

INFORMATION MEMORANDUM

FOR RESTRICTED CIRCULATION ONLY



IDB TECHNOLOGIES BERHAD
(1301843-D)
(Incorporated in Malaysia)

**PROPOSED LISTING BY WAY OF INTRODUCTION OF THE ENTIRE ISSUED SHARE
CAPITAL OF IDB TECHNOLOGIES BERHAD ON THE LEAP MARKET OF BURSA
MALAYSIA SECURITIES BERHAD**

APPROVED ADVISER AND CONTINUING ADVISER



MainStreet Advisers Sdn Bhd (790320-P)

This Information Memorandum is dated 6 September 2019

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY OUR COMPANY. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN OUR COMPANY AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

THIS INFORMATION MEMORANDUM IS PUBLISHED IN CONNECTION WITH THE LISTING BY WAY OF INTRODUCTION OF IDB TECHNOLOGIES BERHAD ON THE LEAP MARKET OF BURSA SECURITIES AND TO PROVIDE INFORMATION ON OUR GROUP. IT DOES NOT CONSTITUTE AN OFFER OF, NOR WAS IT PUBLISHED TO INVITE OFFERS FOR, ORDINARY SHARES OR OTHER SECURITIES OF IDB TECHNOLOGIES BERHAD. NO NEW ORDINARY SHARES WILL BE ALLOTTED TO AND ISSUED IN CONNECTION WITH, OR PURSUANT TO, THIS INFORMATION MEMORANDUM.

All defined terms used in this Information Memorandum are defined under "Definitions".

RESPONSIBILITY STATEMENTS

The Board and Promoters of our Company have seen and approved this Information Memorandum. They collectively and individually accept full responsibility for the accuracy of all the information and statements contained in this Information Memorandum. Having made all reasonable enquiries, and to the best of their knowledge, information and belief, they confirm 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.

MainStreet, being the Approved Adviser and 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 our Proposed Listing.

STATEMENTS OF DISCLAIMER

This Information Memorandum has been drawn up in accordance with the LEAP Market Listing Requirements for our Proposed Listing and is not a prospectus and has not been registered, nor will it be registered as a prospectus under the CMSA. This Information Memorandum has been prepared 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 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 Group. Sophisticated Investors are expected to make their own assessment on our Group or seek appropriate advice before making their investment decisions in our Company. MainStreet, as our Approved Adviser, has assessed the suitability of our Company for admission to the LEAP Market as per the LEAP Market 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. Approval from Bursa Securities of the same is not an indication of the merits of our Proposed Listing, our Company or our Shares. This Information Memorandum can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY IDB TECHNOLOGIES. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 5 OF THIS INFORMATION MEMORANDUM.

SOPHISTICATED INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTION 248, 249 AND 357 OF THE CMA FOR BREACHES OF SECURITIES LAWS AND REGULATIONS INCLUDING ANY STATEMENT IN THIS INFORMATION MEMORANDUM THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION, OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS INFORMATION MEMORANDUM.

THE PURPOSE OF THIS INFORMATION MEMORANDUM IS TO PROVIDE INFORMATION ON THE BUSINESS AND AFFAIRS OF OUR GROUP. THIS INFORMATION MEMORANDUM DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE, OR SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES, NOR IS IT INTENDED TO INVITE OR PERMIT THE MAKING OF OFFERS TO THE PUBLIC TO SUBSCRIBE FOR OR PURCHASE OF 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 HOLDER AND 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 GROUP AND ALL OTHER RELEVANT MATTERS.

THIS INFORMATION MEMORANDUM IS ISSUED FOR INFORMATION PURPOSES ONLY. NO OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES WILL BE MADE ON THE BASIS OF THIS INFORMATION MEMORANDUM. NO NEW ORDINARY SHARES WILL BE ALLOTTED TO AND ISSUED IN CONNECTION WITH, OR PURSUANT TO THIS INFORMATION MEMORANDUM.

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE AND/OR MAINSTREET SHALL DEEM FIT.

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EXPECTED TIMETABLE AND KEY STATISTICS FOR THE LISTING

All defined terms used in this Information Memorandum are defined under "Definitions".

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

| Events | Tentative dates |
|---|------------------------|
| Date of Information Memorandum | 6 September 2019 |
| Listing of our Company on the LEAP Market | September 2019* |

Note:

* *Subject to receipt of approval from Bursa Securities for our Proposed Listing.*

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

KEY STATISTICS

| | |
|---|--------------|
| Listing Reference Price | RM0.07 |
| Number of Shares in issue on Proposed Listing | 500,000,000 |
| Market capitalisation of our Company at the Listing Reference Price upon Proposed Listing | RM35,000,000 |

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IMPORTANT INFORMATION

All defined terms used in this Information Memorandum are defined under “Definitions”.

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 “IDB Technologies” in this Information Memorandum are to IDB Technologies Berhad. All references to “IDB Technologies Group” and “our Group” in this Information Memorandum are to our Company and our subsidiary taken as a whole and all references to “we”, “us”, “our” and “ourselves” are to our Company and our subsidiary, save where the context otherwise requires. Statements as to our beliefs, expectations, estimates and opinions are those of our Company.

In this Information Memorandum, all references to the “Promoters” are referring to Cheah Kah Beng, Lim Kuei Boon, Yew Chee Yang, Wong Kum Chuan, Kong Kok You, Lee Kim Yong, Mohd Afdhal Izham Bin Ismail and Ng Chuen Jie and “substantial shareholders” are referring to Cheah Kah Beng, Lim Kuei Boon and Yew Chee Yang.

The word “approximately” used in this Information Memorandum is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or one (1) or two (2) decimal place. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section appearing after this Section. Words importing the singular shall, where applicable, include the plural and vice-versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

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

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 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 our 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.

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

IMPORTANT INFORMATION (CONT'D)

Forward-Looking Statements

This Information Memorandum contains forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements are applicable only as at the date of this Information Memorandum.

Words such as “may”, “will”, “would”, “could”, “expect”, “anticipate”, “should”, “intend”, “plan”, “believe”, “seek”, “estimate”, “project” and variations of such words and similar expressions are intended to identify such forward-looking statements and expectations.

These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Our Company is not under any obligation to update or revise such forward-looking statements in this Information Memorandum. Neither our Company, the Approved Adviser nor any other person represents or warrants that our Group’s actual future results, performances or achievements will be as disclosed in those statements.

Factors that could cause our actual results, performances or achievements to differ materially include, without limitation, those discussed in “Section 8: Historical Financial Information and Management Discussion and Analysis”. We cannot give any assurance that the forward-looking statements made in this Information Memorandum will be realised. 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 herein.

Mode of Communication

In accordance with our constitution, we may send to our shareholders (“**Holders**”), such as but not limited to shareholders’ circular, annual reports, written resolutions and notices as required by LEAP Market Listing Requirements (“**Documents**”) by electronic means to the Holders’ registered email address last maintained with either our Company Secretary or Bursa Malaysia Depository Sdn Bhd (“**Bursa Depository**”), as the case may be. However, in the event that 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 Holders as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail.

We may also publish Documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following by way of:

- (i) ordinary mail;
- (ii) electronic means to the Holders’ registered email address;
- (iii) advertisement in an English daily newspaper in Malaysia; and/or
- (iv) announcements on Bursa Securities.

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CORPORATE DIRECTORY

| | | |
|--|---|--|
| BOARD OF DIRECTORS | : | Ho Lee Chen <i>Independent Non-Executive Chairperson</i> |
| | | Cheah Kah Beng <i>Executive Director/Chief Executive Officer</i> |
| | | Lim Kuei Boon <i>Executive Director/Chief Technology Officer</i> |
| | | Lee Lai Hseng <i>Non-Independent Non-Executive Director</i> |
| COMPANY SECRETARY | : | Tea Sor Hua (MACS 01324) 77C, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel No. : +603 7725 1777 Fax No.: +603 7722 3668 |
| REGISTERED OFFICE | : | Third Floor, No. 77, 79 & 81 Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel No. : +603 7725 1777 Fax No.: +603 7722 3668 |
| HEAD OFFICE | : | C5-3, Radius Business Park Jalan Teknokrat 2/1, Cyber 4 63000 Cyberjaya Selangor Darul Ehsan, Malaysia Tel No. : +603 8800 8351 |
| EMAIL ADDRESS | : | support@idb.com.my |
| WEBSITE ADDRESS | : | www.idb.com.my |
| APPROVED ADVISER AND CONTINUING ADVISER | : | MainStreet Advisers Sdn Bhd (790320-P) 25-7, Block B, Jaya One 72A Jalan Universiti 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel No. : +603 7968 3398 Fax No.: +603 7954 2299 |
| AUDITORS AND REPORTING ACCOUNTANTS | : | Crowe Malaysia PLT (LLP 0018817-LCA) Firm No.: AF 1018 Level 16 Tower C Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur, Malaysia Tel No. : +603 2788 9999 Fax No.: +603 2788 9998 |

CORPORATE DIRECTORY (CONT'D)

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Selangor Darul Ehsan, Malaysia
Tel No. : +603 7960 1863
Fax No.: +603 7960 1873
- INDEPENDENT MARKET RESEARCHER** : Providence Strategic Partners Sdn Bhd
(1238910-A)
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan
Tel No.: +603 7625 1769
- PRINCIPAL BANKER** : Alliance Bank Malaysia Berhad (88103-W)
56, Lorong Batu Nilam 4b
Bandar Bukit Tinggi 1
41200 Pelabuhan Klang
Selangor Darul Ehsan, Malaysia
Tel No. : +603 3324 1122
- SHARE REGISTRAR** : Shareworks Sdn Bhd (229948-U)
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Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL), Malaysia
Tel No. : +603 6201 1120
Fax No.: +603 6201 3121
- LISTING SOUGHT** : LEAP Market of Bursa Securities

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DEFINITIONS

| | | |
|--|---|---|
| Act | : | Companies Act 2016, as amended, modified or re-enacted from time to time |
| Acquisition of IDB | : | Acquisition by IDB Technologies of 10,000 ordinary shares of IDB for a purchase consideration of RM674,999.85 which was wholly satisfied by the issuance of 449,999,900 new Shares at an issue price of 0.15 sen per Share, which was completed on 14 December 2018 |
| Board | : | Board of Directors of IDB Technologies |
| Bursa Securities | : | Bursa Malaysia Securities Berhad (635998-W) |
| CAGR | : | Compound annual growth rate |
| CEO | : | Chief Executive Officer |
| CMSA | : | Capital Markets and Services Act 2007, as amended, modified or re-enacted from time to time |
| CTO | : | Chief Technology Officer |
| Directors | : | Members of our Board |
| EBITDA | : | Earnings before interest, tax, depreciation and amortisation |
| EPF | : | Employees Provident Fund |
| EPS | : | Earnings per share |
| FPE | : | Financial period ended |
| FYE | : | Financial year ended |
| GP | : | Gross profit |
| IDB | : | Integrated Design & Build Sdn Bhd (769871-A), a wholly-owned subsidiary of IDB Technologies |
| IDB Technologies Group or Group | : | Collectively, IDB Technologies and its subsidiary |
| IDB Technologies or Company | : | IDB Technologies Berhad (1301843-D) |
| IDB Vendors | : | Cheah Kah Beng, Lim Kuei Boon, Yew Chee Yang, AI Capital Sdn Bhd, Wong Kum Chuan, Kong Kok You, Lee Kim Yong, Mohd Afdhal Izham Bin Ismail and Ng Chuen Jie, collectively |
| IMR Report | : | Independent Market Research Report entitled “Industry Overview on the PMS Solution Market, and the Hotel and Accommodation Industry” dated 26 August 2019 prepared by PROVIDENCE |
| Information Memorandum | : | This Information Memorandum dated 6 September 2019 in relation to our Proposed Listing |
| IPO | : | Initial public offering |
| LAT | : | Loss after tax |

