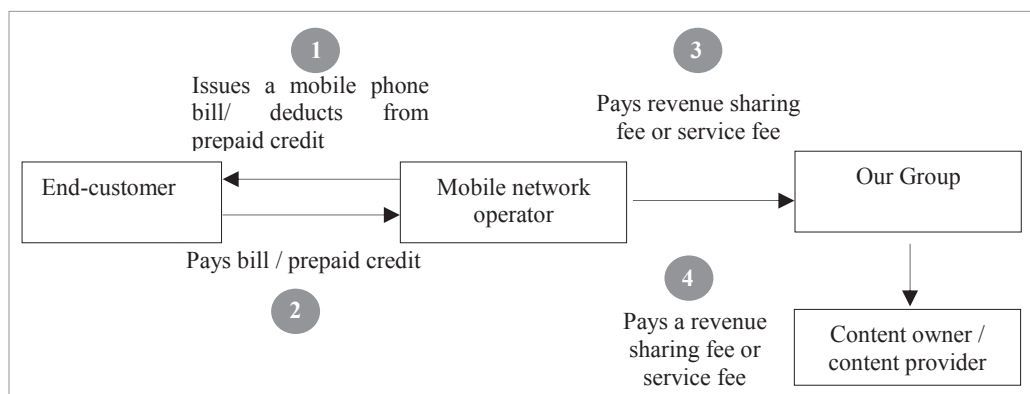
Our mobile advertisement platform customers are typically charged on the following basis:

- CPM, which is based on the number of advertisement impressions or views;
- CPC, which is based on the number of clicks on the advertisement;
- CPA, which is based on the number of times that specified actions/ acquisitions are performed (e.g.: a click on a ‘call to action’); and
- CPS, which is based on the number of purchases of a product/ service.

(ii) Mobile payment solutions

Revenue from our mobile payment solutions are derived on a revenue sharing arrangement model. In Thailand, this arrangement is known as a service fee model.

Micropayments transacted using our micropayment gateway for direct carrier billing services will be collected by the respective mobile network operators. The charges are incurred as part of the mobile user’s mobile phone bill or deducted from the mobile prepaid credit. The mobile network operator will then pay a revenue sharing fee or service fee based on the price of the product or service to our Group. Our Group will then pay a revenue sharing fee or service fee to the content owner or content provider.



4. BUSINESS OVERVIEW (CONT'D)

As disclosed in Section 4.7 of this Information Memorandum, our Group derives gross proceeds for mobile payment solutions services mainly from MIMO Tech Company Limited (“**MIMO Tech**”), Customer A (a subsidiary of a wireless communication service provider in Thailand which is principally involved in the provision of telecommunication service), Customer B (a subsidiary of a telecommunication and communication services provider in Thailand which is principally involved as a reseller of mobile phone services) and Digi Telecommunications Sdn Bhd (“**Digi**”) for the FYE 31 December 2016, 31 December 2017 and 7-month ended 31 July 2018.

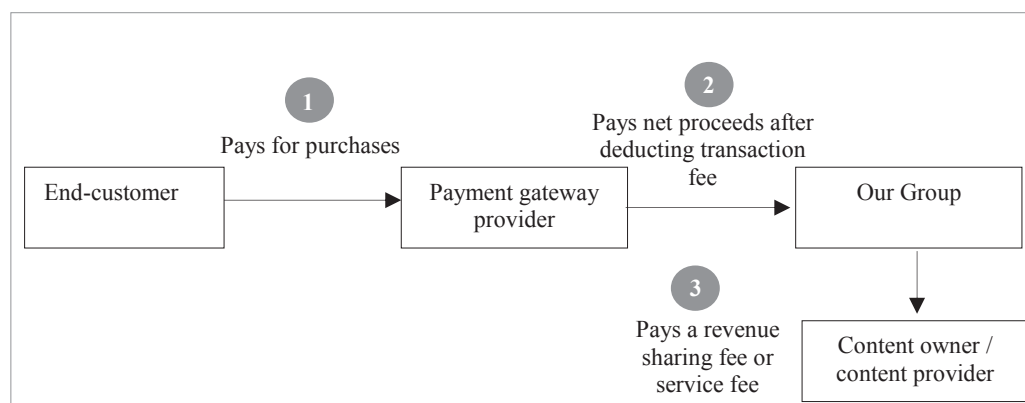
Our Group has a contractual relationship with MIMO Tech (through MCOM Messaging (T) and Streamer Tech since October 2010 and August 2011 respectively) for the provision of value-added services in exchange for monthly fees charged by MIMO Tech and revenue sharing for the services. MIMO Tech’s contractual relationship with MCOM Messaging (T) and Streamer Tech will last until termination by any party.

Our Group has a contractual relationship with Customer A (through MCOM Messaging (T) and Ivalent since May 2016) for the provision of digital contents to customers through the network of Customer A by MCOM Messaging (T)/ Ivalent in exchange for revenue sharing between Customer A and MCOM Messaging (T)/ Ivalent. The initial term of the contracts had expired in the 2nd quarter of 2018, with auto-renewal of the term for one-year period each until termination by either party.

Our Group has a contractual relationship with Customer B (through MCOM Messaging (T) and Ivalent since May 2014 and October 2013 respectively) for the provision of digital contents to customers through the network of Customer B by MCOM Messaging (T)/ Ivalent in exchange for revenue sharing between Customer B and MCOM Messaging (T)/ Ivalent. The initial term of the contracts had expired in the 3rd quarter of 2018, with auto-renewal of the term for one-year period each until termination by either party.

Our Group has a contractual relationship with Digi (through MCOM Messaging (M) and MCOM Network) since January 2013 for the provision of mobile contents and/ or services to customers through the network of Digi by MCOM Messaging (M)/ MCOM Network in exchange for revenue sharing between Digi and MCOM Messaging (M)/ MCOM Network for the fees charged to customers for the contents and services. The existing contracts will expire in the 3rd quarter of 2020, with auto-renewal for two-year period.

As for our third-party payment gateway, the respective payment gateway provider will charge a pre-agreed transaction fee based on the price of the product or service. The remaining amount will be shared between the content owners/ content providers, and our Group.



4. BUSINESS OVERVIEW (CONT'D)

(iv) Internet service subscription fees

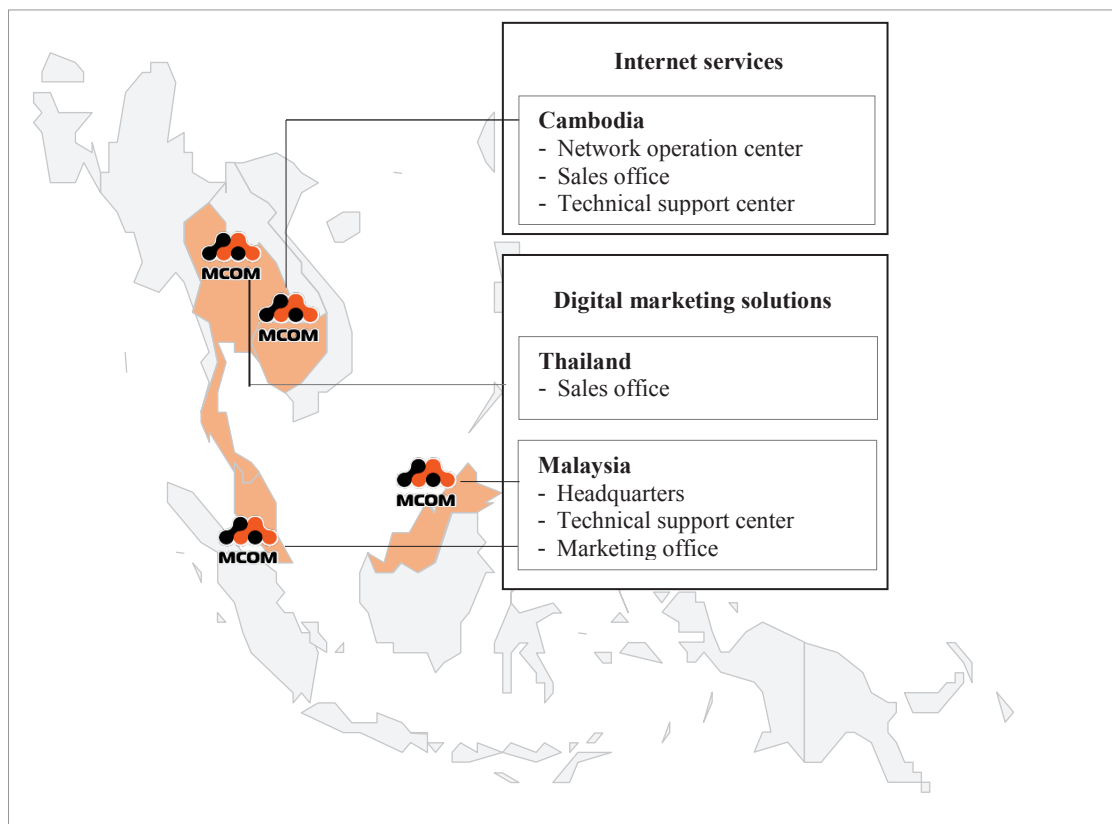
Revenues from our internet services are derived from FTTH and FTTP.

The subscription business model is a model where a customer is required to pay a monthly subscription fee in order to gain access to the subscribed internet package. The subscription fees are determined by:

- the capacity of bandwidth; and
- the speed of internet.

4.3 PRINCIPAL PLACES OF OPERATIONS

We presently operate in the following countries in Southeast Asia:



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4. BUSINESS OVERVIEW (CONT'D)

4.4 COMPETITIVE STRENGTHS

We are of the view that our historical successes and future prospects are dependent on the following competitive strengths:

(i) We have a complementary range of business activities and solutions/services

Our range of digital marketing solutions comprise mobile advertising platform and mobile payment solutions, and both of these solutions are complementary. As such, we are able to offer a comprehensive package to our customers. As an illustration, the advertisements placed in mobile applications or landing pages are capable of leading the mobile users to perform payment transactions using our mobile payment solutions as per the diagram in Section 4.1(i)(b) of this Information Memorandum.

We believe that this provides our customers with the convenience of dealing with a single digital marketing solution provider. As we are able to handle both mobile advertising and mobile payment solutions, our customers do not need to source for multiple solution providers. This allows our customers to save time and financial resources in identifying separate solution providers.

Further, by offering a complementary range of solutions, we are also able to reap the following synergistic benefits:

- cross-selling of solutions to existing customers;
- cross-sharing of technical know-how and experience to enhance and adapt solutions based on latest technological and market trend analysis gathered from carrying out advertising campaigns or facilitating mobile transactions; and
- eases company positioning and solution packaging when marketing to potential customers as we offer a comprehensive range of solutions.

(ii) We have an established network of content owners, mobile network operators and payment gateway providers

In terms of our mobile advertising platform, we have an established network of over 50 publishers. These publishers represent a wide range of advertising spaces across various interests including games, entertainment and lifestyle. With a wide range of advertising spaces, our platform can reach out to individuals of different interests, thus enabling our customers' campaigns to reach out to targeted individuals.

In addition, our established network of mobile network operators and payment gateway providers facilitate our business processes. With more payment gateway providers and mobile network operators, we are able to offer options to our customers, thereby allowing us to add value to our customers.

We maintain good business relationships with the publishers, mobile network operators and payment gateway providers as they are vital in ensuring the long-term profitability of our Group.

(iii) We have extensive experience and know-how in digital marketing solutions

We have achieved a track record period of over 10 years. As such, our technical team has built their expertise and know-how in the digital marketing solution industry and have adapted to evolving technological and market trends over the years. We also focus on delivering quality solutions to our customers, and take measures detailed in Section 4.9 of this Information Memorandum.

Further, we are also able to add value to our customers' businesses through proposing best practices in targeting audiences. This is attained through the cross-sharing of information gathered from both our mobile advertising platform and mobile payment solutions.

4. BUSINESS OVERVIEW (CONT'D)

In addition, we have in-house technical capabilities to undertake enhancements, customisations and updates of our solutions from time to time.

(iv) We have an experienced and committed management team

We have been operating our business since 2005, and we are led by an experienced and committed management team. Our management team has extensive experience in their respective fields and they have been instrumental to our Group's vision and growth strategies.

In addition, our management team is supported by experienced operations and technical teams. Our operations and technical teams enable us to understand the business and industry requirement with their in-depth knowledge of mobile advertising platform and mobile payment solutions, thereby facilitating us in adding value to the advertising needs of our customers.

4.5 TECHNOLOGICAL CAPABILITIES

We maintain a technical team to manage and operate our digital marketing solutions. Development of platforms is not a recurring business activity and thus, we outsource the development of our mobile advertising platform and mobile payment solutions to external third parties as it is more cost efficient.

Nevertheless, we maintain an in-house technical team to undertake enhancements, customisations and updates of our digital marketing solutions. We use the following technology to manage and operate our digital marketing solutions:

- ASP.net, an open-source web application to allow for web development;
- Visual studio.net, a programming language to develop computer programs, websites, web applications and mobile applications;
- ASP Classic, a script engine for website development; and
- SQL server, a database management system.

In addition, we use APIs to synchronise our mobile advertising platform and mobile payment solutions. We also use APIs to synchronise with the APIs of payment gateway provider(s).

4.6 MARKETING AND SALES STRATEGIES

All our sales efforts are carried out by our operations team, and we market our solutions through the following means:

(i) Personal and professional referrals

Over the years, we have established long term business relationships with our customers through the delivery of our quality solutions and services. Our customers, based on their previous dealings with us, routinely refer new businesses to us through 'word of mouth'. We will continue to cultivate brand loyalty and goodwill amongst our existing customers.

(ii) Seminars and events

We participate in seminars and events to share our knowledge and expertise in digital marketing solutions. We have participated in the Global Mobile Internet Conference in China in 2015, the 1st Asia Retail and O2O Conference and Expo in Malaysia in 2017 and Digital Thai Digital Asia in Thailand in 2017.

We believe such seminars allow us to create market awareness on our brand and our range of digital marketing solutions, thereby generating interest to attract prospective customers and business associates.

4. BUSINESS OVERVIEW (CONT'D)**(iii) Cross-selling of digital marketing solutions**

The advertisements placed in mobile applications or landing pages through our mobile advertising platform are capable of leading mobile users to perform payment transactions using our mobile payment solutions. Our ability to offer such complementary digital marketing solution packages is a value-add to our customers and we are thus able to cross-sell solutions to our existing customer base.

(iv) Corporate website

Our corporate website at www.mcommsg.com provides searchable information on our Group and details of our digital marketing solutions. In addition, our corporate website also serves as an avenue to educate website visitors on our brand and services.

4.7 MAJOR REVENUE CONTRIBUTORS/ CUSTOMERS

Our top 5 revenue contributors/ customers are mostly mobile network operators. Due to the nature of our business, our revenues are typically generated from our end-customers (subscribers of our micropayment gateway for direct carrier billing services) via our mobile network operators. We have an interdependent relationship with these mobile network operators as they provide us with a mobile network infrastructure to facilitate micropayment transactions. In turn, our mobile payment solutions generate revenue for these mobile network operators. Further, we also secure sales directly from customers, which are typically content owners procuring our digital marketing solutions.

The top 5 revenue contributors/ customers of our Group for the FYE 31 December 2016 and FYE 31 December 2017 as well as 7-month FPE 31 July 2018 are as follows:

Revenue contributors/ Customers	Services provided by MCOM Group	FYE 31 December 2016	Length of business relationship as at the LPD
MIMO Tech ⁽²⁾⁽⁶⁾	Mobile payment solutions	34.1%	8 years
Programmatic2.0 Pte Ltd ⁽⁷⁾	Mobile advertising platform	20.6%	2 years
“Customer A” ⁽³⁾⁽⁶⁾	Mobile payment solutions	12.8%	2 years
“Customer B” ⁽⁴⁾⁽⁶⁾	Mobile payment solutions	5.5%	2 years
Digi ⁽⁶⁾	Mobile payment solutions	4.6%	8 years
Total contribution (% of gross proceeds⁽¹⁾)		77.6%	

Revenue contributors/ Customers	Services provided by MCOM Group	FYE 31 December 2017	Length of business relationship as at the LPD
MIMO Tech ⁽²⁾⁽⁶⁾	Mobile payment solutions	44.1%	8 years
“Customer B” ⁽⁴⁾⁽⁶⁾	Mobile payment solutions	17.0%	2 years
“Customer A” ⁽³⁾⁽⁶⁾	Mobile payment solutions	15.2%	2 years
Shenzhen Miracle Wireless Technology Co Ltd ⁽⁷⁾	Mobile advertising platform	7.0%	1 year
“Customer C” ⁽⁵⁾⁽⁷⁾	Mobile advertising platform	2.9%	1 year
Total contribution (% of gross proceeds⁽¹⁾)		86.2%	

4. BUSINESS OVERVIEW (CONT'D)

Revenue contributors/ Customers	Services provided by MCOM Group	7-month FPE 31 July 2018	Length of business relationship as at the LPD
MIMO Tech ⁽²⁾⁽⁶⁾	Mobile payment solutions	50.1%	8 years
“Customer A” ⁽³⁾⁽⁶⁾	Mobile payment solutions	14.6%	2 years
“Customer B” ⁽⁴⁾⁽⁶⁾	Mobile payment solutions	14.1%	2 years
“Customer C” ⁽⁵⁾⁽⁷⁾	Mobile advertising platform	8.2%	1 year
Puretech Global Pte Ltd ⁽⁷⁾	Mobile advertising platform	5.4%	1 year
Total contribution (% of gross proceeds⁽¹⁾)		92.4%	

Notes:

- (1) Including the payments to content providers on revenue sharing arrangement or service fee model.
- (2) We have a revenue sharing arrangement with MIMO Tech Company Limited which collects revenues from our end-customers before paying us a revenue sharing fee.
- (3) A subsidiary of a wireless communication service provider in Thailand which is principally involved in the provision of telecommunication services. We have a revenue sharing arrangement where it collects revenues from our end-customers before paying us a revenue sharing fee.
- (4) A subsidiary of a telecommunication and communication services provider in Thailand which is principally involved as a reseller of mobile phone services. We have a revenue sharing arrangement where it collects revenues from our end-customers before paying us a revenue sharing fee.
- (5) A Seychelles-registered company which is principally involved in mobile marketing solutions and media agency. It advertises on our mobile advertising platform and pays us fees in accordance with Section 4.2(i) of this Information Memorandum.
- (6) We have contractual relationships with MIMO Tech Company Limited, Customer A, Customer B and Digi for our provision of mobile payment solutions, through service agreements. Please refer to Section 4.2 of this Information Memorandum for a summary of the contractual relationships.
- (7) We have contractual relationships Programmatic2.0 Pte Ltd, Customer C, Shenzhen Miracle Wireless Technology Co Ltd and Puretech Global Pte Ltd for our provision of mobile advertising platform through service agreements/ insertion order agreements.

We are not materially dependent on any of the above customers as we have a selection of customers that we work with.