DEFINITIONS (CONT'D)

| | | |
|--|---|--|
| LEAP Market | : | LEAP Market of Bursa Securities |
| LEAP Market Listing Requirements | : | LEAP Market Listing Requirements of Bursa Securities |
| Listing Reference Price | : | The reference price of our Shares upon our listing on the LEAP Market of Bursa Securities |
| LPS | : | Loss per share |
| LPD | : | 26 August 2019, being the latest practicable date prior to the date of this Information Memorandum |
| MainStreet or Approved Adviser Continuing Adviser | : | MainStreet Advisers Sdn Bhd (790320-P), being the Approved Adviser and Continuing Adviser for our Proposed Listing |
| NA | : | Net Assets |
| PAT | : | Profit after tax |
| Pre-IPO Investors | : | Yap Ban Foo, Yap Sin Sang, Tan Bak Hong, Cheng Ping Liong, Liew Tien Choy, Khor Jan Yeow, Wong Kok Mun, Gan Hai Toh, Tan Hang Lim, Teh Cheong Hua, Lim Yew Hoe, Yu Chee Sing and Moh Chee Leong, who are deemed as public shareholders to meet the public shareholding spread upon the Proposed Listing under the LEAP Market Listing Requirements |
| Pre-IPO Investors' Shares | : | 10,000 ordinary shares in IDB, representing 10% equity interest in IDB held by the Pre-IPO Investors at a consideration of RM3,500,000 satisfied by the issuance and allotment of 50,000,000 ordinary shares in IDB Technologies at an issue price of RM0.07 per Share |
| PBT | : | Profit before tax |
| Promoters | : | Cheah Kah Beng, Lim Kuei Boon, Yew Chee Yang, Wong Kum Chuan, Kong Kok You, Lee Kim Yong, Mohd Afdhal Izham Bin Ismail and Ng Chuen Jie |
| Proposed Listing | : | Proposed listing of and quotation for our entire 500,000,000 Shares on the LEAP Market |
| PROVIDENCE | : | Providence Strategic Partners Sdn Bhd (1238910-A), being the Independent Market Researcher |
| QC | : | Quality control |
| RM and sen | : | Ringgit Malaysia and sen respectively |
| Share(s) | : | Ordinary share(s) in our Company |
| SC | : | Securities Commission Malaysia |
| SOCSSO | : | Social Security Organisation |
| Sophisticated Investor(s) | : | Any person(s) 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 |

GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain terms used throughout this Information Memorandum in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms.

- 1-star rated hotel** : 1-star is a hotel rating given by the Ministry of Tourism, Art and Culture Malaysia to a hotel based on its Star rating system. These hotels have a room size of at least 8 to 10 square meters, a reception that can sit 2 persons and a breakfast room. It is not compulsory for 1-star rated hotels to provide other facilities or services
- 2-star rated hotel** : 2-star is a hotel rating given by the Ministry of Tourism, Art and Culture Malaysia to a hotel based on its Star rating system. These hotels have a room size of at least 8 to 10 square meters, a reception that can sit 2 persons and a breakfast room. 2-star rated hotels also provide laundry services. It is not compulsory for 2-star rated hotels to provide other facilities or services
- 3-star rated hotel** : 3-star is a hotel rating given by the Ministry of Tourism, Art and Culture Malaysia to a hotel based on its Star rating system. These hotels have a room size of at least 10 to 12 square meters, a reception that commensurate with the hotel size and a breakfast room. 3-star rated hotels also provide basic facilities (such as bars, restaurants and meeting rooms) and services (such as 24-hour front desk service, room service and secretarial services in a common room)
- 4-star rated hotel** : 4-star is a hotel rating given by the Ministry of Tourism, Art and Culture Malaysia to a hotel based on its Star rating system. These hotels have a room size of at least 12 to 14 square meters, a well-decorated and spacious lobby or lounge and a breakfast room in a dining room or restaurant. Apart from basic facilities and services, 4-star rated hotels also provide facilities such as banquet halls, conference room and a swimming pool, and valet services
- 5-star rated hotel** : 5-star is a hotel rating given by the Ministry of Tourism, Art and Culture Malaysia to a hotel based on its Star rating system. These hotels have a room size of at least 13 to 16 square meters, a well-decorated and spacious lobby or lounge and a breakfast room in a dining room or restaurant. Apart from basic facilities and services, 5-star rated hotels also provide facilities such as banquet halls, conference room and a swimming pool, and valet and limousine services
- accommodation** : In this Information Memorandum, accommodation refers to other forms of accommodations apart from hotels, including homestays and service apartments
- add-on module** : Add-on module refer to additional module of our proprietary software which can be opted by customers, subject to additional fee
- budget hotel** : Budget hotel refers to orchid star rated hotels. Orchid star rated hotels are hotels that meet the minimum requirements by the Ministry of Tourism, Art and Culture Malaysia in terms of cleanliness and hygiene, building safety and guest security, facilities and services, bedroom requirements as well as staff quality

GLOSSARY OF TECHNICAL TERMS (CONT'D)

| | | |
|-----------------------------------|---|---|
| channel management | : | Channel management is a feature in our PMS software which enables hotels and accommodations to manage distribution of room inventory across all OTAs' booking engines and the hotels' and accommodations' booking engine |
| chain hotels | : | Chain hotels are a group of hotels managed by the same management company/owner |
| cloud-based infrastructure | : | Cloud-based infrastructure refers to IT network and data storage hosted by our cloud vendor |
| conversational commerce | : | Conversational commerce is a proposed add-on module which allows customers to interact with hotel and accommodation personnel in real-time, through a social messaging application |
| dynamic pricing | : | Dynamic pricing is a feature in our PMS software that allows adjustment of room rates according to pre-set pricing tiers based on parameters on room occupancy percentage. This feature enables room rates to automatically increase whenever the room occupancy percentage increases or is expected to be high |
| dynamic packaging system | : | Dynamic packaging system is a feature in our PMS software that allows guests to select the type of add-on services or third-party activities that they need |
| front desk | : | Front desk refers to the department in a hotel and accommodation that manages check-ins and check-outs for both individuals and groups |
| IPTV | : | Internet Protocol television, refers to the delivery of television content over Internet Protocol networks |
| interface | : | Interface refers to shared boundary across which two (2) or more separate components of computer system exchange information |
| kiosk | : | Kiosk is a machine placed at hotels and accommodations for self check-in and/or check-out purposes |
| microsite | : | Microsite is a portal that displays a summary of guests' reservation details |
| OTA | : | Online travel agent, an online platform engaged in selling and arranging hotels and accommodations as well as tours and transportation |
| plug-in | : | Plug-in is a software component that adds a specific feature to an existing software program |
| POS software | : | POS or Point-of-Sales software is a front-end system used to record and manage sales transactions |
| PMS | : | Property Management System refers to hotel management system to facilitate the management of hotels and accommodations operations and functions |
| PMS solutions | : | PMS solutions comprise proprietary software, hardware as well as other services and solutions (add-on modules, booking engine, kiosk, interface module, training and other third-party software) |

GLOSSARY OF TECHNICAL TERMS (CONT'D)

| | | |
|--------------------------------------|---|---|
| proprietary software | : | Proprietary software consists of PMS, POS and accounting software |
| server | : | Server is a device that stores, manages and transmits data to and from computers within the ethernet network (local area network) or the internet |
| SMS | : | Short message service refers to a text messaging service function of mobile-device systems |
| social messaging applications | : | Social messaging applications refer to applications that enable messaging service via the internet |
| third-party channel managers | : | Third-party channel managers refer to third party service providers which manage OTAs. Our PMS software can synchronise with these third-party channel managers' software via an in-house developed Application Programming Interface |
| “plus & minus” system | : | “plus & minus” system is a feature in our PMS software that prompts the hotel and accommodation’s reservation department to upgrade guests’ rooms. It allows any less occupied room type to be sold as another higher demand room type |
| user-friendly | : | The term user-friendly is used to describe our PMS software where our PMS software user-interface leads them through a series of defined steps to perform a particular task. Thus, this simplifies the performance of a particular task for hotel and accommodation staff |
| white label | : | White label refers to the usage of booking engine into the hotel and accommodation’s website. Hotels and accommodations will be able to make the booking engine appears to be part of the hotel and accommodation’s website |

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APPENDIX I – REPORT ON THE COMPILATION OF PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

APPENDIX II – AUDITED FINANCIAL STATEMENTS OF IDB FOR THE FYE 30 JUNE 2018

APPENDIX III – UNAUDITED INTERIM FINANCIAL STATEMENTS OF IDB FOR THE 10-MONTH FPE 30 APRIL 2019

1 DETAILS OF OUR PROPOSED LISTING

1.1 Particulars of our Proposed Listing

To facilitate the Proposed Listing, our Group has undertaken the following:

- (i) Incorporation of IDB Technologies on 31 October 2018 as an investment holding company with issued share capital of RM100;
- (ii) Acquisition by IDB Technologies of 10,000 ordinary shares of IDB for a purchase consideration of RM674,999.85 which was wholly satisfied by the issuance and allotment of 449,999,900 new Shares at an issue price of 0.15 sen per Share, which was completed on 14 December 2018;
- (iii) IDB increased the number of its shares from 10,000 to 90,000 via bonus issue of 80,000 new ordinary shares on the basis of eight (8) bonus shares for every one (1) ordinary share held, which was completed on 16 May 2019;
- (iv) IDB increased its issued share capital from RM900 to RM3,500,900 by the issuance and allotment of 10,000 new ordinary shares to Pre-IPO Investors, which was completed on 27 May 2019. Following the said allotment, IDB became a 90% owned subsidiary of our Company; and
- (v) Acquisition by IDB Technologies of 10,000 ordinary shares in IDB, representing 10% equity interest in IDB held by the Pre-IPO Investors at a consideration of RM3,500,000 satisfied by the issuance and allotment of 50,000,000 ordinary shares at an issue price of RM0.07 each ("**Share Swap**"), which was completed on 31 May 2019. As a result, IDB became a 100% owned subsidiary of our Company.

On 26 August 2019, certain Pre-IPO Investors acquired additional Shares from a former shareholder of IDB Technologies at the Listing Reference Price of RM0.07, resulting in the Pre-IPO investors holding 19% equity interest of IDB Technologies. The Shares held by the Pre-IPO Investors range from 2,000,000 Shares to 20,000,000 Shares each.

Therefore, our Proposed Listing will be implemented via listing by way of introduction and will not entail any fund-raising exercise upon admission to the LEAP Market of Bursa Securities.

The proceed of RM3,500,000 raised from the issuance and allotment of IDB's ordinary shares to the Pre-IPO Investors are being utilised as set out in Section 1.4 of this Information Memorandum. The Pre-IPO Investors are not connected to the Directors, substantial shareholders or person connected with such Directors or substantial shareholders of the Company.

Our Proposed Listing is subject to the receipt of an approval from Bursa Securities. Thus, we have concurrently made an application to Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for our entire issued share capital of approximately RM4,175,100 comprising 500,000,000 Shares on the LEAP Market and are awaiting Bursa Securities' decision on the same.

1.2 Basis of arriving at the Listing Reference Price

The Listing Reference Price will be fixed at RM0.07. It was derived from the pre-IPO subscription price and the subsequent Share Swap transaction. For information purpose only, the price to earnings multiples for our Listing Reference Price are approximately 36.84 times and 58.33 times based on our audited EPS of 0.19 sen for FYE 30 June 2018 and unaudited annualised EPS of 0.12 sen for FPE 30 April 2019 (after excluding our non-recurring listing expenses amounting to approximately RM0.32 million) respectively, calculated with reference to our issued share capital of 500,000,000 Shares.

1 DETAILS OF OUR LISTING (CONT'D)

Prior to our Proposed Listing, there was no public market for our Shares within or outside Malaysia. You should take note that the market price of our Shares subsequent to our Proposed Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. You are reminded to carefully consider the risk factors as set out in Section 5 of this Information Memorandum and form your own views on the valuation of our Shares before deciding to invest in them.

1.3 Share capital upon listing

As at the LPD, we have only one (1) class of shares in our Company, namely ordinary shares, all of which rank *pari passu* in all respects with one another including voting rights and rights to all dividends and other distributions that may be declared.

As at the LPD, our Company has an issued share capital of 500,000,000 Shares and a proposed market capitalisation of RM35 million (based on the Listing Reference Price of RM0.07 per Share).

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid up on the Shares held by them, be entitled to share in the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to any surplus in accordance with our constitution.

At any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney or by duly authorised representative. Each shareholder shall be entitled to appoint one (1) or more 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 or by proxy or by attorney or by other authorised representative shall have one (1) vote for each Share held.

1.4 Utilisation of proceeds arising from subscription of IDB shares by Pre-IPO Investors

The gross proceeds arising from the allotment of IDB's ordinary shares to the Pre-IPO Investors of RM3.50 million shall accrue entirely to our Group and we are utilising the gross proceeds for the following purposes:

| No. | Details of utilisation | Amount RM'000 | Percentage of gross proceeds % | Estimated timeframe for utilisation |
|-------|-------------------------------------|------------------|---|---|
| (i) | Technology research and development | 720 | 20.57 | } Ongoing and up to 36 months from the date of the Proposed Listing |
| (ii) | Expansion expenses | 1,000 | 28.57 | |
| (iii) | Working capital | 980 | 28.00 | |
| (iv) | Estimated listing expenses | 800 | 22.86 | Ongoing and up to the date of the Proposed Listing |
| | | 3,500 | 100.00 | |

Notes:

(1) **Technology research and development**

We are utilising RM0.72 million for the purpose of undertaking technology research and development activities to enhance our PMS solutions and develop new add-on modules to complement our proprietary software. The cost of undertaking the above consist of fees pertaining to attending conferences and training courses, acquisition of programming tools and subscription of research materials.

1 DETAILS OF OUR LISTING (CONT'D)**(2) Expansion expenses**

We are utilising RM1.00 million for our expenses on travelling for business development, organising events as well as participation in exhibitions and events in Malaysia, Cambodia, Singapore, Vietnam and Myanmar. The table below set out the details of utilisation:

| Description | RM'000 |
|---|---------------|
| Malaysia | 200 |
| Cambodia | 100 |
| Others (Singapore, Vietnam and Myanmar) | 700 |
| | 1,000 |

(3) Working capital

We are utilising approximately RM0.98 million for our day-to-day working capital requirements, as follows:

| Description | RM'000 |
|--|---------------|
| Salaries and hiring of additional staff | 750 |
| Purchase of hardware and payments of services relating to deployment of PMS solutions to our customers such as cloud hosting charges | 230 |
| | 980 |

(4) Estimated listing expenses

We will bear all incidental expenses and fees relating to the listing of and quotation for our Proposed Listing on LEAP Market. The estimated listing expenses for our listing amounted to RM0.80 million. The estimated listing expenses are as set out in the following table:

| Description | RM'000 |
|--------------------------------------|---------------|
| Professional fees | 698 |
| Fees payable to relevant authorities | 18 |
| Miscellaneous | 84 |
| | 800 |

In the event that the actual amounts vary from the above estimates, the excess or deficit, as the case may be, would be reallocated to/from the amount earmarked for working capital.

1.5 Dividend policy

IDB has paid dividend of RM100,000 in respect of FYE 30 June 2018. In respect of FYE 30 June 2019, we have no intention to declare dividend.

Currently, we do not have a fixed dividend policy and our payment of dividends is dependent upon our distributable profits, operating results, financial condition, capital expenditure plans, cash position as well as other factors. It is our intention to pay dividends to our shareholders in the future and any dividends to be declared will be subject to the recommendation of our Board taking into consideration the factors above. Any declaration of final dividend by our Board is subject to the approval of our shareholders at our annual general meeting.

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2 OVERVIEW OF OUR GROUP

2.1 Our history and milestones

2.1.1 Overview

We are a PMS solution provider. Our PMS solutions comprise proprietary software, hardware as well as other services and solutions. The PMS solutions facilitate the management of hotel and accommodation operations and functions and as such, our customers are hotels and accommodations. We presently serve the Malaysian and Cambodian market and plan to expand regionally to other countries in Southeast Asia, as highlighted in Section 3.18.1 of this Information Memorandum.

As our proprietary software is web-based, it allows for remote accessibility, cross-platform and multi-device responsiveness.

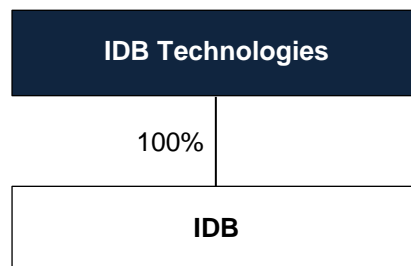
We maintain a single version of our proprietary software for all our customers. Hence, any roll out of enhancements, localisations and add-on modules can be done within a short span of time.

Our proprietary software is user-friendly as well as allows for remote configuration and localisation in terms of languages. In addition, it can be installed on either on-premise or cloud-based infrastructure. Our proprietary software can be used in all types of hotels and accommodations.

2.1.2 History

Our Company was incorporated on 31 October 2018 in Malaysia under the Act as a private limited company under the name of IDB Technologies Sdn. Bhd. On 19 December 2018, we were converted into a public limited company and carried the name IDB Technologies Berhad to facilitate the listing of our Group on the LEAP Market. Our Company is an investment holding company, whilst our subsidiary, IDB is involved in the provision of PMS solutions.

Our Group structure is as follows:



Our Group's history can be traced back to when IDB was incorporated in 2007 by our present Executive Director cum CTO, Lim Kuei Boon and two (2) other shareholders, Eng Lee Chen and Yap Jee Eng. At the point of inception, we were involved in two (2) business activities, namely general construction activities and software development.

In 2011, we began to focus on software development when Cheah Kah Beng became a shareholder and was appointed as CEO and Lim Kuei Boon was appointed as CTO of IDB. Meanwhile, Eng Lee Chen and Yap Jee Eng ceased to become shareholders and we ceased our general construction business.

2 OVERVIEW OF OUR GROUP (CONT'D)

Between 2011 and 2012, we developed member and customer management software for timeshare companies and a golf club. As the development of these software took approximately two (2) years, the growth of the software development business was dependent on the size of our technical team. Understanding this, our CEO and CTO realised that there was a need to focus the business on the development of a single software that can be licensed to multiple customers.

Our CEO previously worked in software companies, during which he garnered experience in PMS solutions for the hotel and accommodation industry. He thus saw the market potential for PMS solutions in the hotel and accommodation industry and this led to the business decision of focusing on the development of our proprietary software catering to PMS solutions. Drawing from his past experience in PMS solutions for the hotel and accommodation industry, coupled with our CTO's experience in software development, they were confident that they could develop a web-based and user-friendly PMS software.

Thus, in 2013, our CEO and CTO began marketing their abilities to provide software development services to a customer which is a local 5-star rated hotel, for PMS software as well as POS and accounting software. In the same year, we were engaged by the said customer to carry out the development of these software. Our proprietary software were completed and implemented for the said customer in April 2015. Since then, we focused on marketing and enhancing these proprietary software.

In order to build our track record as a PMS solution provider, we strategically focused on marketing our PMS solutions to budget hotels. Marketing to budget hotels was relatively easier as they were typically local based and required less complex PMS solutions. We secured our first licensing arrangement to a budget hotel in Peninsular Malaysia in July 2015.

As we continued to build our track record in Peninsular Malaysia, we licensed our proprietary software to 1-star to 3-star rated hotels in 2016. In the same year, we enhanced our reservation module for our PMS software by including a revenue optimisation feature (namely dynamic pricing and "plus & minus" system) and channel management. Please see Section 3.2(A)(i) for further details on these modules.

In 2017, we expanded our customer base to Sabah. In 2018, we completed our development of IDB Connect, a Microsoft Excel plug-in which allows hotels to perform analysis using statistical data and financial data extracted from our PMS software and our accounting software. In the case of chain hotels, it also consolidates data from multiple locations.

In the same year, we have also completed the development of microsite to facilitate hotel and accommodation's engagement with guests. A microsite is a portal that displays a summary of guests' reservation details. It also allows guests to upgrade their rooms, request for early check-in/late check-out and housekeeping services, order room services, subscribe to special promotions and download invoices.

Since we began marketing our PMS solutions in 2015, the number of hotels and accommodation premises using our PMS solutions throughout Malaysia has grown from 15 installations/hotels in FYE 30 June 2016 to 48 installations/hotels in FYE 30 June 2017 and 125 installations/hotels as at LPD.

On 12 July 2018, Yew Chee Yang became a substantial shareholder in IDB. On 14 December 2018, we have completed our internal reorganisation wherein our Promoters and key management personnel have sold their entire shareholdings in IDB to IDB Technologies.

2 OVERVIEW OF OUR GROUP (CONT'D)

In April 2019, we ventured into the Cambodian market when we commenced the implementation of our PMS solutions for a China-based hotel management company which has a chain of hotels in Cambodia.

On 27 May 2019, IDB increased its issued share capital from RM900 to RM3,500,900 by the allotment of 10,000 new ordinary shares to Pre-IPO Investors. Subsequently, on 31 May 2019, IDB Technologies completed the Share Swap. As a result, IDB became a 100% owned subsidiary of our Company, as illustrated above.

2.1.3 Our milestones and key achievements

The table below sets out our milestones and key achievements since our PMS solution business commenced in April 2015:

| Year | Milestone and key achievements |
|------|--|
| 2015 | <ul style="list-style-type: none"> Completed and implemented our proprietary software for our customer, a local 5-star rated hotel Expanded our customer base to include budget hotels |
| 2016 | <ul style="list-style-type: none"> Expanded our customer base to include 1-star to 3-star rated hotels Enhanced our PMS software by developing a revenue optimisation feature under reservation module |
| 2017 | <ul style="list-style-type: none"> Expanded our customer base to Sabah |
| 2018 | <ul style="list-style-type: none"> Developed IDB Connect as an add-on module Developed microsite as an add-on module |
| 2019 | <ul style="list-style-type: none"> Ventured into the Cambodian market |

2.2 Corporate structure

The details of our Company and its subsidiary, IDB, are as set out below:

| Company | Date of incorporation/ Date of commencement of business/ Country of incorporation | Issued share capital as at the LPD RM | Effective equity interest % | Principal activities |
|--|---|--|--------------------------------------|--|
| IDB Technologies | 31 October 2018/ 31 October 2018/ Malaysia | 4,175,100* | - | Investment holding |
| Wholly-owned subsidiary of IDB Technologies | | | | |
| IDB | 17 April 2007/ 7 May 2007/ Malaysia | 3,500,900 | 100 | Provision of software, hardware and other services and solutions |

Note:

* Rounded to the nearest RM.