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4. BUSINESS OVERVIEW (CONT'D)**4.8 MAJOR SERVICE PROVIDERS/ SUPPLIERS**

Our purchases from our service providers/ suppliers mainly consist of purchases of content and digital leads.

The top 5 service providers/ suppliers for our Group's purchases for the FYE 31 December 2016 and FYE 31 December 2017 as well as 7-month FPE 31 July 2018 are as follows:

Service providers/ Suppliers	Services provided to MCOM Group	FYE 31 December 2016	Length of business relationship as at the LPD
Phone Me Technology Ltd	Provision of content and digital leads	38.1%	2 years
MCam International Limited (formerly known as MCOM International Limited) ("MMIL") ⁽³⁾	Provision of content	16.8%	5 years
MCatch Hong Kong (via Airpush Inc ("Airpush")) ⁽⁵⁾	Provision of digital leads	16.5%	2 years
Hong Kong Maiyou Information Technology Co. Ltd (formerly known as Hong Kong Panshi Information Technology Co Ltd)	Provision of content	11.3%	3 years
Programmatic 2.0 Pte Ltd ⁽²⁾	Provision of digital leads	3.0%	2 years
Total contribution (% of total costs⁽¹⁾)		85.7%	

Service providers/ Suppliers	Services provided to MCOM Group	FYE 31 December 2017	Length of business relationship as at the LPD
MMIL ⁽³⁾	Provision of content	14.5%	5 years
Phone Me Technology Ltd	Provision of content and digital leads	13.2%	2 years
HCMOB Limited	Provision of content and digital leads	10.3%	1 year
Mwin International Limited	Provision of content	9.1%	1 year
Shenzhen Miracle Wireless Technology Co Ltd ⁽²⁾	Provision of content	9.0%	1 year
Hong Kong Maiyou Information Technology Co. Ltd (formerly known as Hong Kong Panshi Information Technology Co Ltd)	Provision of content	8.8%	3 years
Total contribution (% of total costs⁽¹⁾)		64.9%	

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4. BUSINESS OVERVIEW (CONT'D)

Service providers/ Suppliers	Services provided to MCOM Group	7-month FPE 31 July 2018	Length of business relationship as at the LPD
“Supplier A” ⁽⁴⁾	Mobile advertising platform	17.0%	1 year
HCMOB Limited	Provision of content and digital leads	15.5%	1 year
Mwin International Limited	Provision of content	11.3%	1 year
Far Vision Tech Limited	Provision of content	11.1%	1 year
Puretech Global Limited	Provision of content	10.9%	1 year
Total contribution (% of total costs⁽¹⁾)		65.8%	

Notes:

- (1) Consist of payments to content providers, advertisement costs and other cost of sales (i.e. rental of service IDs and keywords, co-location service charges, etc.).
- (2) Provides digital leads to enable the deployment of our mobile advertising platform solutions.
- (3) MMIL provides content to enable the deployment of our mobile advertising platform solutions.
- (4) A Seychelles-registered company which is principally involved in mobile marketing solutions and media agency. It supplies content to us.
- (5) Airpush provides digital leads via MCatch Hong Kong pursuant to the Airpush Regional Master Dealer Agreement (“**Initial Airpush Agreement**”) dated 1 January 2016. Further details of the Initial Airpush Agreement are disclosed in Section 6.6.2 of this Information Memorandum.

We procure services from the above suppliers in order to enjoy competitive pricing. We are not materially dependent on any one of our service providers/ major suppliers as we are able to source similar services from other service providers/ suppliers.

4.9 QUALITY ASSURANCE AND CONTROL PROCEDURES

Since commencement of our operations, our Group has emphasised on providing quality service to our customers. We established and implemented the following quality control measures for our solutions to assist in facilitating digital marketing campaigns:

Mobile advertising platform

- (i) Prior to securing sales order, we will first present the proposed mobile advertising plan to our customer to ensure that it meets the objective and specifications of the customer’s digital marketing campaign. If the mobile advertising plan does not meet the customer’s objective and specifications, we will revise the advertising plan in accordance to customer’s feedbacks until the customer is satisfied with the mobile advertising plan.
- (ii) We conduct test runs of advertisements displayed on our mobile advertising platform to check the landing page, appearance and other specifications to ensure that the advertisement is in working condition and it meets the customer’s specifications.

Mobile payment solutions

- (i) In order to ensure that we are able to meet our customer requirements, we work with the respective mobile network operators to determine the appropriate pricing and frequency required before advising our customers.
- (ii) For new customers, a dry test run is conducted to synchronise servers on both the customer database and our platform to ensure smooth operation.

4. BUSINESS OVERVIEW (CONT'D)**4.10 EMPLOYEES**

Our Group's total work force is as summarised below:

Category of employees	No. of employees	
	As at 31 December 2017	As at the LPD
(a) Directors and key management personnel	3	4
(b) Business development, sales and marketing	1	-
(c) Finance, accounts, human resources and administration	6	7
(d) Technical	4	8
(e) Operations	10	13
Total	24	32

Location of employees	No. of employees	
	As at 31 December 2017	As at the LPD
(a) Malaysia	14	20
(b) Thailand	7	8
(c) Cambodia	3	4
Total	24	32

As at the LPD, we have 3 contractual employees, one each in Malaysia, Thailand and Cambodia.

None of our employees belong to any trade union. As at the LPD, there has not been any labour and/or industrial dispute involving our Group.

4.11 SEASONALITY

Except for our mobile advertising platform business, the business operations of our Group are not materially affected by any seasonal or cyclical factors. The mobile advertising platform business is dependent on the seasonal trend of the digital and mobile advertising spending.

4.12 INTERRUPTIONS TO BUSINESS



Our Group has not experienced any interruption to our business which had a significant effect on our operations during the past 12 months preceding the LPD.

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4. BUSINESS OVERVIEW (CONT'D)

4.13 INTELLECTUAL PROPERTY

We consider our brands to be a key element of our business operations. We therefore depend on successful branding and marketing of our solutions and services to customers. In order to protect our intellectual property rights, we have registered the following trademarks with MyIPO as at the LPD:

Trademark / Reference no.	Registered owner	Issuing authority	Country	Subject matter / purpose	Registration date	Expiry date
 Trademark No.: 201500045	MCOM Messaging (M)	MyIPO	Malaysia	A Trademark of "MCOM" under Class 42 For scientific and technological services and research and design relating thereto; Industrial analysis and research services; design and development of computer hardware and software.	5 January 2015	5 January 2025
 Trademark No.: 2017072873	MCatch Labuan	MyIPO	Malaysia	A Trademark of "MCatch" under Class 9 For mobile apps; mobile software; software and applications for mobile devices; mobile telecommunications apparatus; digital telecommunications apparatus; mobile data receivers; mobile data apparatus mobile application software; downloadable mobile applications; downloadable applications for mobile devices; mobile data telecommunications apparatus for use with mobile networks; business technology software; IT and audio-visual, multimedia and photographic devices; telecommunications networks; communications networks; network communication apparatus; computer networking and data communications equipment; computer software for advertising.	17 November 2017	17 November 2027

4. BUSINESS OVERVIEW (CONT'D)

Trademark / Reference no.	Registered owner	Issuing authority	Country	Subject matter / purpose	Registration date	Expiry date
 Trademark No.: 2017072877	MCatch Labuan	MyIPO	Malaysia	A Trademark of "MCatch" under Class 35 For advertising; advertising services; advertising and marketing; advertising publicity; digital advertising services; advertising, marketing and promotional services; online advertising services; advertising via the internet; advertising services provided over the internet; pay per click advertising; advertisement via mobile phone networks; dissemination of advertising matter online; dissemination of advertising for others via an on-line communications network on the internet; business management; business information; public relations; business research; sales promotion; updating of advertising material; on-line advertising on computer communications networks; compilation of directories for publishing on the internet; billing; billing services.	17 November 2017	17 November 2027

Save as disclosed above, we do not use or own any other registered patents, trademarks or intellectual property which are material to our business. Our business and profitability are also not materially dependent on any other patent or licence or any other intellectual property rights.

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4. BUSINESS OVERVIEW (CONT'D)**4.14 MAJOR LICENCES AND PERMITS**

As at the LPD, our major licences and permits which are necessary for our business operations include the following:

Licence no./ Reference no.	Licencee	Issuing authority	Purpose	Issue / Renewal date	Expiry date
Certificate of registration for PDPA <u>Registration No.:</u> SB09082017-00012	MCOM Network	Personal Data Protection Commissioner, Malaysia	To register MCOM Network as a data user under category 1001- Communication	11 August 2017	10 August 2019
Applications service provider class licence -ASP(C) <u>Registration No.:</u> 310/2018	MCOM Network	MCMC	To register and license MCOM Network as applications service provider class licence – ASP(C) holder	28 October 2018	27 October 2019
Business licence <u>Reference No.:</u> MPSJ/LES/600/03/03073-18	MCOM Network	Subang Jaya Municipal Council, Malaysia	To license MCOM Network's premises located at the No. 7-1 Jalan Putra Mahkota 7/8B, Putra Heights, 47650 Subang Jaya, Selangor as management office and the advertisement board	30 November 2018	1 December 2019
Certificate of registration for PDPA <u>Registration No.:</u> SB13042016-00001/1	MCOM Messaging (M)	Personal Data Protection Commissioner, Malaysia	To register MCOM Messaging (M) as a data user under category 1001 - Communication	23 May 2018	22 May 2020
Applications service provider class licence -ASP(C) <u>Registration No.:</u> 347/2017	MCOM Messaging (M)	MCMC	To register and license MCOM Messaging (M) as applications service provider class licence- ASP(C) holder	24 November 2018	23 November 2019

4. BUSINESS OVERVIEW (CONT'D)

Licence no./ Reference no.	Licensee	Issuing authority	Purpose	Issue / Renewal date	Expiry date
Business licence <u>Reference No.:</u> MPSJ/LES/600/03/01362-18	MCOM Messaging (M)	Subang Jaya Municipal Council, Malaysia	To license MCOM Messaging (M)'s premises located at No. 7-1 & 7-2 Jalan Putra Mahkota 7/8B, Putra Heights, 47650 Subang Jaya, Selangor as management office and the advertisement board	30 August 2018	9 September 2019
Patent Tax Certificate 2019 <u>Reference No.:</u> PTM201901544	M-Media	General Department of Taxation, Ministry of Economy and Finance of Cambodia	To register M-Media for the operation of information technology services (phone software)	8 January 2019	31 December 2019
Patent Tax Certificate 2019 <u>Reference No.:</u> PTM201901542	M-Media	General Department of Taxation, Ministry of Economy and Finance of Cambodia	To register M-Media for the operation of information technology services (internet connection)	8 January 2019	31 December 2019
Licence for Provision of Internet Services within the Kingdom of Cambodia (" ISP Licence ") <u>Licence No.:</u> 051	M-Media	Telecommunication Regulator of Cambodia (" TRC ")	To license and grant M-Media the following: (a) to establish and provide internet services throughout the Kingdom of Cambodia; (b) the right to use frequency spectrum; (c) authorised to established wired and wireless broadband local, access network, leased line, dial up connection, pre-paid internet card and digital subscriber line (DSL) services	28 January 2016	27 January 2046

4. BUSINESS OVERVIEW (CONT'D)

Licence no./ Reference no.	Licensee	Issuing authority	Purpose	Issue / Renewal date	Expiry date
Frequency Licence for Broadband Wireless Access Licence No. 5853 ⁽¹⁾	M-Media	TRC	Renewal of licence first issued to M-Media on 24 March 2016 for broadband wireless access operation	23 January 2018	31 December 2018

Note:

(1) Application for renewal in respect of the registration for frequency licence was submitted on 14 November 2018 by M-Media and pending as at the LPD.

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4. BUSINESS OVERVIEW (CONT'D)**4.15 PROPERTIES**

As at the LPD, we do not own any property and are renting the following properties for our business operations:

Landlord	Tenant	Details of demised premises	Existing use	Built-up area (sq. m.)	Monthly rental	Tenure
Qnie Dynamic Resources	MCatch Labuan	Room 02/MB, U0067 Tingkat 1, Jalan OKK Awang Besar, Peti Surat 82257, 87007 Wilayah Persekutuan Labuan, Malaysia	Office	2.80	RM350 per month	<u>Term</u> 1 year from 1 July 2018 to 30 June 2019 <u>Option to renew</u> 1 year from 1 July 2019 to 30 June 2020
BHC	MCOM Messaging (M)	No. 7-1 & 7-2, Jalan Putra Mahkota 7/8B, Putra Heights, 47650 Subang Jaya, Selangor, Malaysia ⁽¹⁾	Office	356.74	RM4,400 per month	<u>Term</u> 1 year from 1 March 2018 to 28 February 2019 <u>Option to renew</u> 1 year from 1 March 2019 to 28 February 2020
Bangkok Sukhumvit Center Co., Ltd.	MCOM Messaging (T)	No. 4, 4/5, Zen World Building, Level 12, Room No. 1209, Rajdamri Road, Pathumwan, Bangkok 10330, Thailand	Office	30.50	THB75,530 per month (equivalent to RM9,394 at the Exchange Rate)	<u>Term</u> 1 year from 1 October 2018 to 30 September 2019 <u>Option to renew</u> 1 year from 1 October 2019 to 30 September 2020
Elite Office Co., Ltd.	Ivalent	496-502, Amarin Plaza, 10 th Floor, Unit No. 27 Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330, Thailand	Office	14.00	THB15,000 per month (equivalent to RMI,866 at the Exchange Rate)	<u>Term</u> 6 months from 15 December 2018 to 14 June 2019 <u>Option to renew</u> None stated

4. BUSINESS OVERVIEW (CONT'D)

Landlord	Tenant	Details of demised premises	Existing use	Built-up area (sq. m.)	Monthly rental	Tenure
Elite Office Co., Ltd.	Streamer Tech	496-502, Amarin Plaza, 10 th Floor, Unit No. 27 Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330, Thailand	Office	14.00	THB30,000 per month (equivalent to RM3,731 at the Exchange Rate)	<u>Term</u> 1 year from 1 June 2018 to 31 May 2019 <u>Option to renew</u> None stated
Sok Sokhan	M-Media	#S16, Street Virak Chon, Koh Pich Village, Sangkat Tonle Bassac, Chamkarmon District, Phnom Penh, Cambodia	Residence and office	381.97	USD2,777.78 per month (equivalent to RM11,051.40 at the Exchange Rate)	<u>Term</u> 2 years from 1 September 2017 to 31 August 2019 <u>Option to renew</u> None stated
BHC	MCOM Messaging (M)	No. 7, Jalan Putra Mahkota 7/8B, Putra Heights, 47650 Subang Jaya, Selangor	Office	156.68	RM4,000 per month	<u>Term</u> 1 year from 1 November 2018 to 31 October 2019 <u>Option to renew</u> 1 year from 1 November 2019 to 31 October 2020
Ho Kim Hun	MCOM Messaging (M)	No.2, Jalan Putra Permai 10/1L, Putra Heights, 47600 Subang Jaya, Selangor	Staff accommodation	313.55	RM1,000 per month	<u>Term</u> 1 year from 6 April 2018 to 5 April 2019 <u>Option to renew</u> 3 years from 6 April 2019 to 5 April 2022
Ho Kim Hun	MCOM Messaging (M)	B-08-03, Persiaran Subang Permai, USJ One, 47600 Subang Jaya, Selangor	Residence	60.39	RM2,200 per month	<u>Term</u> 1 year from 1 July 2018 to 30 June 2019 <u>Option to renew</u> 1 year from 1 July 2019 to 30 June 2020

4. BUSINESS OVERVIEW (CONT'D)

Note:

- (1) *MCOM Network is the sub-tenant for the unit No. 7-1, Jalan Putra Mahkota 7/8B, Putra Heights, 47650 Subang Jaya, Selangor, Malaysia for a period of two years commencing from 1 August 2017. The monthly rental is waived based on the waiver of rental letter dated 1 August 2017 between MCOM Messaging (M) and MCOM Network.*

Save as disclosed above, we also rent rack spaces in Malaysia and in Cambodia for the storage of our server equipment and to manage the co-location of the server equipment. The rental rates of the said rack spaces are RM3,822 per month in Malaysia and USD3,400 (equivalent to RM13,527 at the Exchange Rate) per month in Cambodia. As at the LPD, our Board confirms that our Group has complied with all the relevant laws, rules and regulations imposed by relevant authorities in respect of the properties occupied by our Group.

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4. BUSINESS OVERVIEW (CONT'D)

4.16 BUSINESS STRATEGIES AND FUTURE PLANS

We have identified the following strategies to strengthen our position as a digital marketing solution provider:

(i) We intend to increase the automation level in our mobile advertising platform's user interface

Through our experience in mobile advertising and mobile payment solutions as well as close interactions and feedbacks with/ from our customers, we recognise the importance of having an automated mobile advertising platform.

Currently our mobile advertising platform only allows customers to view settlement reports. In order to upload or modify new digital marketing campaigns, these customers need to send emails to our marketing personnel.

Our Group intends to enhance the features of our mobile advertising platform towards a fully automated platform. This will be rolled out in 2 phases:

- **Phase 1** – develop a new mobile advertising platform that allows advertisers to interact with our account managers in terms of uploading content, changing budget specifications and choosing mobile advertising fee model (i.e. CPM, CPC, CPA or CPS), which was launched during 3rd quarter of 2018.
- **Phase 2** – develop a fully automated interface that allow advertisers to link with publishers. This is expected to be launched by 3rd quarter of 2019.

Such automation would enable our Group to optimise our resources for our other business activities.

The remaining platform development and enhancement activities required in Phase 2 is estimated to cost approximately RM0.68 million. This will be funded via the proceeds from our Proposed Placement, as detailed in Section 2.5 of this Information Memorandum.

(ii) We intend to enhance our mobile payment solution infrastructure

We intend to enhance the infrastructure of our mobile payment solution to be more dynamic in order to adapt to different mobile network operators. This will be carried out through a dedicated processing engine to accommodate the processing requirements of mobile network operators, thus enabling us to increase our process efficiency and effectiveness.

At present, we have purchased an internet protocol switcher of increased capacity. We will be working with a cloud service provider to host this infrastructure as this would allow for scalability of our mobile payment solution operations (as and when required).

We intend to complete the enhancement of this infrastructure by the end of the 1st quarter of 2019. This enhancement will be partially funded by the proceeds of our Proposed Placement, as disclosed in Section 2.5 of this Information Memorandum.

(iii) We intend to offer a B2B2C platform

We have developed a B2B2C platform which is integrated with our mobile payment solutions to facilitate online transactions. The B2B2C platform will allow both businesses and individuals to post videos and pictures on products they intend to market/ sell, and users to perform online transactions whilst keeping abreast with latest news and trends.

This B2B2C platform will enable us to better understand internet or mobile usage patterns. This would enhance our mobile advertising platform, thereby enabling us to effectively target our advertisements to the intended audiences. The B2B2C platform has been implemented since the 3rd quarter of 2018.