2 OVERVIEW OF OUR GROUP (CONT'D)

2.3 Shareholding structure

Our Company's shareholding structure upon the Proposed Listing are as follows:

| Shareholders | Direct | | Indirect | |
|------------------------------|-----------------------|-------|-----------------------|---|
| | No. of shares '000 | % | No. of shares '000 | % |
| Lim Kuei Boon | 139,500 | 27.90 | - | - |
| Cheah Kah Beng | 139,500 | 27.90 | - | - |
| Yew Chee Yang | 112,500 | 22.50 | - | - |
| Wong Kum Chuan | 4,500 | 0.90 | - | - |
| Kong Kok You | 4,500 | 0.90 | - | - |
| Lee Kim Yong | 1,800 | 0.36 | - | - |
| Mohd Afdhal Izham Bin Ismail | 1,800 | 0.36 | - | - |
| Ng Chuen Jie | 900 | 0.18 | - | - |
| Pre-IPO Investors | 95,000 | 19.00 | - | - |

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3 BUSINESS OVERVIEW

3.1 Principal business activities

We are involved in the provision of PMS solutions. Our principal activities can be categorised as follows:

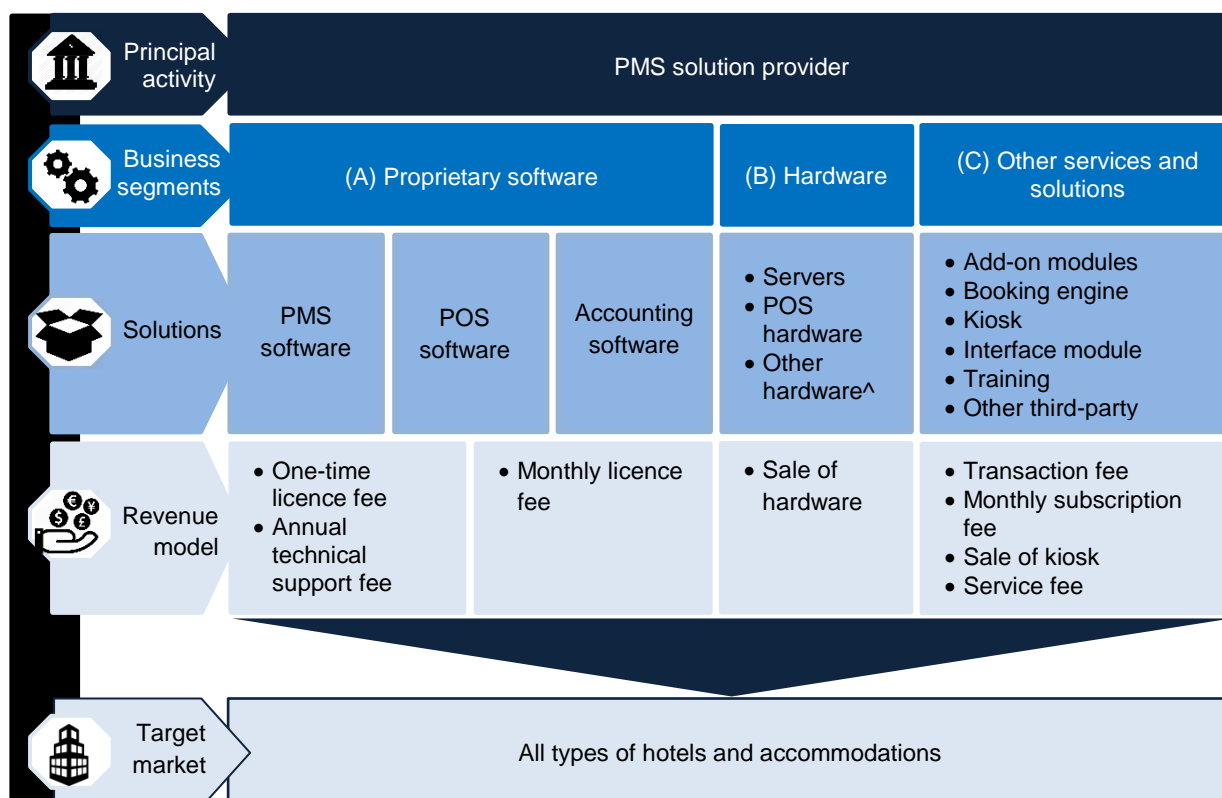
- (i) provision of our proprietary software;
- (ii) provision of hardware; and
- (iii) provision of other services and solutions.

3.2 Solutions

The operation of a hotel and/or an accommodation involves the management of an array of services (e.g. room and reservations, front desk operations and housekeeping) which are carried out simultaneously on a day-to-day basis. As such, the use of a PMS software is essential in facilitating these operations, allowing a seamless and integrated flow of information between departments.

Apart from our PMS software, we also provide POS and accounting software which facilitate front-end (cashiering and billing) and back-end (finance and accounting) operations. Coupled with third-party hardware as well as other services and solutions, we provide solutions for hotels and accommodations.

Our solutions are summarised in the diagram below:



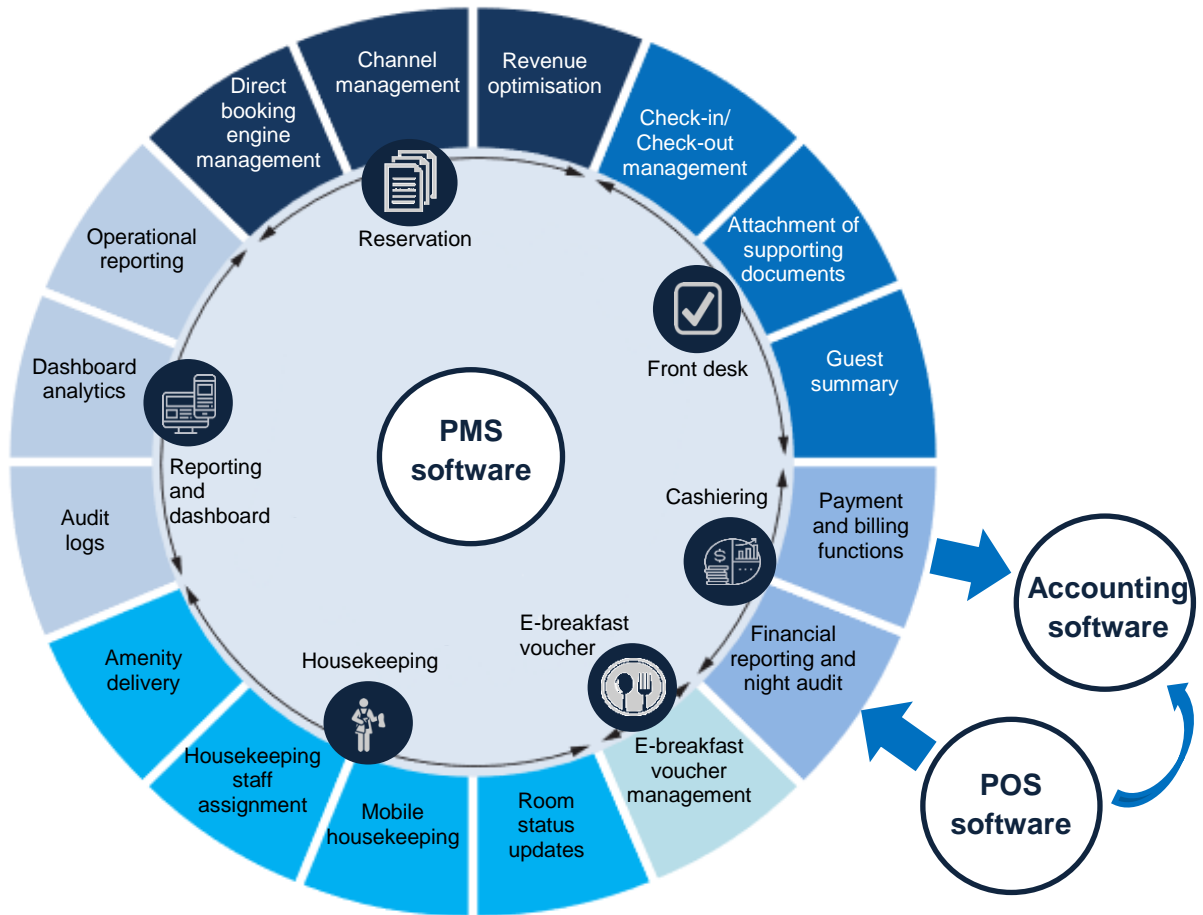
Note:

[^] Other hardware consists of peripheral equipment such as desktops and mobile devices.

3 BUSINESS OVERVIEW (CONT'D)

The diagram below is an illustration of our range of solutions. It denotes the modules of our primary software, i.e. PMS software, namely reservation, front desk, cashiering, e-breakfast voucher, housekeeping as well as reporting and dashboard modules, and the features in each module. Our PMS software can also be integrated with both our POS and accounting software as well as other third-party software.

The diagram also highlights the key features of our proprietary software and lists of other services and solutions that we offer to our customers alongside the licensing of these proprietary software. Further details of our range of solutions are elaborated in the following sections.



Key features



Web-based:
 - Remote accessibility
 - Cross platform and multi-device responsiveness
 - Single version and fast rollout of enhancements



User-friendly



Multi-language



Can be installed using on-premise and cloud-based infrastructure



Remote configuration

Other services and solutions

- Add-on modules:
 - Microsite
 - IDB Connect
- Booking engine
- Interface module
- Kiosk
- Conversational commerce (to be completed by end-2019)
- Event management module (to be completed by end-2019)
- Maintenance management module (to be completed by end-2019)

3 BUSINESS OVERVIEW (CONT'D)

Our range of solutions are as follows:

(A) Proprietary software

The proprietary software that we offer to our customers are developed in-house. These proprietary software comprise our PMS, POS and accounting software.

Our proprietary software have the following features:

- web-based, which means that it can be accessed over the Internet via any browser. This offers a variety of benefits, as follows:
 - remote accessibility – can be accessed from any location, within or outside the hotel premise. This flexibility provides multiple advantages, including allowing hotel and accommodation personnel to remotely monitor hotel performance and enabling housekeeping services to be managed using mobile devices;
 - cross-platform and multi-device responsiveness – responsive across multiple operating systems and devices which can be used on any devices, such as desktops, tablets or smart phones; and
 - single version and fast roll out of enhancements – we only maintain a single version of our proprietary software and any enhancements, localisations and add-on modules to our proprietary software are rolled out to all customers remotely and within a short span of time
- user-friendly – our user-interface leads users through a series of defined steps to perform a particular task. Consequently, training of hotel and accommodation personnel are conducted within a short span of time (ranging from two (2) to five (5) days depending on the type of hotel and accommodation);
- remote configuration – configuration of our proprietary software can be done remotely;
- localisation in terms of languages – allows configuration of our proprietary software in any language, enabling it to be used in any country; and
- can be installed using on-premise or cloud-based infrastructure – customers can opt to install our proprietary software using on-premise or cloud-based infrastructure. On-premise infrastructure refers to dedicated IT network and data storage hardware located within the hotel and accommodation premises. Meanwhile, cloud-based infrastructure refers to IT network and data storage hosted by cloud vendors.

(i) PMS software

Our PMS software has six (6) modules, as illustrated above. The functions of these modules can be configured according to our customers' business needs.

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3 BUSINESS OVERVIEW (CONT'D)

(a) Reservation module

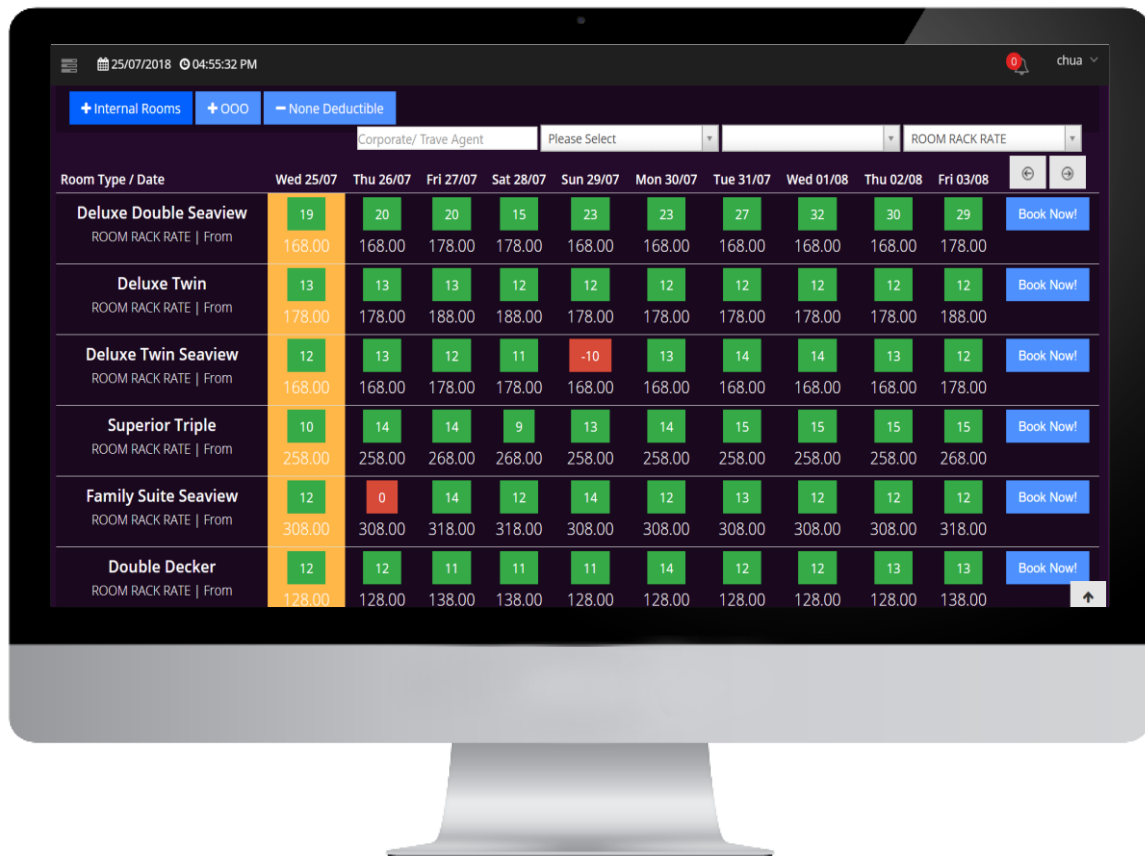
Reservation of rooms are generally performed through the following methods:

- (i) walk-in or phone reservations – where reservations are managed by the hotel and accommodation’s reservation department; and
- (ii) online reservations – which are either performed through the hotel and accommodation’s booking engine or OTAs’ booking engines.

Our reservation module facilitates both walk-in, phone or online reservations, and comprises the following features:

- Reservation management – allows the hotel and accommodation’s reservation department to manage walk-in reservations at the reception counter or phone reservations, check room availability and rates, as well as assign and upgrade rooms for guests.

Our PMS software’s interface for reservation management is as illustrated below:



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3 BUSINESS OVERVIEW (CONT'D)

- Booking engine

Our booking engine is embedded into the hotel and accommodation's website to facilitate online reservations. Our booking engine enables management of reservations made through the hotel and accommodation's website. All data on reservations from our booking engine will be integrated with our PMS software.

- Channel management

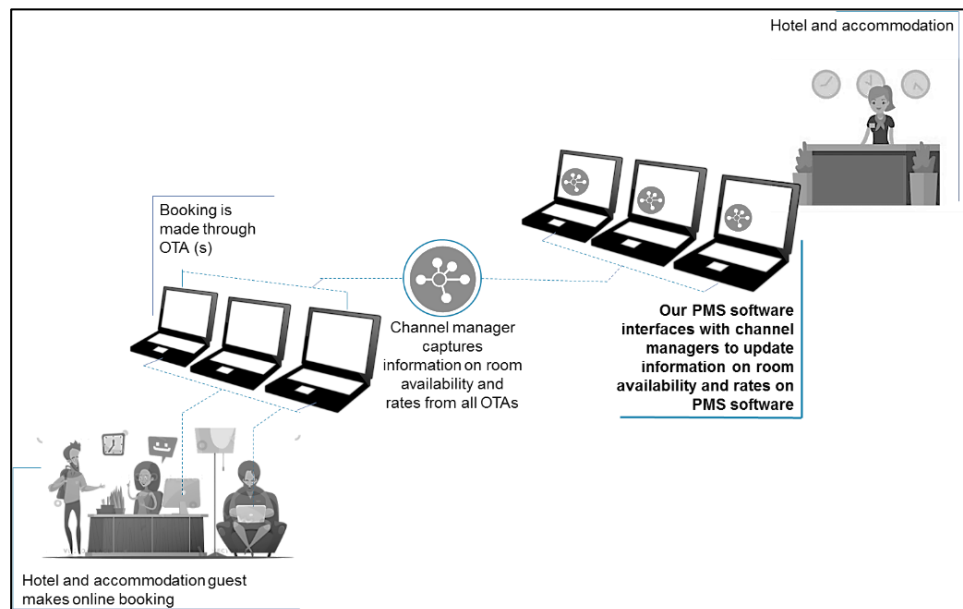
Hotels and accommodations allocate a specified number of rooms for sale that is shared across several OTAs. Generally, information on rooms reserved through one OTA is not synchronised with other OTAs and thus, reservations made by these OTAs have to be manually updated by the hotel and accommodation's reservation department at intervals throughout the day.

As a result, the hotel and accommodation require more manpower to manually update this information and there may be a risk of overbooking if information on rooms is not updated in time.

With this channel management feature, our PMS software can interface with third-party channel managers to automate update of:

- reservations from booking engine and OTAs into the PMS software; and
- available room inventory and rates from the PMS software to all OTAs and booking engine.

As such, these features reduce the manpower required to manually update reservations, room inventories and rates and mitigate the risk of overbooking.

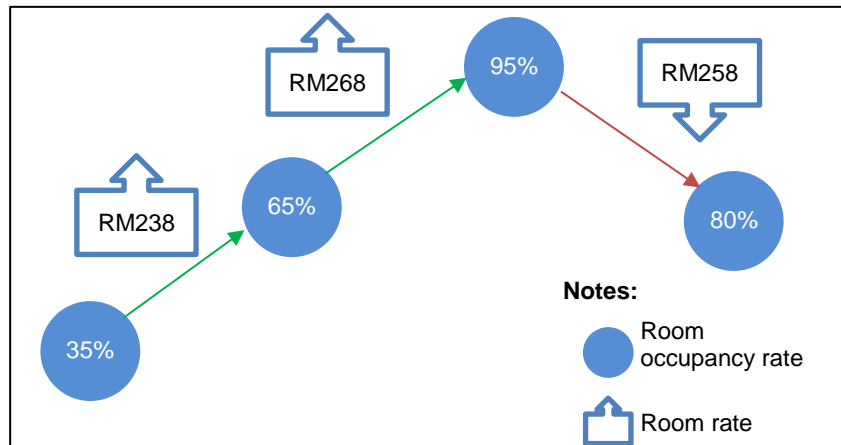


3 BUSINESS OVERVIEW (CONT'D)

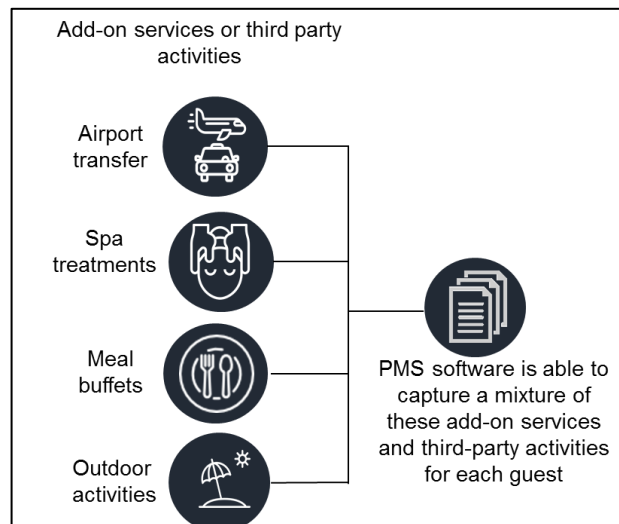
- Revenue optimisation

Revenue optimisation has the following functions:

- Dynamic pricing system - allows pricing of room rates according to pre-set pricing tiers based on room occupancy percentage. The system will automatically increase the room rate whenever the room occupancy percentage increases.



- “Plus & minus” system - allows hotels and accommodations to manage their room inventories effectively. For example, the hotel and accommodation’s reservation department can sell vacant “deluxe room” at the “standard room” rate during periods when the “standard room” is in high demand/sold-out.
- Dynamic packaging system - allows guests to select the type of add-on services (such as airport transfer, spa treatments and meal buffets) or third-party activities (such as snorkelling or water sports) that they need. Through this feature, our PMS software allows the hotel and accommodation’s reservation department to:
 - ✓ bill guests based on the type of add-on services used by guest; and
 - ✓ provide confirmation slip(s) to guests for third-party service providers to verify that the guests have reserved/purchased a service



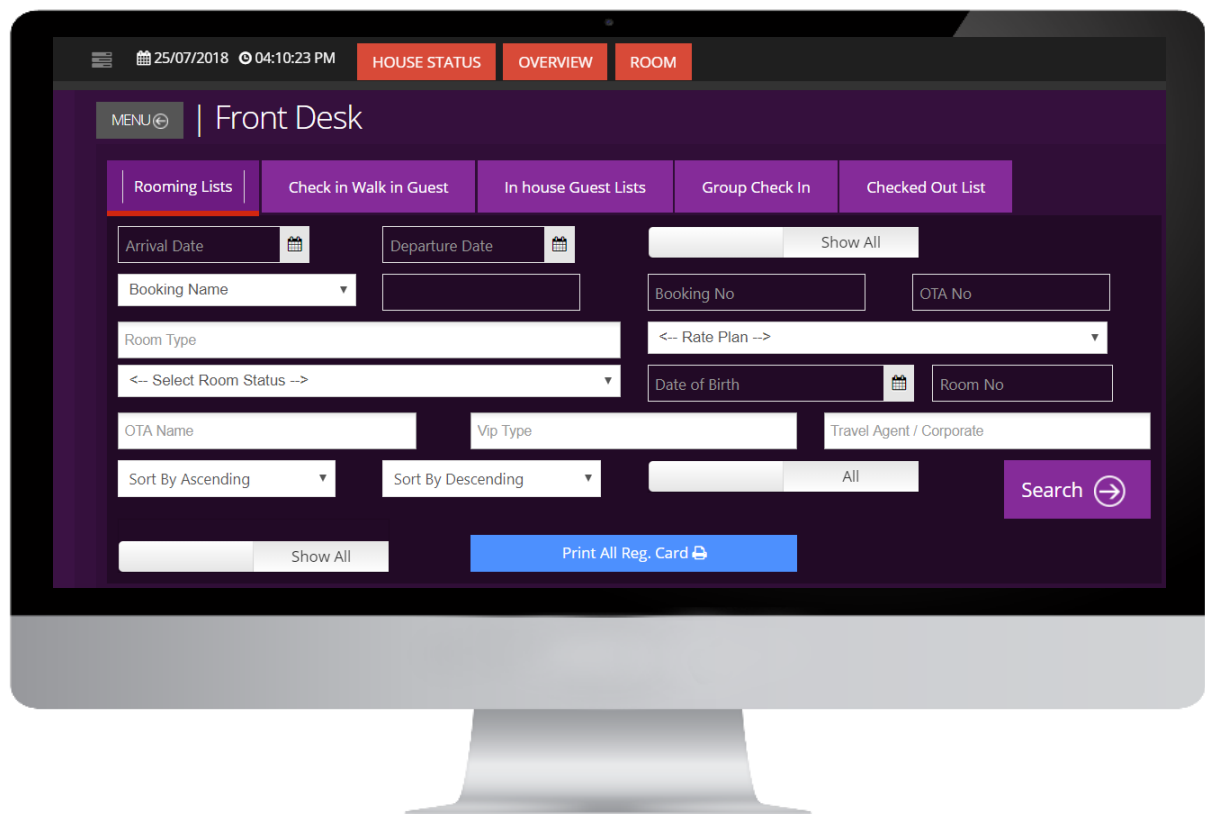
3 BUSINESS OVERVIEW (CONT'D)