4. BUSINESS OVERVIEW (CONT'D)

(iv) We intend to penetrate the Cambodia market by leveraging on our ISP licence and frequency licence

We have commenced offering internet services in Cambodia which will complement our existing digital marketing solutions.

We obtained our ISP licence and frequency licence from the Telecommunication Regulator of Cambodia in 2016, and have since been leveraging on the main fiber optic network infrastructure of a local service provider in the country to rollout wired and wireless internet services to major tourist attractions (Siem Reap and Sihanoukville) and the main town within Phnom Penh city.

At present, the data centre and network operating centre have been set up in Phnom Penh, Cambodia. The network operating centre will enable monitoring and management of internet services and infrastructure as well as customer support and technical services. We have also set up our wired infrastructure and identified the areas to roll-out our wireless internet services. We have commenced the provision of wired internet services in June 2018 and we aim to commence the provision of wireless internet services by the end of the 1st quarter of 2019.

We estimate the cost of setting up essential facilities to offer wired and wireless services in Cambodia to be approximately RM2.90 million, and this will be funded via proceeds from the Proposed Placement. Please refer to Section 2.5 of this Information Memorandum for further details.

We believe that our penetration into Cambodia using this method presents our business with positive prospects in light of the fast-growing digital community in Cambodia.

4.17 PROSPECTS

Our Board is of the view that we will continue to enjoy favourable prospects in the long term, having been actively involved in the provision of digital marketing solutions for more than 10 years.

The mobile advertising markets in Malaysia and Thailand, as depicted by mobile advertising expenditure, have been growing at a CAGR of 72.5% and 66.6% between 2015 and 2017. Moving forward, the mobile advertising markets in Malaysia and Thailand are forecast to grow at a CAGR of 47.7% and 46.4% between 2018 and 2020.

Meanwhile, the mobile payment solutions markets in Malaysia and Thailand have also been growing over the years, recording a CAGR of 45.8% and 172.2% between 2015 and 2017. Moving forward, the mobile payment solutions markets in Malaysia and Thailand are forecast to grow at a CAGR of 45.1% and 48.9% between 2018 and 2020.

The growth of the mobile advertising and mobile payment solutions markets in Malaysia and Thailand are expected to be supported by:

- (i) increased adoption of mobile applications and mobile devices;
- (ii) increased usage of mobile internet;
- (iii) growing mobile commerce market; and
- (iv) government initiatives to encourage mobile payment usage and boost the electronic commerce industry.

(Source: IMR Report)

4. BUSINESS OVERVIEW (CONT'D)

By leveraging on our strengths as highlighted in this Information Memorandum, our Group believes that we will be able to capture future growth opportunities presented by the growing industry we operate in. We believe we are well-positioned to undertake our strategies identified in Section 4.16 of this Information Memorandum.

Our Group's plan to penetrate the Cambodia market by leveraging on our ISP licence and frequency licence is expected to be supported by the growing internet industry in the country. According to the IMR report, the internet penetration rate in Cambodia is 34.0% in 2017 and the Government of Cambodia aims to reach 70.0% penetration rate by 2020. We believe that this plan will not only increase our revenue stream, but also contribute to the growth of the internet infrastructure in Cambodia.

Further, we also intend to enhance our existing solution offering by increasing the automation level of our mobile advertising platform's user interface, enhancing our mobile payment solution infrastructure, as well as offering a B2B2C platform. This will place us in a position to be able to ensure our long-term growth and sustainability in the industry.

(Source: Our management)

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5. RISK FACTORS

NOTWITHSTANDING OUR PROSPECTS AS OUTLINED IN THIS INFORMATION MEMORANDUM, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS INFORMATION MEMORANDUM.

5.1 RISKS RELATING TO OUR BUSINESS AND INDUSTRY

(i) We rely on our Executive Directors and key management personnel

The digital marketing industry is a dynamic and fast-changing industry, and the management and operation of such businesses requires the employment and retention of skilled personnel. We recognise that our Group's continuing success depends, to a significant extent, on the capabilities and continuing efforts of our Executive Directors and key management personnel as well as our ability to retain and attract them.

We recognise the importance of attracting and retaining our Executive Directors and key management personnel as well as rewarding our performing personnel accordingly to retain their services with our Group. We train and groom the members of our team to gradually take on more responsibilities.

We also believe that by enhancing our corporate profile as a listed issuer, we will be able to attract more qualified personnel to play an active role in the growth and success of our Group. However, no assurance can be given that these measures would result in the successful recruitment, retention and/or motivation of our personnel.

(ii) The deployment of our digital marketing solutions relies on the viability of internet infrastructure

We are a digital marketing solution provider, specialising in mobile advertising platforms and mobile payment solutions. Thus, our business operations rely on the internet in the respective countries we operate in to execute digital marketing solutions as planned, such as mobile advertisement campaigns. Unreliable internet performance could also discourage advertisers from choosing digital marketing platforms as avenues to advertise their contents, and this could have an adverse impact on our business operations.

The internet industries in Malaysia and Thailand are growing, with sufficient internet service providers available in both countries. With the advancement of telecommunications technology and the proliferation of the internet in Malaysia and Thailand, the long-term viability of internet-related businesses (including digital marketing solution businesses) in Malaysia and Thailand is ensured. However, there can be no assurance that the performance and reliability of the internet in other countries in which we operate in the future, will not be affected.

(iii) Any termination of contract with mobile network operators may affect our business

We have an interdependent relationship with mobile network operators where we rely on them to provide us with the network to deploy our micropayment gateway solutions for direct carrier billing services. As our Group's revenue from micropayment gateway solutions for direct carrier billing services contributed significantly to our total Group revenue (i.e. 43.25% and 68.50% in FYE 31 December 2016 and FYE 31 December 2017, respectively), a termination of contract with any mobile network operator could disrupt our business operations and negatively impact our Group's financial performance. Please refer to Section 4.2 for a summary of our contractual relationships with mobile network operators.

Nevertheless, given that we have long-standing relationships with these mobile network operators, we do not anticipate any changes to these relationships.

5. RISK FACTORS (CONT'D)

(iv) Our mobile advertising platform and mobile payment solutions may face disruption

Our mobile advertising platform assists in managing, deploying and monitoring of mobile advertisements. Meanwhile, our mobile payment solutions facilitate micropayment and online transactions. Any system failure which interrupts our ability to provide our services, such as failures affecting our ability to deploy our solutions may adversely affect our business operations. This will thus have a negative impact on our Group's financial performance.

Our technical team has put in place measures to ensure business continuity in the event of disruption of our mobile advertising platform and mobile payment solutions. This includes ensuring data and applications are properly and securely backed-up in servers located at owned or leased data centres on a scheduled daily basis. Our technical team conducts test restoration exercise on a quarterly basis on back-up copy to ensure the functionality of key data backed-up.

(v) Rapid changes in technology and customer preferences may affect our business

We operate in a dynamic industry where our solutions are prone to evolving industry standards and frequent new product introductions and enhancements. Our future growth and success would significantly depend on the continuing market acceptance of our solutions as well as our ability to develop new solutions and/or enhance our existing solutions to meet our customers' needs.

In the event our solutions become outdated or obsolete, these solutions will be upgraded or new solutions with enhanced functionalities will be developed to cater to market demand. The development of new or enhanced solutions is a complex and uncertain process. Further, we may also experience design and other operational difficulties that could delay or prevent the development of new solutions.

We seek to limit these risks by constantly keeping abreast of the latest trends, requirements and technology through close interactions with our customers. Such market insights would be taken into consideration when we develop or upgrade our solutions. This is evidenced by the continuous enhancement of our solutions. Our Group plans to enhance our mobile advertisement platform's user interface to optimise our resources. Further, our Group also intends to enhance its mobile payment solution infrastructure to increase process efficiency and effectiveness.

(vi) We are exposed to credit risks and default payments

Due to the nature of our business, we operate under a revenue sharing arrangement model or service fee model with mobile network operators and payment gateway providers where they receive payment from customers and pay us a revenue share or service fee thereafter.

As such, we are exposed to the risk of non-payment as we generally provide a credit term of not more than 60 days to mobile network operators and payment gateway providers. If there is a default in payment from our customer(s) or delay in the collection or payment, our operating cash flows, financial conditions and results of operations may be adversely affected.

There can be no guarantee that these customers will be able to fulfil their payment obligations and we will not encounter any collection problems in the future. Nevertheless in order to mitigate this risk, close monitoring and efficient collection of accounts are being carried out.

5. RISK FACTORS (CONT'D)

(vii) We may not be able to comply with our customers' specifications

It is important for us to ensure that the mobile advertising platform solutions offered by us conform to and perform according to our customers' specifications. In the event our mobile advertising platform solutions and services do not conform to the pre-agreed specifications, we will have to remedy or rectify the issues at our own cost, and this may adversely impact our profitability and reputation in the market place.

We adopt a quality assurance and control processes (detailed in Section 4.9 of this Information Memorandum) to ensure that our work is constantly reviewed, updated and improved upon. As at the LPD, we have not encountered any major issues. Further, we have good business relationships with our customers based on our track record in meeting our customers' requirements and needs.

We believe that by working closely with our customers, and coupled with our experience and expertise in the digital marketing solution business, we would be able to ensure that all work specifications are met and any issues can be reduced to a minimal level.

(viii) We face competition in the digital marketing industry

The digital marketing industry consists of both local and foreign mobile advertising platform and mobile payment solution providers.

No assurance can be given that our Group will be able to maintain our competitiveness against current and future competitions. Nevertheless, we believe that with our focus on, amongst others, our expertise and technical know-how, track record, ability to provide a complementary package of digital marketing solutions as well as established network of media owners, telecommunication companies and mobile payment gateway providers will enable our Group to remain competitive in the digital marketing industry.

(ix) We face privacy concerns while collecting user data

Our business operations require us to use and collect user data for, amongst others, tracking of successful leads and/or purchases. With the enactment of Personal Data Protection Act 2010, the use of data collection may pose the risk of improper disclosure, leakage or misappropriation of sensitive or personal information.

Our mobile advertising platform and mobile payment solutions enable the use of non-personally-identifying information to deliver targeted advertising and to achieve desired parameters set for a digital marketing campaign. As such, we implemented a privacy policy in accordance with Personal Data Protection Act 2010 to safeguard the data collected. In addition, access to the mobile advertising platform is restricted to authorised personnel.

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

We may not be able to be maintain or increase our profitability as we may be subject to the following risks:

(i) We may not be able to generate or maintain our revenue

Our revenues are derived from mobile advertisement fees (i.e. CPM, CPC, CPA and CPS) and revenue sharing arrangement or service fee model. As such, our financial performance is dependent on our ability to generate or maintain our revenues.

Whilst we have been generating and maintaining our revenues in the past, there can be no certainty that it can be sustained in the future. Our inability to generate and/or maintain our revenues would have a material adverse impact on our future financial performance and prospects.

5. RISK FACTORS (CONT'D)**(ii) We may not be able to continue practising sound financial management**

We have, over the years, practised sound financial management *via* efficient credit control measures, prudent cash flow management and careful consideration of operating expenditure and proposed capital expenditure.

Nevertheless, we will exercise our best endeavor to maintain and increase our record of profitability.

(xi) We are exposed to foreign exchange transaction risks

Our revenue and cost of sales are primarily invoiced in foreign currencies.

	Audited		Unaudited
	FYE 31 December 2016 As % of total	FYE 31 December 2017 As % of total	7-month FPE 31 July 2018 As % of total
Revenue in foreign currencies ⁽¹⁾	94.82	95.38	97.57
Cost of sales in foreign currencies ⁽¹⁾	94.31	84.52	88.66

Note:

(1) Consists primarily of, but not limited to, USD and THB.

Any foreign exchange fluctuations may lead to foreign exchange losses. We maintain a multi-currency account to minimise the impact of foreign exchange fluctuations on transactions.

(xii) We may be adversely affected by factors beyond our control, which include political, economic and government policies

We currently have operations in Malaysia, Thailand and Cambodia. Similar to most other business entities, adverse developments in political, economic and government policies in the countries which we operate in may materially and adversely affect the results and business prospects of our Group. Amongst the political, economic and government policies are changes in inflation rates, taxation rates and policies, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' initiatives and policies such as licensing and environmental regulations.

Our Group strives to continue to take effective measures such as efficient cost control and operating procedures, increasing value added services range, expanding customer and market base and prudent financial management to mitigate such risk. However, there can be no assurance that adverse political, economic and government policies will not materially affect our business in the future.

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5. RISK FACTORS (CONT'D)

5.2 RISKS RELATING TO INVESTMENT IN OUR SHARES**(i) We may not be able to proceed with or experience a delay for our Proposed Listing**

Bursa Securities may not grant an approval-in-principle for our Proposed Listing or if granted, we may not be able to proceed with or experience a delay in our Proposed Listing due to amongst others, the following reasons:

- (a) the identified Sophisticated Investors fail to subscribe for the portions of the Placement Shares allotted to them; or
- (b) the occurrence of any force majeure events, which are beyond our control, before our Proposed Listing.

Nevertheless, we will endeavour to ensure compliance with the Listing Requirements for our successful listing on the LEAP Market of Bursa Securities. If our Proposed Listing does not take place within 6 months from the date of the approval-in-principle by Bursa Securities (or such further extension of time as Bursa Securities may allow) or we abort the Proposed Listing on the LEAP Market, Sophisticated Investors will not receive any Shares and we will return in full, without interest, all monies paid in respect of any application for our Shares within 14 days. If we fail to do so, our Directors shall be jointly and severally liable to repay the monies with interest at the rate of 10% per annum or such other rate as may be prescribed by Bursa Securities upon expiration of that period until full refund is made.

If our Proposed Listing is aborted and/or terminated, and our Shares have been allotted to the Sophisticated Investors, the return of monies could only be achieved via cancellation of share capital as provided under the Act and its related rules. Such cancellation will require the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

(ii) No prior trading of our Shares

There was no public trading market for our Shares prior to our Proposed Listing. The listing of and quotation of our Shares on the LEAP Market of Bursa Securities does not guarantee that an active market for the trading of our Shares will develop.

There can be no assurance as to the price at which our Shares will be traded on the LEAP Market of Bursa Securities upon or subsequent to our Proposed Listing. Sophisticated Investors may find it difficult to sell our Shares at prices acceptable to them. Further, there can be no assurance that an active trading market for our Shares will develop or if such a market develops, that it will be sustained.

If an active trading market does not develop or is not maintained, the liquidity and trading price of our Shares could not be adversely affected and investors may have difficulty selling our Shares and may lose their investment. Any investment in our Shares should be viewed as long-term investment.

(iii) Trading and performance of our Shares

Upon our listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or industry which our Group is operating. These factors include, but not limited to, the variations in the results of our operations due to restrictions by the Government, changes in analysts' recommendations or projections or changes in general market conditions and broad market fluctuations, future expansion plans, loan covenants and compliance with regulatory requirements.

5. RISK FACTORS (CONT'D)

In addition, the performance of securities listed on the regional and global equity market could be affected by external factors such as the performance of the regional and world bourses, the investors' sentiments and the inflow or outflow of foreign funds, which in turn are highly driven by the regulatory, 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 and prices of securities on Bursa Securities, thus adding risks to the market price of our Shares.

Furthermore, the LEAP Market is limited to Sophisticated Investors only, which in turn limits the potential liquidity level in the market. It may be more difficult for the Sophisticated Investors to realise their investment on the LEAP Market than to realise an investment in the shares of a company which is listed on the Main Market or ACE Market of Bursa Securities.

(iv) Our Promoters can exercise significant control over our Group

Upon listing, our Promoters will collectively hold approximately 71.63% of our enlarged share capital. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the voting of our shareholders, unless our Promoters are required to abstain from voting by law and/ or by the relevant guidelines or regulations.

(v) We may not be able to pay dividends

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiaries. Hence, our ability to pay dividends in the future is largely dependent on the performance of our subsidiaries. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements.

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6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

6.1 PROMOTERS**6.1.1 Profile****(i) MCatch Hong Kong**

MCatch Hong Kong is a private limited company by shares incorporated in Hong Kong on 4 June 2015 under the Hong Kong Companies Ordinance (Cap 622). MCatch Hong Kong is principally engaged in provision of digital mobile advertising services. As at the LPD, MCatch Hong Kong's issued share capital is HKD15,715,266.75 (equivalent to RM8,343,973.74 at the Exchange Rate) comprising 12,990,772 ordinary shares. As at LPD, MCatch Hong Kong does not have any outstanding warrants, options, convertible securities or uncalled capital. The directors of MCatch Hong Kong as at the LPD are Ho Kim Hun, Liu Bo and Chew Lee Poh. MCatch Hong Kong is a wholly-owned subsidiary of BHC. Prior to the Proposed Listing, MCatch Hong Kong holds 79.59% equity interest in MCOM. Save for MCOM, MCatch Hong Kong does not have any subsidiary or associate company.

(ii) BHC

BHC is a private limited company incorporated in Malaysia on 26 December 2001 under Companies Act, 1965 and deemed to be incorporated under the Act. BHC is principally engaged in providing linkages, networking and mechanism for interaction among the community. Prior to the Proposed Listing, BHC's issued share capital is RM7,053,064.42 comprising 4,832,258 ordinary shares, and it has no outstanding warrants, options, convertible securities or uncalled capital. The directors of BHC as at the LPD are Ho Kim Hun and Chew Lee Poh. The shareholders of BHC are Ho Kim Hun (53.91% equity interest) and Chew Lee Poh (46.09% equity interest). The subsidiary of BHC is MCatch Hong Kong. BHC does not have any other subsidiary or associate company.

**(iii) Ho Kim Hun, Malaysian, aged 51
Executive Director and Chief Executive Officer**

Ho Kim Hun is our Executive Director and Chief Executive Officer, where he is responsible for overseeing the overall business of our Group, including business growth strategies, as well as major business development plans and activities.

He studied at Sekolah Menengah Kebangsaan St. Michael and left the school in 1982. Since he left his secondary school, he was involved in the sale of automotive spare parts.

Ho Kim Hun has had over 20 years of experience setting up and managing businesses, where his businesses were mostly relating to mobile phones and mobile related services as well as logistics. He set up Pantas Istimewa Sdn Bhd in 1996 and Win Soon Pengangkutan Sdn Bhd in 1997, both of which are logistics and warehousing companies.

He ventured into the business-to-business ("B2B") platform business when he set up Aladin 365 Sdn Bhd, which was involved in the sales and marketing of mobile ringtones and mobile phones. He later set up BHC in 2000, which was involved in the provision of mobile payment solutions and launched a mobile payment platform before founding our Group in 2005.

Ho Kim Hun is the spouse of Chew Lee Poh.

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

- (iv) **Chew Lee Poh**, Malaysian, aged 49
Executive Director and Vice President

Chew Lee Poh is our Executive Director, where she is responsible for overseeing the financial reporting and administrative operations of our Group.