(b) Front desk module

This module allows:

- management of check-ins and check-outs;
- uploading of attachments related to reservations (such as rooming lists and offer letters) to allow the hotel and accommodation's reservation and front office departments to refer to as and when required; and
- guest summary that is due to check-in and check-out as well as availability of rooms by room type and demographic profile of guests. This enables:
 - the hotel and accommodation's front desk to manage room availability; and
 - the hotel and accommodation's housekeeping department to allocate rooms to be cleaned before a guest checks in and after a guest checks out

Our PMS software's interface for front desk is as illustrated below:

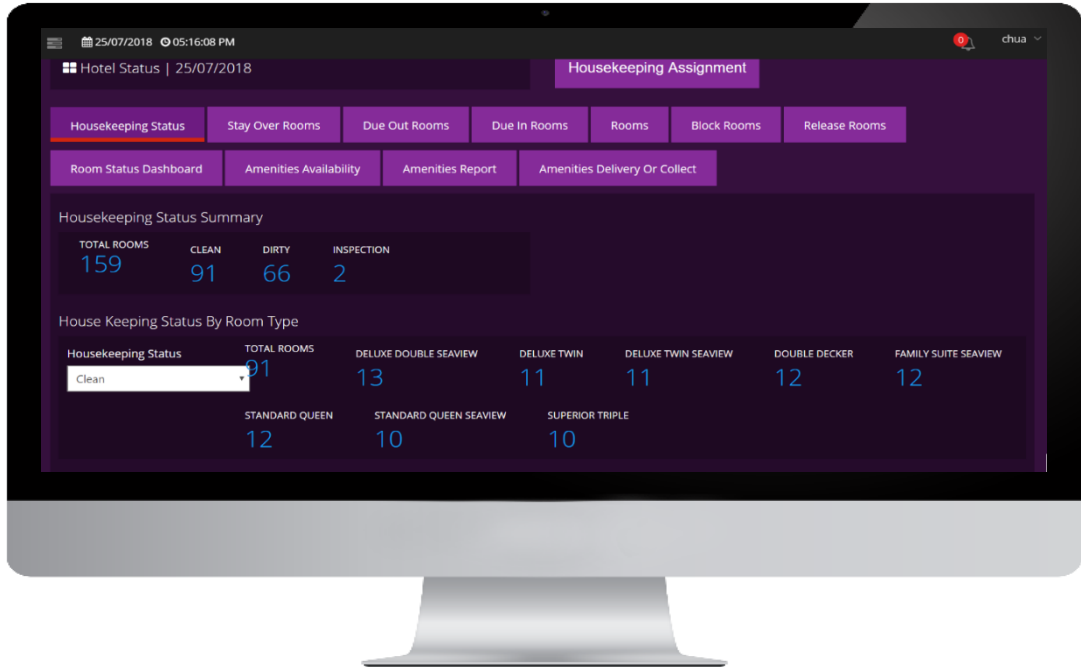


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3 BUSINESS OVERVIEW (CONT'D)

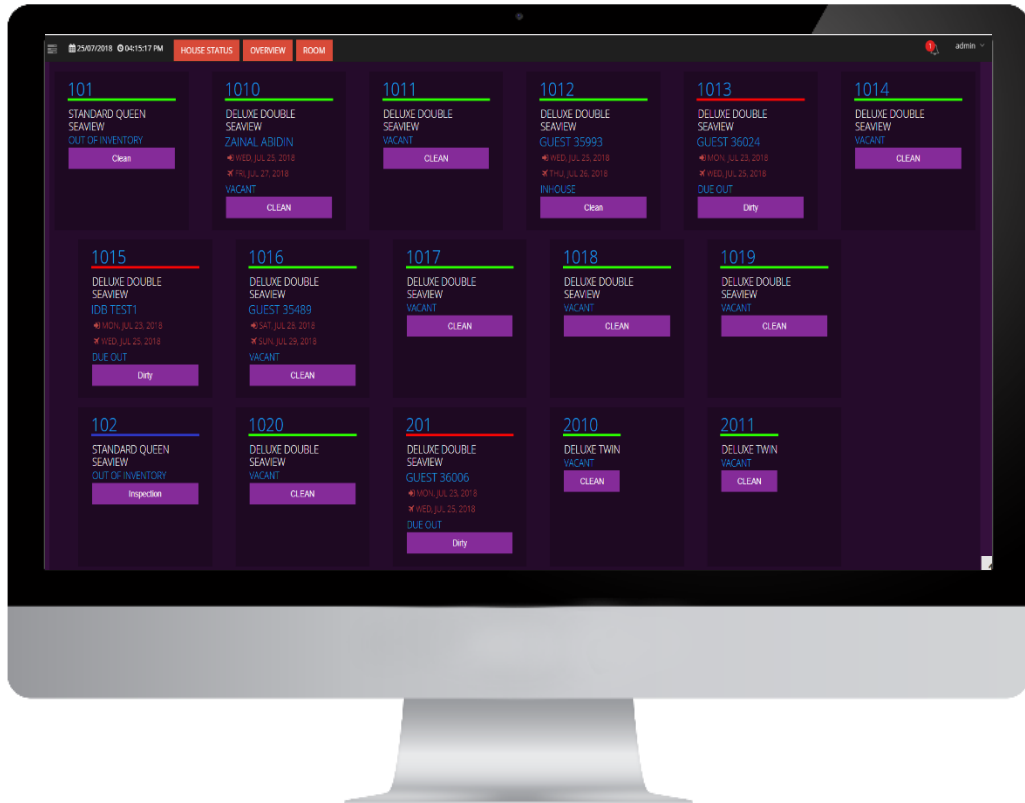
(c) Housekeeping module

Our PMS software's interface for housekeeping is as illustrated below:



- Room status updates

Housekeeping status by room type (e.g. occupied rooms and rooms due for check-in and check-out). The interface is as follows:



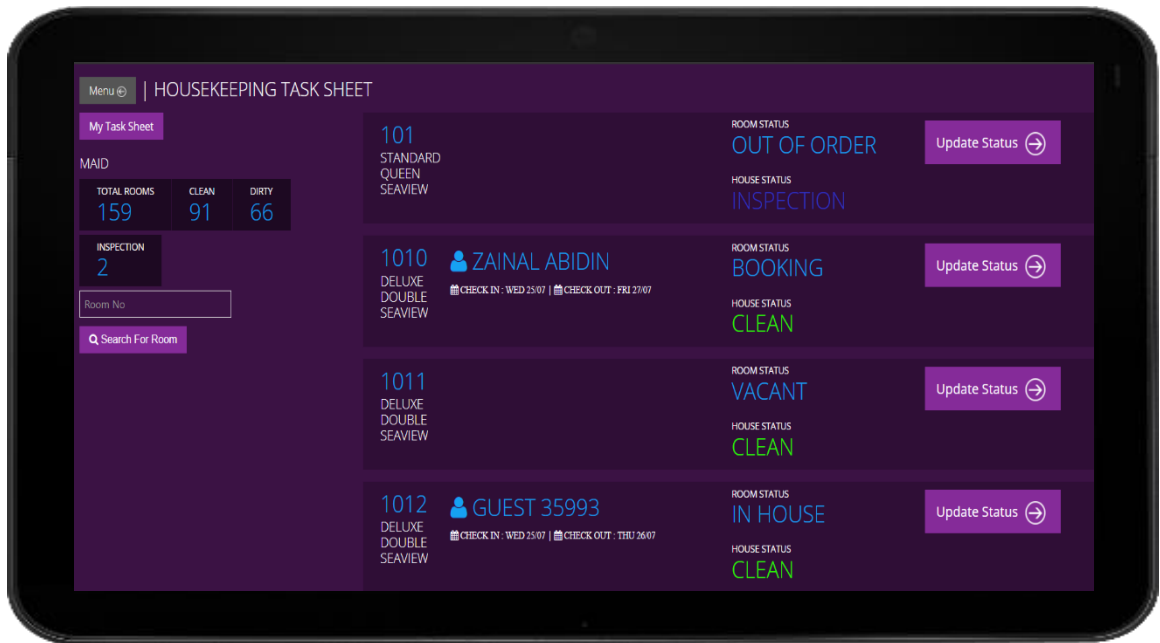
3 BUSINESS OVERVIEW (CONT'D)

- Mobile housekeeping

When assigned a task, the respective housekeeping staff can update the status (whether uncompleted (“dirty”), completed (“clean”) or “awaiting inspection”) for a service to a particular room using a mobile device.

This allows supervisors to keep track of these assignments and the efficiency of carrying out tasks.

Our PMS software interface for mobile housekeeping is as follows:

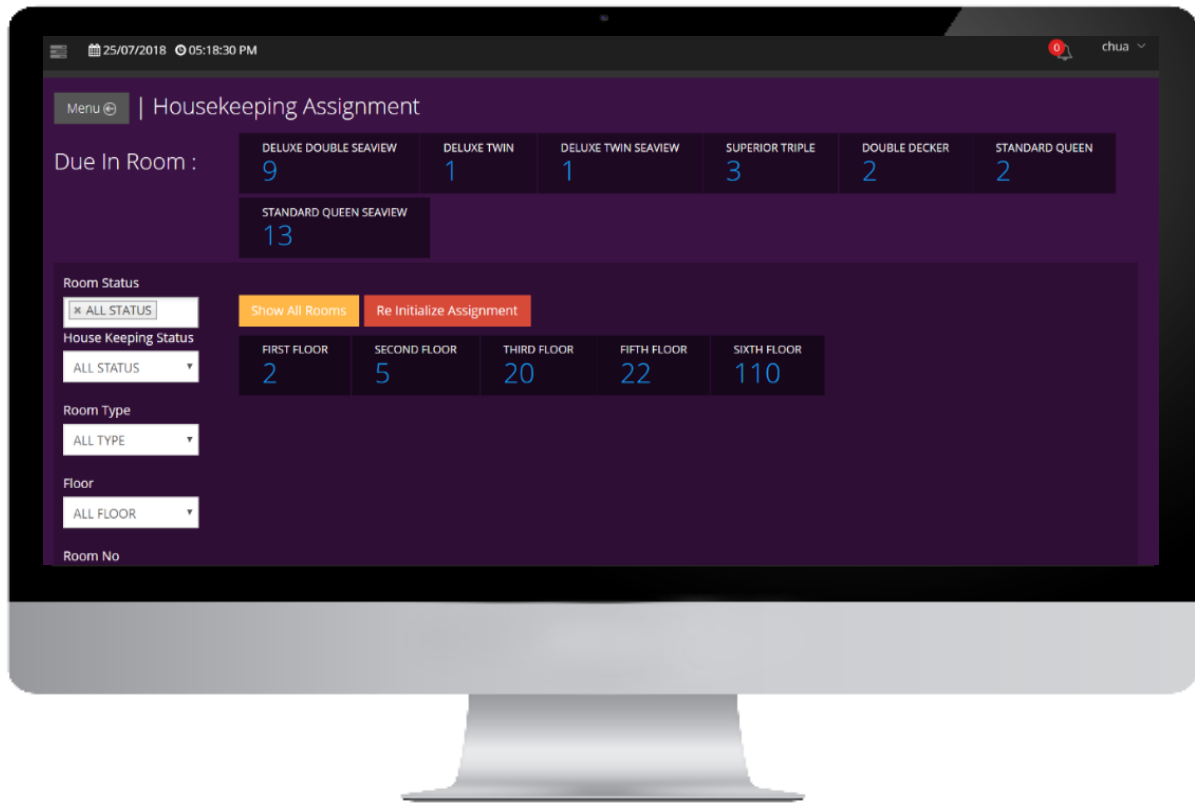


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3 BUSINESS OVERVIEW (CONT'D)

- Housekeeping staff assignment

Staff can be easily assigned by supervisors to the respective rooms using the PMS software. The interface of the housekeeping staff assignment is as follows:



- Amenity delivery

Updates on amenity delivery can be viewed and monitored at a glance.