She graduated with a London Chamber of Commerce and Industry (“LCCI”) 3rd level qualification from Keat Hwa Private School of Business in 1991.

In 1992, she started her career with Gee & Co as Audit Executive and was later promoted to Senior Auditor in 1996. During her tenure there, she was involved in understanding clients’ business structure, policies and processes, in addition to the preparation of audit reports.

In 1995, she took on part-time jobs with Pantas Istimewa Sdn Bhd and Win Soon Pengangkutan Sdn Bhd, where she handled the accounts and finance functions for these companies.

In 1997, she joined Angsana Food Industries Sdn Bhd as Accounts Executive, where she was involved in the preparation of the company’s financial accounts.

She later joined BHC in 1999 as Account Manager. She was later the Finance Manager in our Group when it was incorporated in 2005, and was subsequently promoted to Account and Human Resource Manager in 2009. During this time, she was responsible for overseeing the finance and human resource functions of our Group. She was later promoted to her present position as Executive Director on 6 July 2018.

Chew Lee Poh is the spouse of Ho Kim Hun.

6.1.2 Shareholdings in the Company

The shareholdings of the Promoters in our Company (before and after our Proposed Listing) are set out below:

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
MCatch Hong Kong	135,061,324	79.59	-	-	135,061,324	71.63	-	-
BHC ⁽²⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63
Ho Kim Hun ⁽³⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63
Chew Lee Poh ⁽⁴⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63

Notes:

- (1) Based on the enlarged share capital of 188,559,908 Shares after the Proposed Listing.
- (2) Deemed interested by virtue of its subsidiary MCatch Hong Kong’s shareholding in our Company.
- (3) Deemed interested by virtue of his shareholding in BHC as the holding company of MCatch Hong Kong. He is the spouse of Chew Lee Poh.
- (4) Deemed interested by virtue of her shareholding in BHC as the holding company of MCatch Hong Kong. She is the spouse of Ho Kim Hun.

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.2 SUBSTANTIAL SHAREHOLDERS

6.2.1 Profile

Our substantial shareholders are MCatch Hong Kong, BHC, Ho Kim Hun and Chew Lee Poh (profiles as set out in Section 6.1.1).

6.2.2 Shareholdings

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

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
MCatch Hong Kong	135,061,324	79.59	-	-	135,061,324	71.63	-	-
BHC ⁽²⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63
Ho Kim Hun ⁽³⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63
Chew Lee Poh ⁽⁴⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63

Notes:

- (1) Based on the enlarged share capital of 188,559,908 Shares after the Proposed Listing.
- (2) Deemed interested by virtue of its subsidiary MCatch Hong Kong's shareholding in our Company.
- (3) Deemed interested by virtue of his shareholding in BHC as the holding company of MCatch Hong Kong. He is the spouse of Chew Lee Poh.
- (4) Deemed interested by virtue of her shareholding in BHC as the holding company of MCatch Hong Kong. She is the spouse of Ho Kim Hun.

6.3 DIRECTORS

6.3.1 Profile

- (i) **Foo Seck Chyn**, Malaysian, aged 51
Independent Non-Executive Chairman

Foo Seck Chyn is our Independent Non-Executive Chairman. He was appointed to our Board on 6 July 2018.

He graduated with a Bachelor of Business from Charles Sturt University, Australia in 1994. Upon graduation, he joined the local branch of Itochu Corporation in the same year as Trade Executive, where he was responsible for international trading activities. Subsequently, he joined Guthrie MDF Sdn Bhd in 1996 as Marketing Manager, where he was responsible for overseeing the marketing, planning and shipping activities of the company. In 1997, he joined Merbok Hilir Bhd, a company specialising in the manufacturing of medium density fibreboard and particleboard, as Regional Sales and Marketing Manager and was promoted to Vice President, Sales and Marketing. During his tenure there, he was spearheading the sales and marketing and business development activities of the company.

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

In 2006, he was the General Manager and Managing Director in Worldmill Group (comprising Worldmill Corporation Sdn Bhd, Worldmill Distribution Sdn Bhd and PT. Worldmill) which specialises in the business of medium density fibreboard, particleboard, sawn timber, furniture and flooring. During his tenure in Worldmill Group, his responsibilities include managing and overseeing the domestic and international business operations, formulating and implementing new product development programme, as well as implementing the annual sales plans.

In 2014, he was appointed as Chief Executive Officer for the Secretariat for the Advancement of Malaysian Entrepreneurs (“SAME”). The function of SAME is to link the SME community with government agencies, to create awareness about the availability of venture capital funds for start-ups and business expansions.

- (ii) The profile of **Ho Kim Hun** is set out in Section 6.1.1(iii).
- (iii) The profile of **Chew Lee Poh** is set out in Section 6.1.1(iv).

6.3.2 Shareholdings

The direct and indirect shareholdings of our Directors in our Company before and after our Proposed Listing are set out below:

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Foo Seck Chyn	-	-	-	-	-	-	-	-
Ho Kim Hun ⁽²⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63
Chew Lee Poh ⁽³⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63

Notes:

- (1) Based on the enlarged share capital of 188,559,908 Shares after the Proposed Listing.
- (2) Deemed interested by virtue of his shareholding in BHC as the holding company of MCatch Hong Kong. He is the spouse of Chew Lee Poh.
- (3) Deemed interested by virtue of her shareholding in BHC as the holding company of MCatch Hong Kong. She is the spouse of Ho Kim Hun.

6.3.3 Further information on our Directors

None of our Directors:

- (i) are undischarged bankrupts nor are they presently subject to any proceedings under bankruptcy laws;
- (ii) have ever been charged with, convicted for or compounded for any offence under securities laws, corporation laws or any other laws involving fraud or dishonesty in a court of law;
- (iii) have ever had any action taken against them for any breach of the listing requirements or rules issued by Bursa Securities, for the past 5 years; and
- (iv) have been subjected to any inquiry or investigation by any government or regulatory authority or body for the past 5 years.

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.4 KEY MANAGEMENT PERSONNEL**6.4.1 Profile**

The profiles of our key management personnel are as follows:

- (i) The profile of **Ho Kim Hun** is set out in Section 6.1.1(iii).
- (ii) The profile of **Chew Lee Poh** is set out in Section 6.1.1(iv).
- (iii) **David Ng Wui Ming**, Malaysian, aged 35
General Manager

David Ng Wui Ming is our General Manager who joined on 3 January 2018 and is responsible for overseeing the day-to-day operational activities of our Group.

He graduated with a Bachelor of Accounting (Hons) from Multimedia University in 2006. He is also an Associate Member of Certified Practising Accountant (“CPA”) Australia since 2015.

Upon graduation, he started his career in Abdul Halim KP Tan & Co as Audit Assistant. He later joined Crowe Horwath (*now known as Crowe Malaysia*) in 2006 and was promoted to Senior Audit Assistant. During his tenure with Crowe Malaysia (*formerly known as Crowe Horwath Malaysia*), he was involved in financial audit, corporate taxation and risk management consulting. In 2008, he was assigned to Horwath Consulting (South) Sdn Bhd as Senior Consultant where he was involved in risk management, internal control audit, financial planning and forecasts.

In 2010, he joined Sunpower Malaysia Manufacturing Sdn Bhd and he was promoted to Project/ Fixed Asset Manager where he led a team in capital expenditure and financial planning. He subsequently joined CGPV Industrial Building System Sdn Bhd as Finance Manager in 2017, where he oversaw various financial and accounting activities for the company as well as implemented manufacturing accounting policies and enterprise resource planning system.

- (iv) **Wong Siok Peng**, Malaysian, aged 38
Financial Controller

Wong Siok Peng is our Financial Controller who joined on 2 May 2017 and is responsible for the preparation of our Group’s financial and statutory reports and daily financial activities of our Group.

She graduated with a Bachelor of Science in Accounting and Finance from University of Wales, Newport (*now known as University of South Wales*) in 2004. She obtained her Association of Chartered Certified Accountants (“ACCA”) qualification in 2009. She has been a Chartered Accountant of the Malaysian Institute of Accountants (“MIA”) since 2010 and a fellow member of the ACCA since 2014.

In 2004, she began her career as an Account Assistant in Eulian Accounting Services Sdn Bhd where she assisted in preparing financial statements as well as personal and corporate tax computations. In the following year, she joined ANM Associates as Audit Semi Senior where she was involved in the financial audit of small and medium size companies. Subsequently in 2007, she joined Deloitte Kassim Chan and she was promoted to Senior Audit Associate where she was responsible for the financial audit and tax review of listed and non-listed companies.

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

In 2010, she joined Brenntag Sdn Bhd, a company specialising in the distribution of chemical products, and she was promoted to Financial Controller. During her tenure there, she was responsible for accounting, financial and statutory reporting, company liquidation and inventory management. In 2014, she joined Farmcochem Sdn Bhd, a company specialising in the manufacturing of agrochemical products, as Financial Controller. In Farmcochem Sdn Bhd, she was involved in the reviewing and monitoring of financial and operational performance for its overseas subsidiaries and associate companies, tax planning, internal control, credit risk and equity investment management.

6.4.2 Shareholdings

Our key management personnel do not have any direct or indirect shareholdings in our Company before and after our Proposed Listing.

	Before Proposed Listing				After Proposed Listing			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Ho Kim Hun ⁽²⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63
Chew Lee Poh ⁽³⁾	-	-	135,061,324	79.59	-	-	135,061,324	71.63
David Ng Wui Ming ⁽⁴⁾	-	-	-	-	-	-	-	-
Wong Siok Peng	-	-	-	-	-	-	-	-

Notes:

- (1) Based on the enlarged share capital of 188,559,908 Shares after the Proposed Listing.
- (2) Deemed interested by virtue of his shareholding in BHC as the holding company of MCatch Hong Kong. He is the spouse of Chew Lee Poh.
- (3) Deemed interested by virtue of her shareholding in BHC as the holding company of MCatch Hong Kong. She is the spouse of Ho Kim Hun.
- (4) David Ng Wui Ming is a shareholder of M-Media, a subsidiary of our Company.

6.5 INVOLVEMENT OF OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL IN BUSINESSES/ CORPORATIONS OUTSIDE OUR GROUP

Save as disclosed below, our Promoters, substantial shareholders, Directors and key management personnel do not have any other directorships in other corporations or any principal business activities performed outside our Group for the past 3 years prior to the LPD:

Name	Company name	Principal activities	Nature of involvement
BHC	<u>Present</u>		
	CHE Group Berhad	Investment holding and engineering procurement and construction works on renewable energy power plants	Shareholder
	MOC Capital Berhad	Investment holding	Shareholder
	<u>Past</u>		
	MCOM TV Sdn Bhd	Dissolved on 31 July 2017	Shareholder

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Name	Company name	Principal activities	Nature of involvement
Foo Seck Chyn	<u>Present</u>		
	Mega Spades Sdn Bhd	Retail sale of food, beverages and tobacco products via stalls or markets & creative arts and entertainment activities	Director
	Robo Web Tech Malaysia Sdn Bhd	Financial consultancy services	Director
	HYT Cross Borders Sdn Bhd	Retail sale of products on internet	Director and shareholder
	Sinar Tenaga Engineering Sdn Bhd	Engineering services	Shareholder
	<u>Past</u>		
	Worldmill Distribution Sdn Bhd	Dissolved on 25 August 2017	Director
	Superant Holdings Sdn Bhd	Other information technology activities	Director ⁽¹⁾
Ho Kim Hun	<u>Present</u>		
	BHC	To provide linkage, networking and mechanism for interaction among the community	Director and shareholder
	<u>Past</u>		
	MOC Capital Berhad	Investment holding	Director ⁽²⁾
	Aladdin 365 Sdn Bhd	Dissolved on 14 July 2017	Director and shareholder
	AK United Sdn Bhd	Dissolved on 8 June 2018	Shareholder
	MCOM TV Sdn Bhd	Dissolved on 31 July 2017	Director
	MFive Networks Holdings Sdn Bhd	Dissolved on 26 April 2017	Director and shareholder
MGA Studio Sdn Bhd	Dissolved on 9 May 2016	Director and shareholder	
	MMIL	Ceased business on 31 December 2017. Application for deregistration of private company has been filed with Hong Kong Companies Registry on 11 January 2018 and is pending approval from authorities as at the LPD	Director and shareholder

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Name	Company name	Principal activities	Nature of involvement
Chew Lee Poh	<u>Present</u>		
	CHE Group Berhad	Investment holding and engineering, procurement and construction works on renewable energy power plants	Shareholder
	BHC	To provide linkage, networking and mechanism for interaction among the community ⁽³⁾	Director and shareholder
	<u>Past</u>		
	Aladdin 365 Sdn Bhd	Dissolved on 14 July 2017	Director and shareholder
	Dreamiracle Sdn Bhd	Dissolved on 9 May 2016	Director
	MCOM TV Sdn Bhd	Dissolved on 31 July 2017	Director and shareholder
	MFive Networks Holdings Sdn Bhd	Dissolved on 26 April 2017	Director and shareholder
	PT Cheese Mobile Indonesia (“CMI”)	Provision of mobile content	Shareholder
David Ng Wui Ming	<u>Present</u>		
	Master Goby Enterprise ⁽⁴⁾	Import, export, buy, sell and fish farming	Partnership

Notes:

- (1) Resigned as a director of the company on 17 July 2018.
- (2) Resigned as an alternate director of the company on 2 October 2017.
- (3) BHC is carrying in a similar business activity with the Group. However, the conflict with Group’s business has been eliminated as BHC has terminated their Service IDs and ASP licence related to the business activity as set out in Section 6.6.2 of this Information Memorandum.
- (4) Registered under the Registration of Business Act, 1956 and which will be expiring on 2 October 2019.

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6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.6 RELATED PARTY TRANSACTIONS

Under the Listing Requirements, a 'related party transaction' is a transaction entered between the listed corporation or its subsidiaries and a related party, other than a transaction of a revenue nature in the ordinary course of business. A 'related party' of a listed corporation is:

- (i) a director having the meaning given in Section 2(1) of the CMA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation or a chief executive of the listed corporation; or
- (ii) a major shareholder, a person who has an interest of 10% or more of the total number of all the voting shares in a corporation within the preceding 6 months of the date on which the terms of the transaction were agreed upon; or
- (iii) a person connected with such director or major shareholder.

6.6.1 Existing and proposed related party transactions

Save as disclosed below, our Board confirms that there are no other existing and/or potential related party transactions entered or to be entered into between our Group and our Directors, major shareholders and/or persons connected with them for the FYE 31 December 2017 and subsequent period up to the LPD:

Transacting parties	Nature of relationship	Nature of transaction	Actual transaction value	
			FYE 31 December 2017 (RM)	Subsequent period up to the LPD (RM)
MCOM Messaging (M) and BHC	Both MCOM Messaging (M) and BHC share common directors: <ul style="list-style-type: none"> • Ho Kim Hun • Chew Lee Poh 	Tenancy agreement dated 27 February 2018 and expiring on 28 February 2019, with a renewable period of a further 1-year term from the expiry date, where BHC as the landlord is renting the premises known as No. 7-1 & 7-2, Jalan Putra Mahkota 7/8B, Putra Heights, 47650 Subang Jaya, Selangor to MCOM Messaging (M) as the tenant.	48,000	52,000
MCOM Messaging (M) and BHC	Both MCOM Messaging (M) and BHC share common directors: <ul style="list-style-type: none"> • Ho Kim Hun • Chew Lee Poh 	Tenancy agreement dated 1 November 2018 and expiring on 31 October 2019, with a renewable period of a further 1-year term from the expiry date, where BHC as the landlord is renting the premises known as No. 7, Jalan Putra Mahkota 7/8B, Putra Heights, 47650 Subang Jaya, Selangor to MCOM Messaging (M) as the tenant.	-	8,000

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	Actual transaction value	
			FYE 31 December 2017 (RM)	Subsequent period up to the LPD (RM)
MCOM Messaging (M) and BHC	Both MCOM Messaging (M) and BHC share common directors: <ul style="list-style-type: none"> • Ho Kim Hun • Chew Lee Poh 	Motor vehicle lease agreement dated 1 January 2017 where BHC was the lessor and MCOM Messaging (M) was the lessee of a motor vehicle. The agreement was terminated on 1 August 2018.	108,000	63,000
MCOM Messaging (M) and BHC	Both MCOM Messaging (M) and BHC share common directors: <ul style="list-style-type: none"> • Ho Kim Hun • Chew Lee Poh 	Management services agreement dated 1 January 2018 where MCOM Messaging (M) provided management services in the areas of management consultancy and support, finance, accounting and administration to BHC. The agreement was terminated on 1 July 2018.	-	3,000
MCOM Messaging (M) and MCatch Hong Kong	Both MCOM Messaging (M) and MCatch Hong Kong share common directors: <ul style="list-style-type: none"> • Ho Kim Hun • Chew Lee Poh 	Management services agreement dated 1 January 2018 where MCOM Messaging (M) provided management services in the areas of management consultancy and support, finance, accounting and administration to MCatch Hong Kong. The agreement was terminated on 1 July 2018.	108,000	3,000
MCOM Network and MCatch Hong Kong	Both MCOM Network and MCatch Hong Kong share common directors: <ul style="list-style-type: none"> • Ho Kim Hun • Chew Lee Poh 	Technical services agreement dated 5 January 2017 where MCOM Network provided technical assistance and consultation to MCatch Hong Kong. The agreement expired on 31 December 2017.	269,400 ⁽ⁱ⁾	-
MCOM Messaging (M) and Ho Kim Hun	Ho Kim Hun is a shareholder and director of MCOM Messaging (M)	Tenancy agreement dated 6 April 2018 and expiring on 5 April 2019, which will be renewable for a further term of 3 years, where Ho Kim Hun as the landlord is renting the premises known as No.2, Jalan Putra Permai 10/1L, Putra Heights, 47600 Subang Jaya, Selangor to MCOM Messaging (M) as the tenant.	-	9,000

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	Actual transaction value	
			FYE 31 December 2017 (RM)	Subsequent period up to the LPD (RM)
MCOM Messaging (M) and Ho Kim Hun	Ho Kim Hun is a shareholder and director of MCOM Messaging (M)	Tenancy agreement dated 1 July 2018 and expiring on 30 June 2019, renewable for a further 1-year term, where Ho Kim Hun as the landlord is renting the premises known as B-08-03, Persiaran Subang Permai, USJ One, 47600 Subang Jaya, Selangor to MCOM Messaging (M) as the tenant.	14,300	26,400

Save as disclosed above, the Group had also entered into the following:

- (i) Transactions of a revenue nature in the ordinary course of business
- (a) Purchase of content amounting to RM60,224 between MCOM Messaging (M) (purchaser) and MMIL (provider) during the FYE 31 December 2017. Both MCOM Messaging (M) and MMIL share common director, namely Ho Kim Hun. Ho Kim Hun resigned as the director of MMIL on 4 August 2017. There were no further transactions of such nature for the subsequent period up to the LPD;
- (b) Purchase and marketing of content amounting to RM142,861 between MCOM Messaging (M) (purchaser) and MCatch Hong Kong (provider) during the FYE 31 December 2017. Both MCOM Messaging (M) and MCatch Hong Kong share common directors, namely Ho Kim Hun and Chew Lee Poh. There were no further transactions of such nature for the subsequent period up to the LPD; and
- (c) An irrevocable exclusive marketing campaign agreement dated 19 September 2018 between MCatch Labuan (purchaser) and MCatch Hong Kong (provider) whereby MCatch Hong Kong provides mobile advertising services exclusively to MCatch Labuan and for using the existing mobile advertising platform secured by MCatch Hong Kong from Airpush in relation to the utilisation of a security deposit. Pursuant to a settlement agreement entered between MCatch Hong Kong and Airpush on 24 April 2018, Airpush will only refund a security deposit of USD250,000 (previously paid to Airpush by MCatch Hong Kong) in the form of cashback for any new amounts prepaid and spent on advertisement campaign by MCatch Hong Kong via Airpush's network. Further details are set out in Section 6.6.2 of this Information Memorandum. Both MCatch Labuan and MCatch Hong Kong share common directors, namely Ho Kim Hun and Chew Lee Poh. As at the LPD, the transaction value in relation to the irrevocable exclusive marketing campaign agreement amounts to USD3,000 (equivalent to RM11,935.50). Such recurrent related party transactions are subjected to Related Party Transaction Policy and Procedures of MCOM and will be reviewed by our Independent Non-Executive Director on a semi-annual basis.

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

(ii) Debt assignment agreements

Debt assignment agreements were entered into between certain MCOM companies as well as with Ho Kim Hun and Chew Lee Poh on 31 December 2016 and 29 November 2017 to streamline and eliminate inter-company debts. These debts originally arose as a result of certain MCOM companies' inability to obtain debt financing from financial institutions due to stringent credit assessment criteria, and thus having to depend on other MCOM companies for funds and working capital requirements. The debt assignments were completed on 31 December 2016 and 31 December 2017. Further details of the debt assignment agreements are set out in Section 9.1 of this Information Memorandum.

(iii) Loan agreements

- (a) A loan agreement dated 1 August 2017 entered into between MCatch Labuan (as the lender) and M-Media (as the borrower) for an interest-free loan of USD800,000 (equivalent to RM3,182,800 at the Exchange Rate) for M-Media's operational needs. A sum of USD756,232 (equivalent to RM3,008,670 at the Exchange Rate) had been disbursed and is outstanding as at the LPD. This loan agreement subsequently superseded by a loan agreement dated 10 May 2018. The loan amount disbursed under this loan agreement was subsequently consolidated with and forms part of the USD989,296 (equivalent to RM3,935,914.14 at the Exchange Rate) outstanding under the loan agreement dated 10 May 2018.
- (b) A loan agreement dated 10 May 2018 entered into between MCatch Hong Kong, MCatch Labuan, MCOM Messaging (M), MCOM Network, MCOM Messaging (T), Ivalent and Streamer Tech (as the lenders) and M-Media (as the borrower) whereby the lenders agree to lend up to USD2,000,000 (equivalent to RM7,957,000 at the Exchange Rate) to facilitate M-Media's business and operations in Cambodia. The loan is unsecured, interest-free and repayable on demand. As at the LPD, a sum of USD989,296 (equivalent to RM3,935,914.14 at the Exchange Rate) had been disbursed and is outstanding with the remaining USD1,010,704 (equivalent to RM4,021,085.86 at the Exchange Rate) available for drawdown.

Upon the Proposed Listing, our Board will ensure that any related party transactions are carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

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6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.6.2 Interests in similar businesses and other conflict of interest

Save as disclosed below, as at the LPD, none of our Promoters, Directors, substantial shareholders and key management personnel has any interest, direct or indirect, in other businesses or corporations carrying on a trade similar to that of our Group and/or any businesses or corporations which are our revenue contributors/ customers and our service providers/ suppliers:

Promoter/ Substantial Shareholder/ Director	Nature of interest	Company with similar business to our Group	Conflict of interest and Resolution
1) Ho Kim Hun 2) Chew Lee Poh	Shareholders and directors	BHC	<p>BHC was previously awarded an Application Service Provider (“ASP”) licence by the MCMC and Service IDs by Apigate Sdn Bhd (a subsidiary of Axiata Digital Services Sdn Bhd) (“Apigate”), Digi and Maxis Broadband Sdn Bhd (“Maxis”) which generate passive recurring mobile payment solution income averaging approximately RM7,000 per month.</p> <p>BHC has terminated the Service IDs with Apigate, Digi and Maxis on 23 August 2018. BHC has also discontinued the ASP licence upon its expiry on 18 December 2018.</p>
1) Ho Kim Hun 2) Chew Lee Poh	Directors and indirect interests through BHC	MCatch Hong Kong	<p>MCatch Hong Kong is engaging in the provision of digital mobile advertising services but only exclusively to MCatch Labuan pursuant to an irrevocable exclusive marketing campaign agreement dated 19 September 2018.</p> <p>MCatch Hong Kong and Airpush had entered into the Initial Airpush Agreement on 1 January 2016 whereby MCatch Hong Kong is appointed by Airpush as the master dealer to promote and market Airpush’s mobile advertising services exclusively to advertisers, advertising agencies, advertising network and other parties in similar business nature in China, Thailand, Indonesia, Malaysia, Vietnam and the Philippines for a period of 3 years, subject to written renewal for another period of 1 year. As part of the terms and conditions of the Initial Airpush Agreement, MCatch Hong Kong had paid a security deposit of USD250,000 to Airpush to serve as an initial part payment of good faith. The Initial Airpush Agreement was then suspended on 18 January 2017.</p> <p>On 25 January 2017, MCatch Hong Kong initiated an arbitration process against Airpush in respect of, <i>inter alia</i>, the refund of the security deposit of USD250,000 due to the suspension of the Initial Airpush Agreement. On 25 July 2017, both Airpush and MCatch Hong Kong withdrew their respective claims and counterclaims as both parties agreed to amicably settle the matter by terminating the Initial Airpush Agreement and to enter into a settlement agreement to set out the manner of settlement of the security deposit.</p>

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Promoter/Substantial Shareholder/ Director	Nature of interest	Company with similar business to our Group	Conflict of interest and Resolution
1) Chew Lee Poh	Shareholder	CMI	<p>On 24 April 2018, a settlement agreement was executed between Airpush and MCA Catch Hong Kong dated 24 April 2018, in which the security deposit of USD250,000 previously paid to Airpush shall only be refunded to MCA Catch Hong Kong in the form of cashback for any new mobile advertisement campaigns carried out by MCA Catch Hong Kong via Airpush's network.</p> <p>In order to be able to utilise the security deposit of USD250,000, an irrevocable exclusive marketing campaign agreement was entered into between MCA Catch Labuan and MCA Catch Hong Kong on 19 September 2018, whereby MCA Catch Hong Kong irrevocably provides mobile advertising services exclusively to MCA Catch Labuan and for using the existing mobile advertising platform secured by MCA Catch Hong Kong from Airpush in relation to the utilisation of the security deposit. MCA Catch Hong Kong is restricted from performing any mobile advertising for other parties worldwide. The estimated time frame for full utilisation of the security deposit by MCA Catch Labuan is 2 years from the date of the irrevocable exclusive marketing campaign agreement dated 19 September 2018. There is no additional service charge or fee imposed by MCA Catch Hong Kong on MCA Catch Labuan. MCA Catch Hong Kong will charge MCA Catch Labuan the exact amount that Airpush charges MCA Catch Hong Kong for the campaign run by Airpush. After the security deposit amount is fully utilised by MCA Catch Hong Kong, MCA Catch Hong Kong will immediately cease the mobile advertising business and its principal business shall be amended accordingly. The irrevocable exclusive marketing campaign agreement is expected to enable MCA Catch Labuan to have access to more digital leads through Airpush and further allow MCA Catch Labuan to gain a competitive advantage in the mobile advertisement business.</p>
			<p>Prior to 12 October 2018, Chew Lee Poh held 49% equity interest in CMI. CMI holds a Content Provider Service Implementation License (issued on 7 December 2017) from the Ministry of Communication and Informatics of the Republic of Indonesia. The licence allows CMI to operate in the mobile payment solutions business segment in Indonesia which is identical to the Malaysian and Thai markets, where MCOM Group operates. CMI did not generate any revenue for the past 2 financial years and current financial year to date.</p> <p>Chew Lee Poh had completed the disposal of her interest in CMI to an independent individual, Norma binti Abdul Hamid (not person connected to nor has any direct relationship with our Promoters, Directors and substantial shareholders) on 12 October 2018, following which Chew Lee Poh no longer has any involvement in CMI.</p>

Our Board is of the opinion that the above conflict of interest situations are resolved in the above manner.

6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.6.3 Other transactions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party during the FYE 31 December 2017 up to the LPD.

There are no outstanding loans, including guarantees of any kind made by our Group to or for the benefit of related parties outside the MCOM Group, during the FYE 31 December 2017 up to the LPD.

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6. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.7 MORATORIUM

In compliance with Rule 3.07 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:

- (i) the moratorium applies to our Promoters' entire shareholdings for a period of 12 months from the date of our admission to the Official List; and
- (ii) upon expiry of the 12-month period stated above, our Promoters' aggregate shareholdings amounting to at least 45% of the total number of issued Shares shall remain under moratorium for another period of 36 months.

Where the promoter is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their securities in the unlisted corporation for the period stipulated above.

In addition, our other existing shareholders as set out in the table below have agreed and provided written undertakings to place their respective Shares under moratorium for a period of 12 months from the date of our admission to the Official List.

The moratorium shall be imposed as follows:

Name	Shares under moratorium from the first 12 months upon listing		Shares under moratorium for the subsequent 36 months	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Promoters</u>				
1) MCatch Hong Kong	135,061,324	71.63	84,851,959	45.00
2) BHC	-	-	-	-
3) Ho Kim Hun	-	-	-	-
4) Chew Lee Poh	-	-	-	-
<u>Existing shareholders</u>				
1) Pang Nam Ming ⁽²⁾	7,424,549	3.94	-	-
2) Pre-IPO Investor	4,714,000	2.50	-	-
Total	147,199,873	78.07	84,851,959	45.00

Note:

(1) Based on the enlarged share capital of 188,559,908 Shares after the Proposed Listing.

(2) Pang Nam Ming was a director of MCOM from 26 September 2017 to 13 July 2018, during which he oversaw the corporate development of MCOM which includes the Pre-IPO Reorganisation to facilitate the Proposed Listing. He is also a director of a consultancy firm which had previously acted as MCOM's management consultant.

The moratorium, which is fully acknowledged by our Promoters and the existing shareholders in the above table, is specifically endorsed on the share certificates representing their shareholdings to ensure that our share registrar will not register any sale, transfer or assignment that is not in compliance with the above moratorium.

7. FINANCIAL INFORMATION

7.1 AUDITED COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Our financial highlights are as follows:

	<----- Audited ----->		Unaudited
	FYE 31 December 2016 RM'000	FYE 31 December 2017 RM'000	7-month FPE 31 July 2018 RM'000
Revenue	16,059	18,643	9,563
Gross profit	7,356	16,776	7,824
Profit before tax	312	6,903	1,638
Profit after tax	129	6,631	1,624

	As at 31 December 2016 RM'000	As at 31 December 2017 RM'000	As at 31 July 2018 RM'000
Cash and cash equivalents	1,353	1,419	2,648
Total assets	13,907	13,790	12,706
Total liabilities	8,556	7,278	4,373
Total equity	5,351	6,512	8,333

The following information is extracted from our audited combined financial statements as set out in Appendix I of this Information Memorandum, and should be read in conjunction with the Discussion and Analysis of Financial Condition and Results of Operations' in Section 8 of this Information Memorandum.

	Audited		Unaudited	
	FYE 31 December 2016 (RM'000)	FYE 31 December 2017 (RM'000)	7-month FPE 31 July 2017 (RM'000)	7-month FPE 31 July 2018 (RM'000)
Revenue ⁽¹⁾	16,059	18,643	10,397	9,563
Cost of sales	(8,703)	(1,867)	(1,063)	(1,739)
Gross profit	7,356	16,776	9,334	7,824
Other income	1,517	503	361	198
Selling and distribution expenses	(3,240)	(4,023)	(3,348)	(1,135)
Administrative expenses	(4,687)	(5,680)	(2,487)	(4,639)
Other expenses	(623)	(645)	(161)	(595)
Finance costs	(11)	(28)	(20)	(15)
Profit before tax⁽²⁾	312	6,903	3,679	1,638
Income tax expense	(183)	(272)	(7)	(14)
Profit after tax	129	6,631	3,672	1,624
Profit after tax attributable to:				
Owners of the Company	2,125	5,589	3,685	1,161
Non-controlling interests	(1,996)	1,042	(13)	463
	129	6,631	3,672	1,624
EBITDA	553	7,258	3,861	1,969
Basic EPS (sen) ⁽³⁾	1.13	2.96	1.95	0.62
GP margin (%)	45.81	89.99	89.78	81.81
PBT margin (%)	1.94	37.03	35.39	17.13
PAT margin (%)	0.80	35.57	35.32	16.98

7. FINANCIAL INFORMATION (CONT'D)

Notes:

- (1) The table below sets out the revenue of our Group excluding management and technical fees to related parties:

	<i>Audited</i>		<i>Unaudited</i>	
	<i>As at 31 December 2016 RM'000</i>	<i>As at 31 December 2017 RM'000</i>	<i>7-month FPE 31 July 2017 RM'000</i>	<i>7-month FPE 31 July 2018 RM'000</i>
Revenue	16,059	18,643	10,397	9,563
Less: Management and technical fees charged to related parties	(268)	(377)	(220)	(6)
	15,791	18,266	10,177	9,557

- (2) The table below sets out the profit before tax of our Group excluding revenue derived from management and technical fees to related parties as well as material non-recurring items or items outside the ordinary course of business of our Group:

	<i>Audited</i>		<i>Unaudited</i>	
	<i>As at 31 December 2016 RM'000</i>	<i>As at 31 December 2017 RM'000</i>	<i>7-month FPE 31 July 2017 RM'000</i>	<i>7-month FPE 31 July 2018 RM'000</i>
Profit before tax	312	6,903	3,679	1,638
Less: Management and technical fees charged to related parties	(268)	(377)	(220)	(6)
	44	6,526	3,459	1,632
Excluding: Non-recurring expenses outside the ordinary course of business of our Group ⁽ⁱ⁾	-	576	-	142
Non-recurring income outside the ordinary course of business of our Group ⁽ⁱⁱ⁾	(1,471)	(436)	-	-
	(1,427)	6,666	3,459	1,774
PBT margin (%)	1.94	37.03	35.39	17.13
Adjusted PBT margin ⁽ⁱⁱⁱ⁾ (%)	(9.04)	36.49	33.99	18.56

Notes:

- (i) Includes impairment loss on non-trade related bad debt, consultancy service fee and expenses related to the Proposed Listing.
- (ii) Includes gain on disposal of an associate and waiver of debts.
- (iii) Calculated based on revenue of our Group excluding management and technical fees charged to related parties.
- (3) Computed based on PAT attributable to the owners of the Company divided by our enlarged share capital of 188,559,908 Shares after the Proposed Listing.

7. FINANCIAL INFORMATION (CONT'D)

7.2 AUDITED COMBINED STATEMENTS OF FINANCIAL POSITION AND PRO FORMA STATEMENTS OF FINANCIAL POSITION

The following information is extracted from our audited combined financial statements as set out in Appendix I of this Information Memorandum, and should be read in conjunction with the Management Discussion and Analysis of Financial Condition and Results of Operations in Section 8 of this Information Memorandum.

	Audited		Unaudited	
	As at 31 December		As at 31 July	
	2016 (RM'000)	2017 (RM'000)	2017 (RM'000)	2018 (RM'000)
ASSETS				
Non-current assets				
Equipment	622	2,090	769	2,733
Intangible assets	193	148	192	67
Other asset	70	68	70	66
Total non-current assets	885	2,306	1,031	2,866
Current assets				
Trade receivables	5,803	7,443	3,141	4,220
Other receivables, deposits and prepayments	1,785	2,532	4,275	2,820
Amount owing by related parties	3,896	-	1,486	-
Current tax assets	185	90	91	152
Fixed deposits with a licensed bank	11	11	11	12
Cash and bank balances	1,342	1,408	2,925	2,636
Total current assets	13,022	11,484	11,929	9,840
TOTAL ASSETS	13,907	13,790	12,960	12,706
EQUITY				
Share capital	460	500	6,564	8,249
Retained profits	5,849	6,495	9,534	6,074
Foreign exchange translation reserve	602	16	297	76
Merger deficit	-	-	(6,104)	(6,104)
Appropriated legal reserve	20	20	20	20
Equity attributable to owners of the Company	6,931	7,031	10,311	8,315
Non-controlling interests	(1,580)	(519)	(1,578)	18
TOTAL EQUITY	5,351	6,512	8,733	8,333
LIABILITIES				
Non-current liabilities				
Hire purchase payables	205	292	329	244
Deferred tax liabilities	26	26	26	26
Total non-current liabilities	231	318	355	270
Current liabilities				
Trade payables	6,623	4,816	2,857	2,802
Other payables and accruals	1,550	1,395	912	1,199
Amount owing to related parties	64 ⁽¹⁾	633 ⁽¹⁾	-	-
Hire purchase payables	67	91	90	90
Current tax liabilities	21	25	13	12
Total current liabilities	8,325	6,960	3,872	4,103
TOTAL LIABILITIES	8,556	7,278	4,227	4,373
TOTAL EQUITY AND LIABILITIES	13,907	13,790	12,960	12,706
NA per Share (RM)⁽²⁾	0.04	0.04	0.05	0.04
Gearing ratio (times)	0.04	0.05	0.04	0.04

7. FINANCIAL INFORMATION (CONT'D)

Note:

(1) *The amount owing to related parties is in relation to amount owing to/ (by) MCatch Hong Kong:*

	<i>Audited</i>	
	<i>As at 31 December 2016 RM'000</i>	<i>As at 31 December 2017 RM'000</i>
<i>Amount owing to/ (by) MCatch Hong Kong</i>		
<i>MCOM Messaging (M)</i>	<i>(836)⁽ⁱ⁾</i>	<i>254⁽ⁱⁱ⁾</i>
<i>MCOM Network</i>	<i>(223)⁽ⁱⁱⁱ⁾</i>	<i>(148)⁽ⁱⁱⁱ⁾</i>
<i>MCatch Labuan</i>	<i>1,363^(iv)</i>	<i>161^(v)</i>
<i>MCOM Messaging (T)</i>	<i>(240)^(vi)</i>	<i>366^(vii)</i>
	<i>64</i>	<i>633</i>

Notes:

- (i) *Outstanding amount owing by MCatch Hong Kong to MCOM Messaging (M) in relation to the disposal of an associate, namely MCOM Messaging (T), by MCOM Messaging (M) to MCatch Hong Kong as part of a prior internal restructuring exercise unrelated to the Pre-IPO Reorganisation.*
- (ii) *Amount owing by MCOM Messaging (M) to MCatch Hong Kong in relation to short term advances by MCatch Hong Kong to MCOM Messaging (M) for working capital purposes as well as amount owing by MCOM Messaging (M) to MCatch Hong Kong in relation to debt assignment exercises.*
- (iii) *Amount owing by MCatch Hong Kong to MCOM Network for the management and technical fees provided by MCOM Network to MCatch Hong Kong.*
- (iv) *Amount owing by MCatch Labuan to MCatch Hong Kong for the mobile advertising services provided by MCatch Hong Kong via Airpush to MCatch Labuan in relation to the Initial Airpush Agreement.*
- (v) *Amount owing by MCatch Labuan to MCatch Hong Kong in relation to debt assignment exercises.*
- (vi) *Payment on behalf by MCOM Messaging (T) for MCatch Hong Kong.*
- (vii) *Short term advances by MCatch Hong Kong to MCOM Messaging (T) for working capital purposes.*
- (2) *Based on the enlarged share capital of 188,559,908 Shares after the Proposed Listing.*

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7. FINANCIAL INFORMATION (CONT'D)

The following summary sets out the pro forma statements of financial position of our Group based on our audited combined statements of financial position as at 31 December 2017, to show the events subsequent to 31 December 2017 and the pro forma effects of the Proposed Placement.