(d) Cashiering module

Our cashiering module allows:

- payment and billing functions – capture and store transactions during the check-in/check-out processes and at on-premise food and beverage outlets. It also produces receipts for guests; and
- financial reporting and night audit – produce financial reports and night audits which comprise general accounting information on cashflow and accounts receivable. This accounting information can be exported into Microsoft Excel.

In addition, this module integrates with our proprietary POS and accounting software as well as third-party POS and accounting software. Sales information from POS software can be automatically recorded and fed into our PMS software and this information can be exported into our accounting software. This eliminates the need for re-entry of information into both PMS and accounting software.

3 BUSINESS OVERVIEW (CONT'D)

(e) E-breakfast voucher module

Our PMS software allows the management of breakfast vouchers, allowing hotel and accommodation personnel to check if guests are eligible for complimentary breakfast through information captured during the check-in process. This eliminates the need for guests to carry breakfast vouchers in physical form, as hotel and accommodation personnel can easily check the eligibility of guests using the PMS software.

(f) Reporting and dashboard module

This module generates reports to facilitate the hotels and accommodations to review their performance. Features include:

- operational reporting – provides information on hotel performance in terms of guest arrival reports, in-house guest reports, room revenue forecast, historical and forecast operational performance reports;
- dashboard analytics – provides real-time statistics (such as occupancy rates, room status, room sales and current revenue) and updates as well as historical trends recorded through the PMS software. This allows the management team to review the hotel and accommodation performance (either on-premise or remotely); and
- audit logs – system logs of hotel and accommodation personnel in-charge which will be recorded in order to trace back activities when issues arise.

(ii) POS software

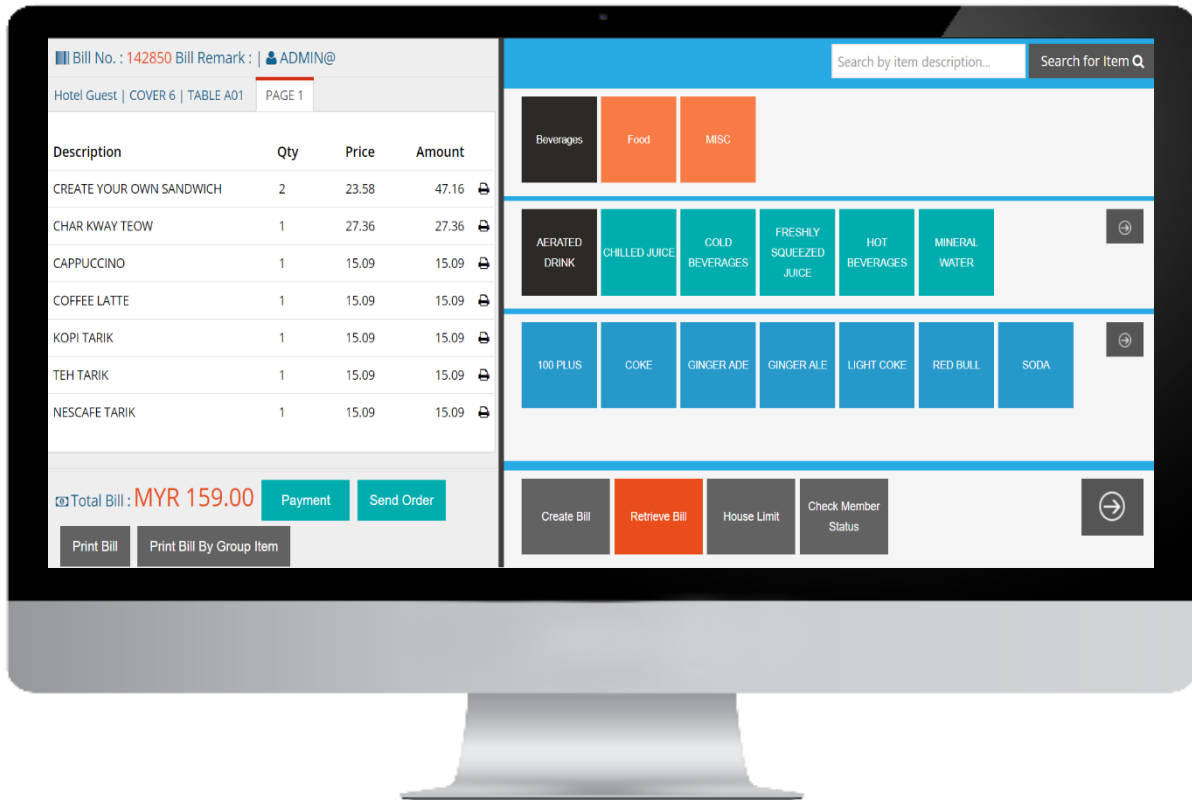
Our POS software has the following functions, amongst others:

- management of POS terminals;
- allow for orders to be taken digitally by using mobile devices at the tables;
- assign orders to tables or takeaways; and
- allow for reporting and analytics of sales performance.

Our POS software can be integrated with our PMS software or can be used on a standalone basis in any food, beverage and retail outlets. In a hotel and accommodation, it can also be used in the food and beverage outlets, retail outlets, spas and function halls. The following is the interface of the POS software:

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3 BUSINESS OVERVIEW (CONT'D)



(iii) Accounting software

Our accounting software has the following modules:

- Account reporting, which includes the full financial statement reporting and analysis including accounting transactions to generate reports such as profit and loss statement, cash flow statement and balance sheet; and
- Procurement, which includes functions to allow inventory control such as food and beverages, bed linens, towels, and electrical products and issuance of purchase orders.

Our accounting software can be used for any business. If our accounting software is integrated with our PMS software, it can record and process information captured by our PMS software to produce financial reports.




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3 BUSINESS OVERVIEW (CONT'D)

(B) Hardware

We are also involved in the sale of hardware required for the management and operation of our proprietary software. We procure third-party hardware, such as servers and POS equipment, for onward sale to our customers.

The hardware we offer to our customers are as follows:

| Hardware types | Function |
|--|--|
| <p>Servers</p>  | <ul style="list-style-type: none"> Allows processing and archiving of data captured through our proprietary software |
| <p>POS system</p>  | <ul style="list-style-type: none"> Comprises, amongst others, the following: <ul style="list-style-type: none"> - POS terminals (touch-screen desktop to view information) - Cash drawer (to store cash) - Card readers - POS printers (to print receipts) |
| <p>Identification reader</p>  | <ul style="list-style-type: none"> To identify guests by using identity card or passport |
| <p>Other hardware</p> | <ul style="list-style-type: none"> Refers to individual peripheral equipment such as desktops and mobile devices |

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3 BUSINESS OVERVIEW (CONT'D)

(C) Other services and solutions

We provide the following services to support our PMS solution customers:

| Solutions | Description |
|---|--|
| (i) Add-on modules: - Microsite - IDB Connect | <p>Microsite is a portal that displays a summary of guests' reservation details. Guests are sent a link via SMS or social messaging applications which allow them to access the portal using their mobile devices.</p> <p>Through the microsite, guests are given options such as room upgrades, early check-in/late check-out requests, housekeeping service and room service requests and special promotions prior to their arrival at the hotel. Guests can also download receipts via our microsite after checking out from the hotel.</p> <p>IDB Connect, which is a Microsoft Excel plug-in to allow hotels and accommodations to perform analysis using statistical data extracted from our PMS software and financial data extracted from our accounting software.</p> <p>IDB Connect can only be integrated with our accounting software.</p> |
| (ii) Booking engine | We have developed a white label booking engine. This booking engine will be embedded into the hotel and accommodation's website to facilitate online reservations. |
| (iii) Kiosk | Kiosks are intended to expedite the check-in and check-out process for guests. The kiosks are equipped with an identification card and passport reader as well as room key card dispenser. |
| (iv) Interface module | Our interface module allows our PMS software to interface with other third-party software and hardware such as POS software and hardware, accounting software, key card entry systems, hotel internet access and billing software, IPTV systems and smart hotel automation systems. |
| (v) Training services | <p>We have two (2) types of training services:</p> <ul style="list-style-type: none"> on-site training services (where our personnel are present for a face-to-face session); and remote training services (where we provide an online training session via video conferencing). |
| (vi) Other third-party software | Third-party software provided on an ad-hoc basis (such as human resource management software) as requested by customers. |

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3 BUSINESS OVERVIEW (CONT'D)

3.3 Revenue model

| Solutions | Revenue model |
|---|--|
| Proprietary software | |
| (i) PMS software | <p>One-time licence fee:</p> <ul style="list-style-type: none"> a one-time licence fee is charged based on number of rooms; and annual technical support fee - we commence charging 12% to 18% of the one-time licence fee for technical support services upon the expiry of 12 months from the live-run date of our proprietary software. <p>Monthly licence fee - monthly licence fee is charged based on the number of rooms.</p> |
| (ii) POS software | <p>One-time licence fee:</p> <ul style="list-style-type: none"> a one-time licence fee is charged based on number of food and beverages outlets; and annual technical support fee - we commence charging 12% to 18% of the one-time licence fee for technical support services upon the expiry of 12 months from the live-run date of our proprietary software. <p>Monthly licence fee - a monthly licence fee is charged based on number of food and beverages outlets.</p> |
| (iii) Accounting software | <p>One-time licence fee:</p> <ul style="list-style-type: none"> a one-time licence fee is charged based on fixed rates accounting modules; and annual technical support fee - we commence charging 12% to 18% of the one-time licence fee for technical support services upon the expiry of 12 months from the live-run date of our proprietary software. <p>Monthly licence fee - a monthly licence fee is charged based on fixed rates accounting modules.</p> |
| Hardware | |
| (i) Servers, (ii) POS system; and (iii) Identification reader | <p>Customers are charged based on:</p> <ul style="list-style-type: none"> the type (specifications and brand) of equipment required; and the number of equipment required, <p>both of which are dependent on the type of the hotel and accommodation.</p> |
| Other services and solutions | |
| (i) Add-on modules <ul style="list-style-type: none"> Microsite and conversational commerce⁽¹⁾ IDB Connect Event management⁽¹⁾ Maintenance management⁽¹⁾ | Licence fee based on number of installations. |
| (ii) Booking engine | Monthly fee or transaction fee based on number of rooms sold. |
| (iii) Kiosk | Based on number of kiosks sold. |
| (iv) Interface module | One-time service fee. |
| (v) Training services | Training services are charged based on a daily rate. A full training session takes two (2) to five (5) days to complete. Charges are only for on-site training. |
| (vi) Other third-party software | Licence fee is based on the third-party software licence pricing with a margin. |

Note:

(1) To be completed by end-2019.