	As at 31 December 2017 (RM'000)	After subsequent events up to the LPD (RM'000)	After the Proposed Placement (RM'000)	After the utilisation of proceeds (RM'000)
ASSETS				
Non-current assets				
Equipment	-	2,090	2,090	4,154
Intangible assets	-	148	148	148
Other asset	-	68	68	68
Total non-current assets	-	2,306	2,306	4,370
Current assets				
Trade receivables	-	7,442	7,442	7,442
Other receivables, deposits and prepayments	-	2,532	2,532	2,532
Current tax assets	-	90	90	90
Fixed deposits with licensed banks	-	12	12	12
Cash and bank balances	Neg. ⁽¹⁾	2,622	7,902	4,338
Total current assets	Neg. ⁽¹⁾	12,698	17,978	14,414
TOTAL ASSETS	Neg. ⁽¹⁾	15,004	20,284	18,784
EQUITY				
Share capital	Neg. ⁽¹⁾	9,333	14,613	14,372
Merger deficit	-	(6,104)	(6,104)	(6,104)
Appropriated legal reserve	-	20	20	20
Foreign exchange translation reserve	-	16	16	16
(Accumulated losses)/ Retained earnings	(153)	4,924	4,924	3,665
Equity attributable to owners of the Company	(153)	8,189	13,469	11,969
Non-controlling interests	-	(463)	(463)	(463)
TOTAL EQUITY	(153)	7,726	13,006	11,506
LIABILITIES				
Non-current liabilities				
Hire purchase payable	-	292	292	292
Deferred tax liabilities	-	26	26	26
Total non-current liabilities	-	318	318	318
Current liabilities				
Trade payables	-	4,816	4,816	4,816
Other payables and accruals	153	1,395	1,395	1,395
Amount owing to related parties	-	633	633	633
Hire purchase payable	-	91	91	91
Current tax liabilities	-	25	25	25
Total current liabilities	153	6,960	6,960	6,960
TOTAL LIABILITIES	153	7,278	7,278	7,278
TOTAL EQUITY AND LIABILITIES	Neg. ⁽¹⁾	15,004	20,284	18,784
Number of ordinary shares	2	163,703,908	188,559,908	188,559,908
NA per share (RM)	(76,253)	0.05	0.07	0.06
Gearing ratio (times)	-	0.05	0.03	0.03

Note:

(1) Negligible as the amount is less than RM1,000.

7. FINANCIAL INFORMATION (CONT'D)

7.3 AUDITED COMBINED STATEMENTS OF CASH FLOWS

The following information is extracted from our audited combined financial statements as set out in Appendix I of this Information Memorandum:

	Audited		Unaudited	
	FYE 31 December 2016 (RM'000)	FYE 31 December 2017 (RM'000)	7-month FPE 31 July 2017 (RM'000)	7-month FPE 31 July 2018 (RM'000)
Cash flows from operating activities				
Profit before taxation	312	6,903	3,679	1,638
<i>Adjustments for:</i>				
Allowance of impairment losses on trade receivables	13	-	-	-
Amortisation of intangible assets	-	44	-	81
Bad debts written off	-	314	-	-
Depreciation of equipment	230	283	161	234
Equipment written off	2	4	-	-
Intangible assets written off	37	-	-	-
Interest expense	11	28	20	15
Loss on disposal of equipment	Neg. ⁽¹⁾	-	-	-
Unrealised loss/(gain) on foreign exchange	340	(13)	(313)	280
Interest income	(20)	(23)	(13)	(2)
Gain on disposal of associate	(1,221)	-	-	-
Waiver of debts	(249)	(436)	-	-
Operating (loss)/ profit before working capital changes	(545)	7,104	3,534	2,246
Increase in trade and other receivables	(2,474)	(3,456)	(35)	2,987
(Increase)/Decrease in amount owing by related parties	(1,673)	1,778	1,058	-
Increase/(Decrease) in trade and other payables	5,888	(1,564)	(4,489)	(2,120)
Decrease in amount owing to related parties	(306)	(223)	-	-
Cash from operations	890	3,639	68	3,113
Tax paid	(101)	(170)	(156)	(89)
Tax refund	-	-	235	-
Net cash from operating activities	789	3,469	147	3,024
Cash flows from investing activities				
Interest received	20	23	13	2
(Advances to)/ Repayment from related parties	(1,577)	3,304	1,283	(625)
Purchase of equipment	(95)	(1,635)	(119)	(872)
Purchase of intangible assets	(6)	-	-	-
Proceeds from disposal of an associate	1,390	-	-	-
Proceeds from disposal of equipment	Neg. ⁽¹⁾	-	-	-
Net cash (for)/ from investing activities	(268)	1,692	1,177	(1,495)
Cash flows from financing activities				
Dividends paid	-	(4,965)	-	(1,591)
Repayment of hire purchase	(77)	(106)	(61)	(63)
Proceeds from issuance of ordinary shares	-	33	-	1,645
Net cash for financing activities	(77)	(5,038)	(61)	(9)

7. FINANCIAL INFORMATION (CONT'D)

	Audited		Unaudited	
	FYE 31 December 2016 (RM'000)	FYE 31 December 2017 (RM'000)	7-month FPE 31 July 2017 (RM'000)	7-month FPE 31 July 2018 (RM'000)
Net increase in cash and cash equivalents	444	123	1,263	1,520
Effects of foreign exchange translation	66	(57)	320	(291)
Cash and cash equivalents at the beginning of the financial year	843	1,353	1,353	1,419
Cash and cash equivalents at end of the financial year	1,353	1,419	2,936	2,648

Note:

(1) Negligible as the amount is less than RM1,000.

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8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management discussion and analysis of our financial condition and results of operations should be read in conjunction with our Audited Combined Financial Statements as set out in Appendix I of this Information Memorandum.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Information Memorandum, particularly in the section entitled “Risk Factors” set out in Section 5 of this Information Memorandum.

8.1 OVERVIEW

We are primarily a digital marketing solution provider, specialising in mobile advertising platform and mobile payment solutions. We have commenced providing internet services in Cambodia since June 2018. Please refer to Section 4.1 of this Information Memorandum for further details of our solutions and services.

Geographically, our revenue for the FYE 31 December 2017 and 7-month FPE 31 July 2018 is mainly derived from customers based in Thailand, Hong Kong and China. In line with our business strategies and future plans as set out in Section 4.16 of this Information Memorandum, we intend to penetrate the Cambodian market via the provision of internet services and expand our digital marketing solutions reach.

8.2 REVENUE

Our Group’s revenue is mainly derived from the provision of mobile advertising platform and mobile payment solutions. We have commenced providing internet services in Cambodia since June 2018. Please refer to Section 4.1 of this Information Memorandum for our Group’s revenue model.

Our Group’s revenue for the FYE 31 December 2016 and FYE 31 December 2017, as well as the 7-month FPE 31 July 2017 and 7-month FPE 31 July 2018 is analysed as follows

(i) Revenue by services

Mobile payment solutions	Revenue derived from providing micropayment gateways which: <ul style="list-style-type: none"> - enable direct carrier billing; or - allow mobile application owners to manage micropayments through third party payment providers
Mobile advertising platform	Revenue derived from providing customers with a mobile advertising platform for the placement of advertisements in mobile applications, essentially linking advertisers with publishers in an effective manner and optimising advertisement reach
Internet services	Revenue derived from the provision of internet services

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

The table below sets out the breakdown of our Group's revenue by services:

	FYE 31 December				7-month FPE 31 July			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Mobile payment solutions	7,213	44.92	13,148	70.53	8,348	80.29	6,398	66.90
Mobile advertising platform	8,846	55.08	5,495	29.47	2,049	19.71	3,149	32.93
Internet services	-	-	-	-	-	-	16	0.17
Total	16,059	100.00	18,643	100.00	10,397	100.00	9,563	100.00

(ii) Revenue by geographical locations

The table below sets out the breakdown of our Group's revenue by geographical locations:

	FYE 31 December				7-month FPE 31 July			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	778	4.85	396	2.12	260	2.50	124	1.30
Thailand	6,237	38.84	13,295	71.32	8,599	82.71	6,807	71.18
Hong Kong	1,046	6.51	2,293	12.30	743	7.15	2,526	26.41
China	45	0.28	1,974	10.59	682	6.56	77	0.81
Singapore	4,648	28.94	530	2.84	67	0.64	-	-
USA	2,594	16.15	-	-	-	-	-	-
Others ⁽¹⁾	711	4.43	155	0.83	46	0.44	29	0.30
Total	16,059	100.00	18,643	100.00	10,397	100.00	9,563	100.00

Note:

- (1) Consists of customers, whom are advertisers, of our mobile advertising platform business from Indonesia, Seychelles, England and Netherlands.

FYE 31 December 2017 compared to FYE 31 December 2016

Our Group's revenue increased by approximately RM2.58 million or 16.09% in the FYE 31 December 2017 compared to the previous corresponding period, mainly due to higher contribution from our mobile payment solutions business in Thailand. The higher utilisation of our mobile payment solutions service was a direct result of the increase in introduction of quality content by both our existing and new content providers coupled with the increase in targeted advertising activities having been carried out which contributed to a higher level of content subscriptions in the FYE 31 December 2017.

The increase in our Group's revenue was partially offset by the decrease in revenue from our mobile advertising platform business due to our decision to discontinue business collaboration with a mobile advertiser in the USA, namely Airpush, and to focus on promoting and fully utilising our in-house developed mobile advertising platform which had been launched in 2015. While there are no significant changes to the overall mobile advertising platform as well as the business model of our Group, the introduction of the in-house developed mobile advertising platform has resulted in greater operational autonomy as our Group has:

- direct access to leads and advertising campaign performance for platform performance monitoring and analysis; and
- enhancement and customisation of the mobile advertising platform (i.e. report formats and user interface) for operational needs to improve platform efficiency.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

We also experienced a slowdown in mobile advertising spending by our customers in Singapore in FYE 31 December 2017.

The mobile payment solutions business in the FYE 31 December 2016 and FYE 31 December 2017 was inclusive of the management and technical fees charged to MCatch Hong Kong and BHC respectively, which have ceased since 1 July 2018.

7-month FPE 31 July 2018 compared to 7-month FPE 31 July 2017

Our Group's revenue was lower by approximately RM0.83 million or 8.02% in the 7-month FPE 31 July 2018 compared to the previous corresponding period, mainly due to lower revenue generated from our mobile payment solutions business in Thailand as a result of lower content subscriptions in line with cutbacks in advertising spending by our Thailand subsidiaries in response to industry-level process enhancements. These enhancements were in relation to the tightening of security standards by mobile network operators in Thailand such as, amongst others:

- (a) additional levels of authentications and confirmations prior to payment instructions;
- (b) upgrades of mobile network operators' IT infrastructure (e.g. database servers, security systems and processing engines) resulting in changes in APIs which required our Group to synchronise its APIs; and
- (c) upgrade and/or renewal of mobile network operators' software licensing certificates.

This was in spite of better performances in our mobile advertising platform business, particularly contributed by the increase in mobile advertising spending since early 2018 by several new customers (advertisers) in Hong Kong whom we had secured in late 2017.

8.3 COST OF SALES

Our Group's cost of sales mainly comprises of the following:

Services	Cost of sales
Mobile payment solutions	Maintenance costs of Service IDs
Mobile advertising platform	Costs of engaging publishers for mobile advertising services
Internet services	Rental and maintenance costs of network operation center

Our Group's cost of sales for the FYE 31 December 2016 and FYE 31 December 2017, as well as the 7-month FPE 31 July 2017 and 7-month FPE 31 July 2018 is analysed as follows:

(i) Cost of sales by products

	FYE 31 December				7-month FPE 31 July			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Mobile payment solutions	561	6.45	356	19.07	214	20.13	317	18.23
Mobile advertising platform	8,142	93.55	1,511	80.93	849	79.87	1,410	81.08
Internet services	-	-	-	-	-	-	12	0.69
Total	8,703	100.00	1,867	100.00	1,063	100.00	1,739	100.00

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

(ii) Cost of sales by geographical locations

The table below sets out the breakdown of our Group's cost of sales by geographical locations:

	FYE 31 December				7-month FPE 31 July			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	499	5.73	298	15.96	180	16.93	204	11.73
Thailand	361	4.15	351	18.80	240	22.58	392	22.54
Hong Kong	641	7.36	597	31.98	332	31.23	1,115	64.12
China	91	1.05	385	20.62	273	25.68	16	0.92
Singapore	3,112	35.75	174	9.32	17	1.60	-	-
United States	2,998	34.45	-	-	-	-	-	-
Others ⁽¹⁾	1,001	11.51	62	3.32	21	1.98	12	0.69
Total	8,703	100.00	1,867	100.00	1,063	100.00	1,739	100.00

Note:

- (1) Cost of engaging publishers for customers (advertisers) of our mobile advertising platform business in Indonesia, Seychelles, England and Netherlands.

FYE 31 December 2017 as compared to FYE 31 December 2016

Our Group's cost of sales decreased by approximately RM6.84 million or 78.55% in the FYE 31 December 2017 compared to the previous corresponding period, mainly due to:

- (i) an improvement in the performance of internally-sourced leads*, leading to a significant reduction in reliance on leads generated by external third parties (i.e. publishers) for our mobile advertising platform business, of which the associated publishing costs are considerably lower in comparison;
- (ii) discontinuation of business collaboration with Airpush in FYE 31 December 2016 resulting in a lower cost of sales for our mobile advertising platform business as our Group no longer utilises the mobile advertising platform of Airpush and instead relies on our in-house developed mobile advertising platform;
- (iii) lower costs incurred for the engagement of publishers for our mobile advertising platform business in tandem with the overall decrease in revenue generated from the business segment; and
- (iv) non-renewal of underperforming and less marketable Service IDs which led to lower maintenance costs for our mobile payment solutions business in Malaysia.

Note:

- * Internally-sourced leads are the utilisation of our Group's internal sources which generate mobile traffic such as, amongst others, landing pages designed by our Group, casual mobile games and other content which are integrated with advertisements. On the other hand, externally-sourced leads are the utilisation of mobile traffic from mobile applications such as, amongst others, mobile news websites, mobile games, social media and web search engines, which are operated by external third parties (i.e. publishers) at a predetermined cost and charging model (i.e. CPC, CPA and etc).

Externally-sourced leads are generally at higher costs compared to the internally-sourced leads due to the associated costs payable to external third parties.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

7-month FPE 31 July 2018 as compared to 7-month FPE 31 July 2017

Our Group's cost of sales were higher by approximately RM0.68 million or 63.59% in the 7-month FPE 31 July 2018 compared to the previous corresponding period, attributable to the higher costs of engaging publishers for our mobile advertising platform business. Due to the nature of our mobile advertising platform business as elaborated in Section 4.1 of this Information Memorandum, the need for us to source for leads, regardless of them originating from internal or external sources, increases in line with any uptrend in mobile advertising spending by customers of our mobile advertising platform business.

8.4 GP AND GP MARGIN

The table below sets out the breakdown of our Group's GP by services:

	FYE 31 December				7-month FPE 31 July			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Mobile payment solutions	6,652	90.43	12,792	76.25	8,134	87.14	6,081	77.72
Mobile advertising platform	704	9.57	3,984	23.75	1,200	12.86	1,739	22.23
Internet services	-	-	-	-	-	-	4	0.05
Total	7,356	100.00	16,776	100.00	9,334	100.00	7,824	100.00

The table below sets out the breakdown of our Group's GP margin by services:

	FYE 31 December		7-month FPE 31 July	
	2016	2017	2017	2018
	%	%	%	%
Mobile payment solutions	92.22	97.29	97.44	95.05
Mobile advertising platform	7.96	72.50	58.57	55.22
Internet services	-	-	-	25.00
Group GP margin	45.81	89.99	89.78	81.82

The table below sets out the breakdown of our Group's GP by geographical locations:

	FYE 31 December		7-month FPE 31 July	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	279	98	80	(80)
Thailand	5,876	12,944	8,359	6,415
Hong Kong	405	1,696	411	1,412
China	(46)	1,589	409	60
Singapore	1,536	356	50	-
USA	(404)	-	-	-
Others ⁽¹⁾	(290)	93	25	17
Total	7,356	16,776	9,334	7,824

Note:

(1) Consists of customers (advertisers) of our mobile advertising platform business from Indonesia, Seychelles, England and Netherlands.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

The table below sets out the breakdown of our Group's GP margin by geographical locations:

	FYE 31 December		7-month FPE 31 July	
	2016	2017	2017	2018
	%	%	%	%
Malaysia	35.86	24.75	30.77	(64.52)
Thailand	94.21	97.36	97.21	94.24
Hong Kong	38.72	73.96	55.32	55.90
China	(102.22)	80.50	59.97	77.92
Singapore	33.05	67.17	74.63	-
USA	(15.57)	-	-	-
Others ⁽¹⁾	(40.79)	60.00	54.35	58.62
Group GP margin	45.81	89.99	89.78	81.82

Note:

- (1) Consists of customers (advertisers) of our mobile advertising platform business from Indonesia, Seychelles, England and Netherlands.

FYE 31 December 2017 as compared to FYE 31 December 2016

Our Group's GP increased by approximately RM9.42 million or 128.06% in the FYE 31 December 2017 compared to the previous corresponding period, mainly due to:

- (i) a RM5.94 million or 82.28% increase in revenue generated from our mobile payment solutions business in FYE 31 December 2017, coupled with the measures undertaken (termination of underperforming and less marketable Service IDs) by our Group's management to reduce the operating costs associated with the mobile payment solutions business as elaborated in item (iv) of Section 8.3(ii) above; and
- (ii) capitalising on internally-sourced leads rather than third party-generated leads in our mobile advertising platform business, which contributed to a reduction of cost of sales for our mobile advertising platform business.

Accordingly, our Group's overall GP margin increased from 45.81% in the FYE 31 December 2016 to 89.99% in the FYE 31 December 2017. This was a result of higher revenue contribution from our mobile payment solutions business which traditionally yields a high GP margin. Apart from that, we benefited from a significant improvement in the GP margin of our mobile advertising platform business by leveraging on internally-sourced leads which typically cost lower than third party-generated leads. The negative GP margin for China, USA and Others for the FYE 31 December 2016 was due to the relatively higher costs associated with the Group's higher utilisation of its mobile advertising platform during the financial period.

7-month FPE 31 July 2018 as compared to 7-month FPE 31 July 2017

Our Group's GP was lower by approximately RM1.51 million or 16.18% in the 7-month FPE 31 July 2018 compared to the previous corresponding period, mainly due to the lower revenue generated from the mobile payment solutions business. The lower revenue was cushioned by positive performances from our mobile advertising platform business of which the contributions in terms of revenue and GP have both increased. Our Group's overall GP margin of 89.78% for the 7-month FPE 31 July 2017 was lower at 81.82% for the 7-month FPE 31 July 2018 due to higher cost of sales for our mobile advertising platform as we had sourced for more third-party leads. The negative GP margin for Malaysia for the 7-month FPE 31 July 2018 was attributed to Service IDs' maintenance costs, the amounts of which were relatively fixed irrespective of the level of revenue generated by the Service IDs during the period.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

8.5 OTHER INCOME

The table below sets out the breakdown of our Group's other income:

	FYE 31 December		7-month FPE 31 July	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Interest income	20	23	13	2
Waiver of debts	249	436	-	-
Gain on disposal of an associate	1,221	-	-	-
Realised gain on foreign exchange	22	25	34	167
Unrealised gain on foreign exchange	-	13	313	-
Others	5	6	1	29
Total	1,517	503	361	198

Our Group's other income was mostly gains from foreign exchange, a one-off gain on disposal of an associate and other miscellaneous income. The one-off gain on disposal of an associate amounting to RM1.22 million in FYE 31 December 2016 was due to the disposal of investment in MCOM Messaging (T) by MCOM Messaging (M) as part of a prior internal restructuring exercise unrelated to the Pre-IPO Reorganisation. The unrealised gain on foreign exchange for the 7-month FPE 31 July 2017 was contributed by the appreciation of the USD relative to THB. The waiver of debts for the FYE 31 December 2016 was granted by two suppliers of MCOM Messaging (T), who had previously provided mobile advertising and mobile content respectively to MCOM Messaging (T). As at the LPD, one of the suppliers is no longer providing mobile content to the MCOM Group. The waiver of debts for the FYE 31 December 2017 was granted by MMIL to MCOM Messaging (T), Streamer Tech, Ivalent and MCOM Messaging (M) pursuant to MMIL's cessation of business on 31 December 2017.

8.6 SELLING AND DISTRIBUTION EXPENSES

The table below sets out the breakdown of our Group's selling and distribution expenses:

	FYE 31 December				7-month FPE 31 July			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertisement	2,781	85.83	3,879	96.42	3,329	99.43	891	78.50
Business development expenses	459	14.17	144	3.58	19	0.57	244	21.50
Total	3,240	100.00	4,023	100.00	3,348	100.00	1,135	100.00

FYE 31 December 2017 as compared to FYE 31 December 2016

Our Group's selling and distribution expenses increased by approximately RM0.78 million or 24.17% in the FYE 31 December 2017 compared to the previous corresponding period, mainly due to additional costs incurred for carrying out targeted mobile advertising activities to promote the subscription of content with the ultimate objective of driving the revenue growth in our mobile payment solutions business. Conversely, our business development expenses were lower in the FYE 31 December 2017 as we had incurred additional costs in the FYE 31 December 2016 to promote and market our in-house developed mobile advertising platform.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

7-month FPE 31 July 2018 as compared to 7-month FPE 31 July 2017

The lower selling and distribution expenses by approximately RM2.21 million or 66.1% in the 7-month FPE 31 July 2018 compared to the previous corresponding period, mainly due to lower mobile advertisement spending for our mobile payment solutions business in Thailand. The cutbacks in our advertising spending for the financial period occurred during our platform upgrading exercise as well as in response to industry-level process enhancements (as elaborated in Section 8.2 of this Information Memorandum) during the financial period.

However, business development expenses were higher due to our Group incurring additional fees to engage third party marketing companies to assist in expanding the customer base of our mobile advertising platform business.

8.7 ADMINISTRATIVE EXPENSES

The table below sets out the breakdown of our Group's general and administrative expenses:

	FYE 31 December				7-month FPE 31 July			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administrative, operational, utilities expenses and other tax expenses ⁽¹⁾	451	9.62	353	6.21	240	9.65	567	12.22
Directors' remuneration	1,140	24.32	1,521	26.78	702	28.23	1,150	24.79
Employee costs, benefits and welfare	2,070	44.16	2,421	42.62	1,176	47.28	1,814	39.10
Professional fees ⁽²⁾	760	16.22	773	13.61	241	9.69	747	16.10
Rental and leasing expenses	201	4.29	307	5.41	77	3.10	164	3.54
Travelling and accommodation costs	65	1.39	305	5.37	51	2.05	197	4.25
Total	4,687	100.00	5,680	100.00	2,487	100.00	4,639	100.00

Notes:

- (1) Other tax expenses consist of mainly withholding tax, blocked Malaysia Goods and Services Tax and other indirect taxes (i.e. Thailand Value-Added Tax).
- (2) Consist of fees in relation to professional services such as statutory audit, taxation, company secretarial, legal, accounting and business consultancy.

FYE 31 December 2017 as compared to FYE 31 December 2016

Our Group's administrative expenses increased by approximately RM0.99 million or 21.19% in the FYE 31 December 2017 compared to the previous corresponding period was mainly due to:

- (i) increase in directors' remuneration as well as employee costs, benefits and welfare in tandem with the expansion of our workforce from 15 employees in FYE 31 December 2016 to 24 employees in FYE 31 December 2017 to facilitate the expansion of our Group's business; and
- (ii) increase in travelling costs due to the higher frequency of business trips to monitor business activities in Thailand as well as to carry out the groundwork and preparations to kick-start M-Media's business operations in Cambodia.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

7-month FPE 31 July 2018 as compared to 7-month FPE 31 July 2017

The higher administrative expenses of RM2.15 million or approximately 86.53% in the 7-month FPE 31 July 2018 compared to the previous corresponding period, mainly due to:

- (i) increase in directors' remuneration as well as employee costs, benefits and welfare as we expanded our workforce from 24 employees in the 7-month FPE 31 July 2017 to 33 employees in 7-month FPE 31 July 2018;
- (ii) increase in professional fees which includes:
 - legal consultation fees incurred by M-Media to set up its corporate office in Cambodia, advisory fees on the rolling out and marketing of our internet packages in Cambodia (i.e. drafting of service agreements) and also advisory fees on compliance requirements in relation to Cambodian laws and regulations;
 - fees from the appointment of professional advisors in relation to our Proposed Listing;
- (iii) the increase in administrative, operational and utilities expenses from the payment of maintenance fees for a new cloud backup service for our accounting system and for our commencement of operations of a data center in Cambodia for the ISP business of M-Media; and
- (iv) the increase in the rental and leasing expenses as a result of a newly-rented corporate office in Cambodia.

8.8 OTHER EXPENSES

The table below sets out the breakdown of our Group's other expenses:

	FYE 31 December				7-month FPE 31 July			
	2016		2017		2017		2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Allowance for impairment losses on trade receivables	13	2.09	-	-	-	-	-	-
Bad debts written off	-	-	314	48.68	-	-	-	-
Depreciation and amortisation of assets	230	36.92	327	50.70	161	100.00	315	52.94
Assets written off and loss on disposal of assets	40	6.42	4	0.62	-	-	Neg. ⁽¹⁾	-
Unrealised loss on foreign exchange	340	54.57	-	-	-	-	280	47.06
Total	623	100.00	645	100.00	161	100.00	595	100.00

Note:

(1) Negligible as the amount is less than RM1,000.

Our Group had written off RM0.31 million bad debts in the FYE 31 December 2017 due to the non-recoverability of outstanding debts of more than 1 year.

Our Group's other expenses for the 7-month FPE 31 July 2018 mainly consists of depreciation and amortisation of assets as well as unrealised loss on foreign exchange. The expense for depreciation and amortisation of assets of RM0.31 million was due to the full 7-month recognition of depreciation expenses for new assets acquired throughout the FYE 31 December 2017. The recognition of unrealised loss on foreign exchange of RM0.28 million was due to the weakening of THB against USD during the financial period.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

8.9 FINANCE COSTS

The table below sets out the breakdown of our Group's finance costs:

	FYE 31 December		7-month FPE 31 July	
	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000
Hire purchase expenses	11	28	20	15
Total	11	28	20	15

Our Group's finance costs consist of hire purchase interests charged by financial institutions for our hire purchase facilities (i.e. car loans).

8.10 PAT AND PAT MARGIN

The table below sets out the PAT and PAT margin of our Group:

	FYE 31 December		7-month FPE 31 July	
	2016	2017	2017	2018
PAT (RM'000)	129	6,631	3,672	1,624
PAT margin (%)	0.80	35.57	35.32	16.98

FYE 31 December 2017 as compared to FYE 31 December 2016

Our Group's PAT increased by approximately RM6.50 million from just RM0.13 million in the 7-month FPE 31 July 2018 compared to the previous corresponding period, mainly due to the significant increase in revenue generated from our mobile payment solution business as well as the lower cost of sales incurred for mobile advertising platform. Accordingly, our Group's PAT margin increased from 0.80% in the FYE 31 December 2016 to 35.57% in the FYE 31 December 2017.

7-month FPE 31 July 2018 as compared to 7-month FPE 31 July 2017

Our Group's PAT was lower by approximately RM2.05 million or 55.77% mainly due to the lower revenue generated from our mobile payment solutions business. Apart from that, the higher cost of sales for our mobile advertising platform business partially negated the increase in revenue generated from the segment. The higher general and administration expenses resulted from the expansion of our business operations which also lowered our Group's PAT for the financial period.

In spite of the above, our Group's management remains cautiously optimistic on the prospects of our businesses. On top of internal measures undertaken with the objective to improve the performances of our existing businesses such as more stringent cost monitoring and gradual enhancements of our mobile advertising platform, we are also constantly on the lookout for good business opportunities (i.e. collaborations, new markets, new services) which may contribute positively to our Group in the long run.

8.11 DIVIDEND POLICY

Currently, MCOM has not formulated a dividend policy or payout ratio.

As an investment holding company, MCOM's income and ability to pay dividends depend on the dividends it in turn receives from its subsidiaries, which depend on their distributable profits, financial performance, financial condition, capital expenditure plans and other factors that their respective boards of directors may deem relevant to the declaration of dividends.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

Our Board will determine the declaration and payment of dividends. The Company in its general meeting may declare dividends accordingly. In doing so, our Board will consider factors including our Group's retained earnings, expected future earnings, operations, cash flows, capital requirements, general business and financing conditions. Our Board intends to retain adequate reserves for our future growth as well as to reward our shareholders with dividends from our Group's profits.

MCOM was incorporated on 26 September 2017 and has not declared or paid any dividend since its incorporation up to the LPD.

The following dividends were made by companies within our Group:

In respect of the FYE/ FPE	Total dividend
31 December 2016	-
31 December 2017 ⁽¹⁾	RM4,965,371
31 July 2018 ⁽²⁾	USD400,000

Note:

- (1) Total dividends of RM3,414,371, RM300,000, and RM1,251,000 were made by MCatch Labuan, MCOM Network and MCOM Messaging (M) respectively to MCatch Hong Kong. MCatch Hong Kong was the holding company of MCatch Labuan, MCOM Network and MCOM Messaging (M) prior to the Acquisitions.
- (2) A dividend of USD400,000 (equivalent to RM1,591,400 at the Exchange Rate) was made by MCatch Labuan to MCatch Hong Kong. MCatch Hong Kong was the holding company of MCatch Labuan prior to the Acquisitions.

8.12 SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations have been and will continue to be affected by, amongst others, the following factors which may not be within our control:

(i) Demand for our solutions

The demand for our solutions is dependent on our ability to address the advertising needs of our customers in a timely and quality manner. Our management team is supported by experienced operations and technical teams with their experience and know-how in the industry. Furthermore, our established business relationships with our long-term customers will enable us to have a constant grasp of the current market demand.

(ii) Competition

We face competition from other local and international providers offering solutions similar to ours. As such, we strive to enhance our solutions in order to stay competitive in the market. Further, our mobile advertising platform and mobile payment solutions complement one another and serve as a competitive edge for us to offer a comprehensive package to provide our customers with the ease of having to engage with a single digital marketing solution provider to fulfil their business needs.

8. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONT'D)

(iii) Rapid technological changes

We operate in a dynamic industry where our solutions are prone to technological evolution. As such, our solutions may be substituted by the latest solutions available if we do not maintain our solutions up-to-date. Our operations and sales team, spearheaded by our Chief Executive Officer, Ho Kim Hun, are committed towards keeping abreast of latest industry trends, requirements and technological developments to enhance our solutions in order for us to stay relevant in the industry.

(iv) Talent retention

We have not experienced any shortage of operations, marketing and technical personnel to undertake our principal activities. We currently have sufficient skilled operations, marketing and technical personnel to support our current business and operations. Nevertheless, we intend to continuously attract, retain and promote talent to grow our business and operations.

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9. OTHER INFORMATION

9.1 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (other than contracts entered into in the ordinary course of business) which have been entered by our Group within the 2 years immediately preceding the date of this Information Memorandum:

- (a) Debt assignment agreements, all dated 31 December 2016, entered into between following parties:
- (i) MCOM Messaging (M) as the assignor, MMIL as the assignee and M-Media as borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of RM291,162 owed by M-Media to the assignor. The debt assignment was completed on 31 December 2016; and
 - (ii) MCOM Messaging (M) as the assignor, MMIL as the assignee and CMI as borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of RM226,088 owed by CMI to the assignor. The debt assignment was completed on 31 December 2016.
- (b) Commercial Proposal Agreement dated 28 November 2017 between MCOM Messaging (M) and Cam Ecosys Co Ltd (“CECL”) (a company incorporated in Cambodia), where CECL is to provide MCOM Messaging (M) with, inter alia, system enhancement, software maintenance and support, system architecture and software development solution to replace MCOM’s current system and to be delivered and completed by 27 July 2018. The total value of the contract for the services provided by CECL is USD450,000.00 (equivalent to RM1,790,325.00 at the Exchange Rate), which is to be paid based on stages completed by CECL. As at the LPD, the services rendered are pending completion due to certain changes/ enhancement in the system.
- (c) Debt assignment agreements, all dated 29 November 2017, entered into between following parties:
- (i) MCOM Messaging (T) as the assignor, MCatch Hong Kong as the assignee and Chew Lee Poh as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of THB12,220,294.84 (equivalent to RM1,519,923.61 at the Exchange Rate) owed by Chew Lee Poh to the assignor. The debt assignment was completed on 31 December 2017;
 - (ii) MCOM Messaging (T) as the assignor, MCatch Hong Kong as the assignee and MMIL as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of USD51,132.41 (equivalent to RM203,430.29 at the Exchange Rate) owed by MMIL to the assignor. The debt assignment was completed on 31 December 2017;
 - (iii) MCOM Messaging (T) as the assignor, MCatch Labuan as the assignee and MCatch Hong Kong as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of USD477,677.65 (equivalent to RM1,990,440.53 at the Exchange Rate) owed by MCatch Hong Kong to the assignor. The debt assignment was completed and the debts fully paid on 31 December 2017;
 - (iv) MCOM Messaging (M) as the assignor, MCatch Hong Kong as the assignee and CMI as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of USD448,492.23 (equivalent to RM1,784,326.34 at the Exchange Rate) owed by CMI to the assignor. The debt assignment was completed on 31 December 2017;
 - (v) MCOM Messaging (M) as the assignor, MCatch Hong Kong as the assignee and BHC as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of RM79,624.88 owed by BHC to the assignor. The debt assignment was completed on 31 December 2017;

9. OTHER INFORMATION (CONT'D)

- (vi) MCOM Messaging (M) as the assignor, MCatch Hong Kong as the assignee and Ho Kim Hun as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of RM30,035.05 owed by Ho Kim Hun to the assignor. The debt assignment was completed on 31 December 2017;
- (vii) MCatch Labuan as the assignor, MCatch Hong Kong as the assignee and MMIL as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of USD552,363.25 (equivalent to RM2,197,577.19 at the Exchange Rate) owed by MMIL to the assignor. The debt assignment was completed and the debts fully paid on 31 December 2017;
- (viii) MCatch Labuan as the assignor, MCatch Hong Kong as the assignee and BHC as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of RM482,000.00 owed by BHC to the assignor. The debt assignment was completed and the debts fully paid on 31 December 2017;
- (ix) MMIL as the assignor, MCatch Hong Kong as the assignee and M-Media as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of RM291,162.00 owed by M-Media to the assignor. The debt assignment was completed on 31 December 2017;
- (x) M-Media as the assignor, MCatch Labuan as the assignee and MCatch Hong Kong as the lender, in respect of the debt assignment by the assignor (as the borrower) to the assignee, the debts in the sum of RM291,162.00 owed by assignor to MCatch Hong Kong. The debt assignment was completed and the debts fully paid on 31 December 2017;
- (xi) MMIL as the assignor, MCatch Hong Kong as the assignee and Ivalent as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of THB140,670.97 (equivalent to RM17,496.23 at the Exchange Rate) owed by Ivalent to the assignor. The debt assignment was completed on 31 December 2017;
- (xii) Ivalent as the assignor, MCatch Labuan as the assignee and MCatch Hong Kong as the lender, in respect of the debt assignment by the assignor (as the borrower) to the assignee, the debts in the sum of THB140,670.97 (equivalent to RM17,496.23 at the Exchange Rate) owed by assignor to MCatch Hong Kong. The debt assignment was completed and the debts fully paid on 31 December 2017;
- (xiii) MMIL as the assignor, MCatch Hong Kong as the assignee and Streamer Tech as the borrower, in respect of the debt assignment by the assignor (as the lender) to the assignee, the debts in the sum of THB729,377.19 (equivalent to RM90,717.75 at the Exchange Rate) owed by Streamer Tech to the assignor. The debt assignment was completed on 31 December 2017; and
- (xiv) Streamer Tech as the assignor, MCatch Labuan as the assignee and MCatch Hong Kong as the lender, in respect of the debt assignment by the assignor (as the borrower) to the assignee, the debts in the sum of THB729,377.19 (equivalent to RM90,717.75 at the Exchange Rate) owed by assignor to MCatch Hong Kong. The debt assignment was completed and the debts fully paid on 31 December 2017.

9. OTHER INFORMATION (CONT'D)

- (d) Debt Settlement Agreement dated 29 November 2017 between MCatch Labuan and MCatch Hong Kong in respect of settlement of the debts by way of setting off the debts of USD259,795.68 (equivalent to RM1,033,597.11 at the Exchange Rate) owed by MCatch Labuan to MCatch Hong Kong (“**First Debt**”) against the sum of USD572,411.90 (equivalent to RM2,277,340.74 at the Exchange Rate) owed by MCatch Hong Kong to MCatch Labuan (“**Second Debt**”). Pursuant to the offsetting of the First Debt and Second Debt, the parties agreed that the Second Debt shall be reduced to USD312,616.22 (equivalent to RM1,243,743.63 at the Exchange Rate) (“**New Debt**”) which shall be settled at a later date and in the manner agreeable between the parties. The New Debt was fully paid and settled on 31 December 2017.
- (e) The following management services and technical services agreements were entered into by MCOM Messaging (M):
- (i) on 1 January 2018 and expiring on 31 December 2018 with MCatch Labuan whereby MCOM Messaging (M) provides MCatch Labuan with management services in the areas of management consultancy and support, finance, accounting and administration for RM118,700 per month as at the LPD as well as technical assistance and consultation for RM25,000 per month as at the LPD; and
 - (ii) on 1 January 2018 and expiring on 31 December 2018 with Streamer Tech whereby MCOM Messaging (M) provides Streamer Tech with management services in the areas of management consultancy and support, finance, accounting and administration for RM33,300 per month as at the LPD as well as technical assistance and consultation for RM7,000 per month as at the LPD.
- (f) The following shareholders’ agreements were entered into by MCOM Messaging (T):
- (i) on 19 January 2016 with MCatch Hong Kong, Professional Systems Limited, Siriporn Wongchantha and Chew Lee Poh to govern their relationships as the shareholders of MCOM Messaging (T). This shareholders’ agreement was terminated on 31 December 2016;
 - (ii) on 1 January 2017 with MCatch Hong Kong, Professional Systems Limited, Siriporn Wongchantha and Chew Lee Poh to govern their relationships as the shareholders of MCOM Messaging (T). This shareholders’ agreement was superseded by the shareholders’ agreement dated 1 April 2018; and
 - (iii) on 1 April 2018 with MCatch Hong Kong, Professional Systems Limited, Siriporn Wongchantha and Kittipat Sae-ung to govern their relationships as the shareholders of MCOM Messaging (T) (“**Shareholders’ Agreement**”).
- (g) Service Agreement dated 30 April 2018 between MCOM Messaging (M) and Mobixu Inc. (“**Mobixu**”) (a company incorporated in British Virgin Islands), where Mobixu is to provide to MCOM Messaging (M) with system requirement which includes advertiser portal, publisher portal, admin portal, API/Java document, tracking tools and user manual. The total value of the contract for the services provided by Mobixu is USD80,000.00 (equivalent to RM318,280.00 at the Exchange Rate), which is to be paid in three instalments subject to the completion of the works delivered by Mobixu, and USD9,000.00 (equivalent to RM35,806.50 at the Exchange Rate) for the service maintenance package provided by Mobixu on a monthly basis, for a period of three months commencing from 5 November 2018. The contract’s completion date was extended to 30 September 2018. As at the LPD, the platform has been handed over to MCOM Messaging (M).
- (h) Seven share sale agreements, all dated 25 July 2018, entered between MCatch Hong Kong and MCOM to acquire the equity interests of MCatch Labuan, MCOM Messaging (M), MCOM Network, MCOM Messaging (T), Ivalent, Streamer Tech and M-Media in which the purchase considerations for the Acquisitions were settled via issuance of new MCOM Shares. The status of the Acquisitions are further detailed in Section 3.3.1 of this Information Memorandum.

9. OTHER INFORMATION (CONT'D)

- (i) Deed of Ratification and Accession dated 25 July 2018 executed by MCOM in favour of Professional Systems Limited, Siriporn Wongchantha, Kittipat Sae-ung and MCOM Messaging (T) to supplement the Shareholders' Agreement whereby MCOM covenants to observe, perform and be bound by all the terms contained in the Shareholders' Agreement with effect from the date on which MCOM is registered as a member of MCOM Messaging (T).
- (j) The following shareholders' agreements were entered into by M-Media:
 - (i) on 28 December 2017 with M-Catch Hong Kong, Christopher Foo Wei Siew, Kang Chin Seong, Pek Penhsomalina and An Sopheak to govern their relationships as the shareholders of M-Media. This shareholder agreement is superseded by the shareholders' agreement dated 25 July 2018; and
 - (ii) on 25 July 2018 with MCOM, Christopher Foo Wei Siew, David Ng Wui Ming, Kang Chin Seong, Pek Penhsomalina and An Sopheak to govern their relationships as the shareholders of M-Media.

9.2 MATERIAL LITIGATION

As at the LPD, we are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and our Board does not know of any proceeding pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our position or business.

9.3 CONTINGENT LIABILITIES

As at the LPD, there is no contingent liability which, upon becoming enforceable, may have a material impact on our financial condition and business.

9.4 DECLARATION BY ADVISERS

- (i) TA Securities confirms that there is no existing or potential conflict of interests in relation to it acting as the Approved Adviser, Placement Agent and Continuing Adviser for our Proposed Listing.
- (ii) Crowe Malaysia confirms that there is no existing or potential conflict of interests in relation to it acting as the Auditors and Reporting Accountants for our Proposed Listing.
- (iii) Olivia Lim & Co confirms that there is no existing or potential conflict of interests in relation to it acting as the Due Diligence Solicitors for our Proposed Listing.
- (iv) Bonnie T. Suru confirms that there is no existing or potential conflict of interests in relation to it acting as the Due Diligence Solicitors for our local subsidiary in Labuan pursuant to our Proposed Listing.
- (v) Kamthorn Surachet & Somsak confirms that there is no existing or potential conflict of interests in relation to it acting as the Due Diligence Solicitors for our foreign subsidiaries in Thailand pursuant to our Proposed Listing.
- (vi) Soksiphana & Associates confirms that there is no existing or potential conflict of interests in relation to it acting as the Due Diligence Solicitors for our foreign subsidiary in Cambodia pursuant to our Proposed Listing.
- (vii) Providence confirms that there is no existing or potential conflict of interests in relation to it acting as the Independent Market Researcher for our Proposed Listing.

9. OTHER INFORMATION (CONT'D)

9.5 SUMMARY OF CAMBODIA COMPANY LAW

In Cambodia, there are different types of business organisations in the form of limited liability company, branch office or representative office.

A limited liability company can be 100% Cambodian owned or 100% of foreign-owned or combination of Cambodian or foreign shareholding which shall subject to certain restrictions.

Under the Law on Commercial Enterprises which become effective on 19 June 2005 and the current administrative practices at Cambodia's Ministry of Commerce, a limited liability company must issue a minimum of 1,000 shares with a par value of not less than KHR4,000 per share.

For a company incorporated under the Law on Commercial Rules and Commercial Register (1995) and Law on Commercial Enterprises (2005) as (i) a single member private limited company shall have one shareholder; or (ii) a private limited company shall have at least two shareholders and the maximum shall be thirty shareholders. The company is required to have a minimum of one director without any restrictions whether he/she is Cambodian or foreigner.

9.5.1 Regulatory regime relevant to Cambodia business operations
Licenses to Operate Telecommunications Services

According to the Law on Telecommunications 2015, no person may conduct telecommunications operations or declare him/herself as operator or persons involved with the telecommunications sector unless that person has obtained a permit, certificate or license from the Telecommunications Regulator of Cambodia.

Furthermore, the Law on Telecommunications 2015 provides that radio frequency spectrum is a national resource which is not subject to sale but is subject to leasing or authorization for use through licensing in accordance with the said law and other regulations.

Patent Tax and Value Added Tax ("VAT") Registration

Pursuant to the Law on Patent Tax 1985 ("**Law on Patent Tax**"), all businesses operating in Cambodia shall be subject to a yearly business tax, known as the "Patent Tax". The amount of the Patent Tax payments depends on the size and operations of the businesses. There are three categories of taxpayers: small taxpayers, medium taxpayers and large taxpayers. New patent tax certificates are issued every year to taxpayers who comply with requirements of the Law on Patent Tax.

According to the Law on Taxation 1997, as amended in 2003 ("**Law on Taxation**"), all taxable persons shall complete registration for VAT within a period of 30 days of the day on which the person becomes a taxable person. This VAT registration does not need to be renewed annually. However, the company shall notify the tax authorities (General Department of Taxation) within 15 days, if any of the following changes occur:

- (a) change of company name;
- (b) change of address of headquarters, principal business address or branch or warehouse of the company;
- (c) change of legal form of the company;
- (d) change of business objectives;
- (e) transfer or termination of business operations;
- (f) change of composition of management;

9. OTHER INFORMATION (CONT'D)

- (g) change of person responsible for tax issues;
- (h) change of company's bank account number; and
- (i) change of contact number (telephone and email).

9.5.2 Exchange control, repatriation of capital, profits and dividends and withholding tax and tax on remittance

Under the Law on Foreign Exchange 1997, foreign currency may be freely purchased through the banking system in Cambodia. It states specifically that there shall be no restriction on foreign exchange operation including the purchase and sale of foreign exchange, transfers and all types of international settlement. However, this law does require these transactions to be performed solely by authorized intermediaries, which are the lawfully established banks in Cambodia.

Under Article 13 of the Law of Foreign Exchange requires the import or export of any means of payment equal to or exceeding USD10,000 or an equivalent amount to be reported to the customs authorities of the General Department of Customs and Excise of the Cambodian Ministry of Economy and Finance at the border crossing point and the customs authorities should transmit this information on a monthly basis to the National Bank of Cambodia.

There is currently no restriction on the repatriation of profit or capital from Cambodia, and the Law on the Amendment of the Law on Investment 2003 provides that foreigners may freely remit foreign currencies abroad for:

- (a) the payment of imports and repayment of principal and interest on foreign loans;
- (b) the payment of royalties and management fees;
- (c) the remittance of profits; and
- (d) the repatriation of invested capital on dissolution of an investment project.

9.5.3 Withholding tax and tax on remittance / repatriation of profits

In Cambodia, remittance of monies abroad may attract withholding tax at the rate of 14% on the amount paid for:

- (a) interest;
- (b) royalties, rent, and other income connected with the use of property;
- (c) compensation for management or technical services that shall be determined by the Cambodian Ministry of Economy and Finance; and
- (d) dividends.

In the event liquidation of the enterprise takes place in accordance with the provision of the Law on Investment of Cambodia, proceeds from said liquidation may be transferred freely. The transfers relating to investment or liquidation of investment shall be made through authorised intermediaries as stated in Article 5 of the Law on Foreign Exchange.

9. OTHER INFORMATION (CONT'D)

9.6 SUMMARY OF LABUAN COMPANY LAW**9.6.1 Labuan Companies Act**

A Labuan company may be incorporated as a company limited by shares, a company limited by guarantee or an unlimited company. A foreign company who does not have a head office or principal place of business in Malaysia, including a branch of a foreign company that wishes to have a place of business in Labuan or carry on business in Labuan must be first registered as a foreign Labuan company under the Labuan Companies Act 1990 (“LCA”).

9.6.2 Restriction on Exchange Control in relation to the Repatriation of Capital, Profits and Dividends/ Profits

A Labuan company is given full flexibility to elect either to be taxed under Labuan Business Activity and Tax Act 1990 (Act 445) or the Malaysian Income Tax Act 1967 (Act 53). This is to facilitate international tax situations where the Labuan entity has preference to be taxed under the domestic tax regime.

Under the Labuan Business Activity and Tax Act 1990 (Act 445), Labuan companies conducting Labuan business activity have preferential tax treatment and are subject to either none or very low income tax.

For a Labuan company carrying out Labuan trading activity is subject to an income tax of either at:

- (i) the rate of 3% of net audited profits; or
- (ii) a fixed sum of RM20,000 to be elected yearly.

For a Labuan entity that carries non-trading activity are not subject to pay any income tax.

If a Labuan company elects to be taxed under the Income Tax Act 1967 (Act 53), such Labuan entity must adhere to all provisions of Income Tax Act 1967 (Act 53).

Any dividends received from a Labuan company which are paid, credited or distributed out of income derived from a Labuan trading activity or income are not subject to tax as provided under the Income Tax (Exemption) (No. 16) Order 1991.

In addition, shareholders of a Labuan company which are Malaysian domestic companies incorporated under the Act are exempted from income tax on dividend received which are paid out of the dividend received from a Labuan Company as provided under Income Tax (Exemption) (No.10) Order 2000.

9.6.3 Withholding tax and tax on remittance / repatriation of profits

In Labuan, there is no withholding tax on Labuan dividends.

9.7 SUMMARY OF THAILAND COMPANY LAW**9.7.1 Incorporation of a Limited Company in Thailand involving Foreign Shareholder**

A juristic person in the form of a limited company registered in Thailand having shareholding of 50% or more of its capital shares held by (i) foreign individual or (ii) foreign juristic person or (iii) other juristic person with half or more of its capital shares held by the foreign individual or juristic person will be considered as a “foreigner” as provided in the Foreign Business Act.

9. OTHER INFORMATION (CONT'D)

Under the Foreign Business Act B.E. 2542 (1999) (“**Foreign Business Act**”), a foreigner is prohibited from operating or engaging in most categories of business in Thailand unless, for the businesses for which permission has been granted, a licence is obtained from the Director-General of the Department of Business Development with the approval of the Foreign Business Committee or from the Cabinet, depending on the applied business category.

If a foreigner holds less than 50% of the shares in the company incorporated in Thailand (“**Thai company**”), such Thai company will not be considered as a “*foreigner*” under the Foreign Business Act and therefore will not be subject to any foreign business license requirement.

Under the laws of Thailand, a limited company must have at all times the following:

- (a) Minimum one director is generally required and, for the limited company holding the foreign business licence, at least one authorized director shall be domiciled in Thailand; and
- (b) a minimum of 3 shareholders is required.

9.7.2 Distribution of Dividend to Foreign Shareholders of a Limited Company

With regard to the distribution of dividend, the Thai company must comply with, inter alia, the following provisions of the Thai Civil and Commercial Code:

- (a) the distribution of dividend must be made in proportion to the amount paid upon each share, in which the holder of preference shares may have any preference right to dividend;
- (b) no dividend may be declared except by a resolution passed in the Thai company’s general meeting. However, the directors of the Thai company from time to time pay the shareholders an interim dividend as appears to the directors to be justified by the profits of the Thai company;
- (c) the Thai company must first appropriate to a reserve fund, at each distribution of dividend, at least 5% of the profits arising from the business of the Thai company, until the reserve fund reaches 10% of the registered capital of the Thai company; and
- (d) No dividend shall be paid otherwise than out of profits and if the Thai company has incurred losses, no dividend may be paid unless such losses have been made good.

Failure of the above compliance by the Thai company in respect of dividend distribution will subject to a fine under Act Determining Offence Relating to Registered Partnership, Limited Partnership, Limited Company, Association, and Foundation B.E. 2499 (1956).

Notwithstanding the above, the Thai company shall also comply with the specific provisions in its Articles of Association describing the conditions on the distribution of dividend (if any), such as the fixed dividend amount or rate for a holder of preference shares or procedures of dividend payment, if those are not prohibited by the provisions of the Thai Civil and Commercial Code.

9.7.3 Withholding tax and tax on remittance / repatriation of profits

In Thailand, there is withholding tax on distribution of dividends to the non-resident/foreign shareholder(s) abroad.

According to the Thai Revenue Code, the Thai company, upon payment of dividend to the non-resident/foreign shareholder, has the duty to withhold tax at the rate of 10% on the amount of such dividends paid and remit the same to the Revenue Department.

9. OTHER INFORMATION (CONT'D)

9.7.4 Restriction on Exchange Control in relation to the Repatriation of Capital and Remittance of Dividend/Profits for Foreign Shareholders

Exchange control in Thailand falls under the purview of the Bank of Thailand and governed under the Exchange Control Act B.E. 2485 (1942) which sets out the principles of controls. The Bank of Thailand has been entrusted by the Thailand Ministry of Finance with the responsibility of administering foreign exchange. All foreign exchange transactions are normally conducted through commercial banks and through authorized non-banks that are granted foreign exchange licences by the Thailand Ministry of Finance namely authorized money changers, authorized money transfer agents and authorized companies.

The inward remittance in foreign currency for direct and portfolio investments in Thailand is freely permitted, similar to the repatriation of capital and outward remittance of the profit derived from such direct and portfolio investments for foreign shareholders. However, compliance of reporting procedures of the same to the Bank of Thailand through commercial banks is required.

The repatriation of capital, repatriation of investment funds by way of sale or transfer or the transfer of dividends by the Thai company to the non-resident/foreign shareholder can be conducted freely upon submission of all relevant and supporting documents to the commercial banks.

9.8 RESPONSIBILITY STATEMENTS

Our Board and our Promoters have seen and approved this Information Memorandum. They, having made all reasonable enquiries and to the best of their knowledge, information and belief, collectively and individually accept full responsibility for the accuracy of the information and statements contained in this Information Memorandum, and confirm that this Information Memorandum contains all relevant information with regards to our Group which is material in the context of our Proposed Placement and Proposed Listing. As at the date of this Information Memorandum, the information contained in this document is true and accurate in all material aspects and is not misleading. As at the date of this Information Memorandum, the opinions and intentions of our Company expressed herein are honestly held, and that there are no false or misleading statements or other material facts which, if omitted, would make any statement in this Information Memorandum false or misleading.

TA Securities, being the Approved Adviser, Placement Agent and Continuing Adviser for our Proposed Listing, acknowledges that, based on all available information and to the best of their knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning our Proposed Placement and Proposed Listing.

9.9 COMMUNICATIONS WITH SHAREHOLDERS

Upon successful listing on the LEAP Market, the Company may from time to time send to our shareholders, documents such as, but not limited to shareholders' circulars, annual reports, written resolutions and notices as required by LEAP Listing Requirements ("**Documents**") via electronic means. The Documents shall be transmitted to the electronic mail address of our shareholders registered with our Share Registrar or published on our website.

However, in the event the electronic mail address of any of our shareholders is not available, or if our shareholders request for a hardcopy to be sent to them, our Company will forward a copy of the Documents to the shareholders as soon as reasonably practicable after the receipt of the request, free of charge. If the Documents are published on our website, our Company will immediately and separately send a written notification of such publication to our shareholders.

9. OTHER INFORMATION (CONT'D)

9.10 DOCUMENTS FOR INSPECTION

Copies of this Information Memorandum are available free of charge and available for inspection at our registered office at No. 4-1, Kompleks Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450, Melaka, Malaysia, during normal working hours for at least 1 month after our Proposed Listing on the LEAP Market.

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