3 BUSINESS OVERVIEW (CONT'D)

3.4 Principal business segments

Our PMS solutions can be used in all types of hotels and accommodations, hence, we have a diverse customer base. The breakdown of our proprietary software revenue by type of hotels and accommodations for the FYE 30 June 2017 and FYE 30 June 2018 as well as FPE 30 April 2018 and FPE 30 April 2019 is as follows:

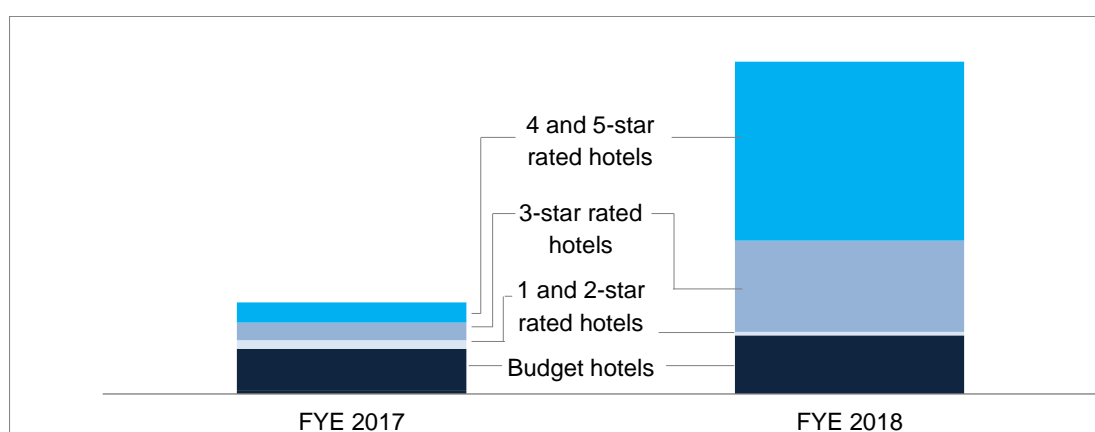
| Revenue | Audited | | | | Unaudited | | | |
|-------------------------------|----------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | FYE 30 June | | | | FPE 30 April | | | |
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | RM | % | RM | % | RM | % | RM | % |
| 1-star to 2-star rated hotels | 68,556 | 9.41 | 28,324 | 1.07 | 25,048 | 1.04 | 176,135 | 9.73 |
| 3-star rated hotels | 138,892 | 19.06 | 725,251 | 27.47 | 637,109 | 26.46 | 614,463 | 33.95 |
| 4-star rated hotels | 162,575 | 22.31 | 394,100 | 14.93 | 392,100 | 16.28 | 534,518 | 29.53 |
| 5-star rated hotels | - | - | 1,027,311 | 38.92 | 907,011 | 37.67 | 96,433 | 5.33 |
| Budget hotels | 326,948 | 44.88 | 464,331 | 17.59 | 447,195 | 18.57 | 375,686 | 20.76 |
| Others | 31,594 | 4.34 | 2,700 | 0.10 | 1,440 | 0.06 | 9,000 | 0.50 |
| Non-hotel related customers | - | - | (2,100) | (0.08) | (2,100)* | (0.08) | 3,660 | 0.20 |
| Total | 728,565 | 100.00 | 2,639,917 | 100.00 | 2,407,803 | 100.00 | 1,809,895 | 100.00 |

Note:

* This represents net revenue after taking into account a discount to customer which are detailed in Section 8.5.2(a) of this Information Memorandum.

The segmentation of hotels and accommodations are based on the current Star rating system provided by Ministry of Tourism, Arts and Culture Malaysia. As disclosed in the IMR Report in Section 4, this rating system will be changed to a different classification system. Nevertheless, we are able to serve all types of hotels and accommodations based on the proposed new classification

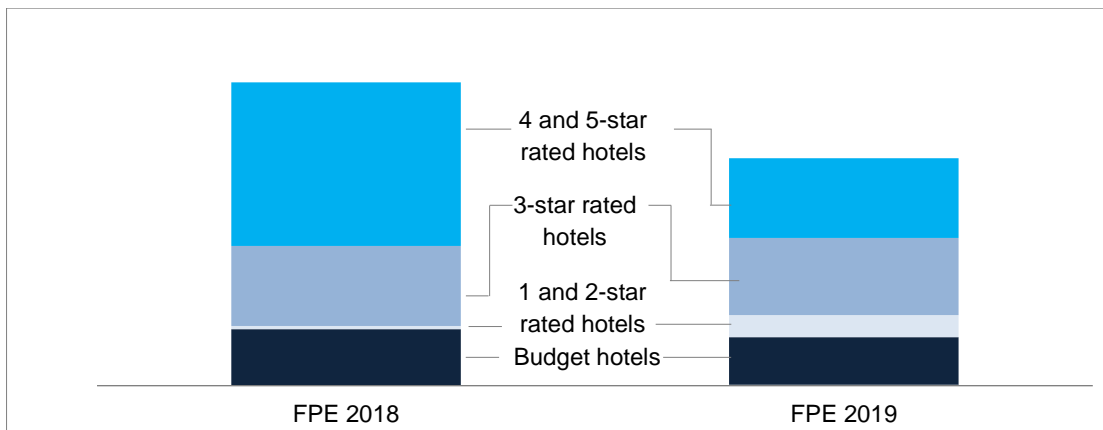
Revenue by hotel type



Note:

Revenue from others (comprising accommodations) is negligible.

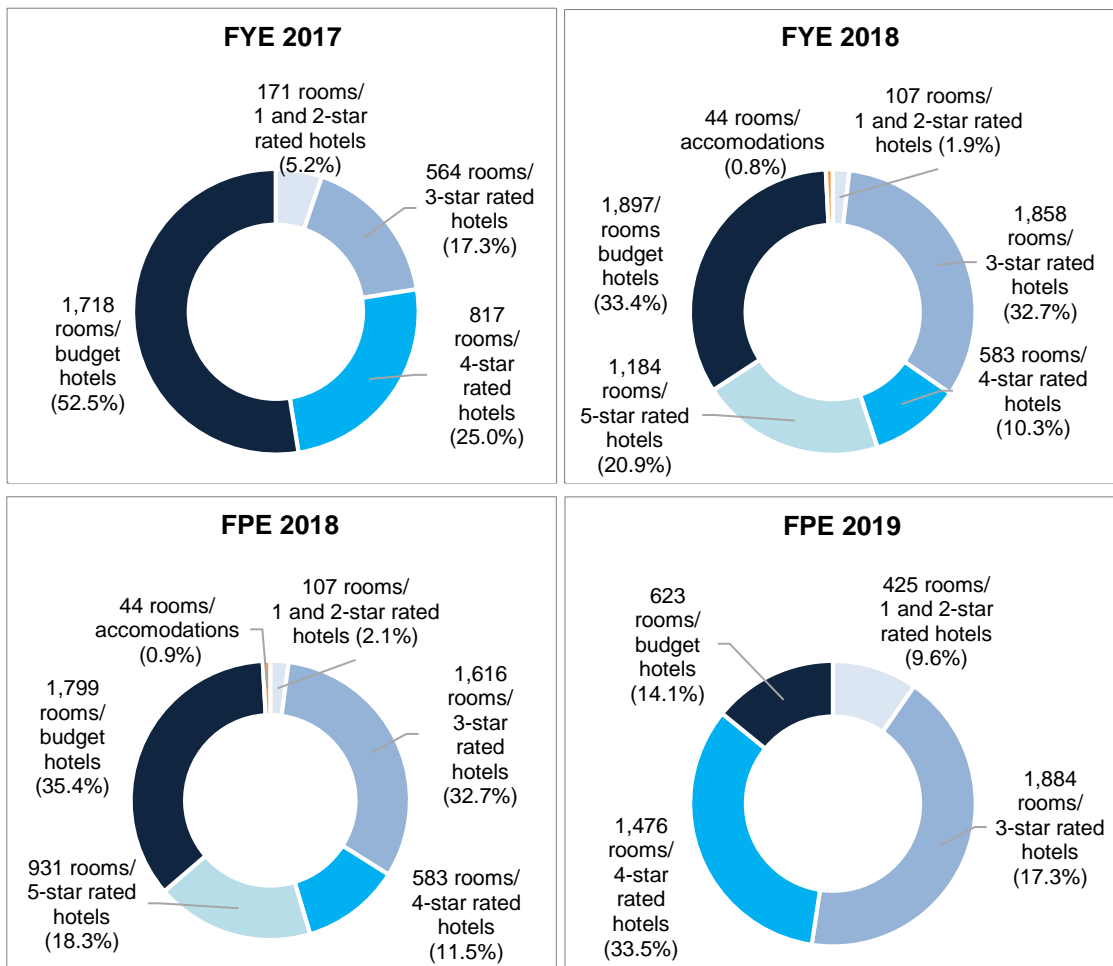
3 BUSINESS OVERVIEW (CONT'D)



Note:

Revenue from others (comprising accommodations) is negligible.

Number of rooms by hotel type



3 BUSINESS OVERVIEW (CONT'D)

Our customer base for our proprietary software comprise both existing and new hotels and accommodations. This indicates that our revenues are derived not only from new hotels and accommodations that are established, but also from the replacement of existing third-party PMS solutions used by existing hotels and accommodations.

Over the past financial years and period under review, the number of existing hotels and accommodations using our PMS solutions have been increasing from 11 in FYE 30 June 2017 to 21 in FPE 30 April 2019. This translates to a growth in contribution to our total number of installations from 31.43% in FYE 30 June 2017 to 56.76% in FPE 30 April 2019.

The breakdown of our customers by existing and new hotels and accommodations for the FYE 30 June 2017 and FYE 30 June 2018 as well as FPE 30 April 2019 is as follows:

| | Audited | | | | Unaudited | |
|--|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|
| | FYE 30 June | | | | FPE 30 April | |
| | 2017 | | 2018 | | 2019 | |
| | No of new installations | % | No of new installations | % | No of new installations | % |
| Existing hotels and accommodations (i.e. replacement of third-party PMS solutions) | 11 | 31.43 | 20 | 42.55 | 21 | 56.76 |
| New hotels and accommodations | 24 | 68.57 | 27 | 57.45 | 16 | 43.24 |
| Total | 35 | 100.00 | 47 | 100.00 | 37 | 100.00 |

The breakdown of our revenue by existing and new hotels and accommodations for the FYE 30 June 2017 and FYE 30 June 2018 as well as FPE 30 April 2019 is as follows:

| Revenue | Audited | | | | Unaudited | |
|--|----------------|---------------|--------------------------|---------------|------------------|---------------|
| | FYE 30 June | | | | FPE 30 April | |
| | 2017 | | 2018 | | 2019 | |
| | RM | % | RM | % | 2019 | % |
| Existing hotels and accommodations (i.e. replacement of third-party PMS solutions) | 304,110 | 41.74 | 799,872 | 30.30 | 1,144,244 | 63.22 |
| New hotels and accommodations | 424,455 | 58.26 | 1,840,045 ⁽¹⁾ | 69.70 | 665,651 | 36.78 |
| Total | 728,565 | 100.00 | 2,639,917 | 100.00 | 1,809,895 | 100.00 |

Note:

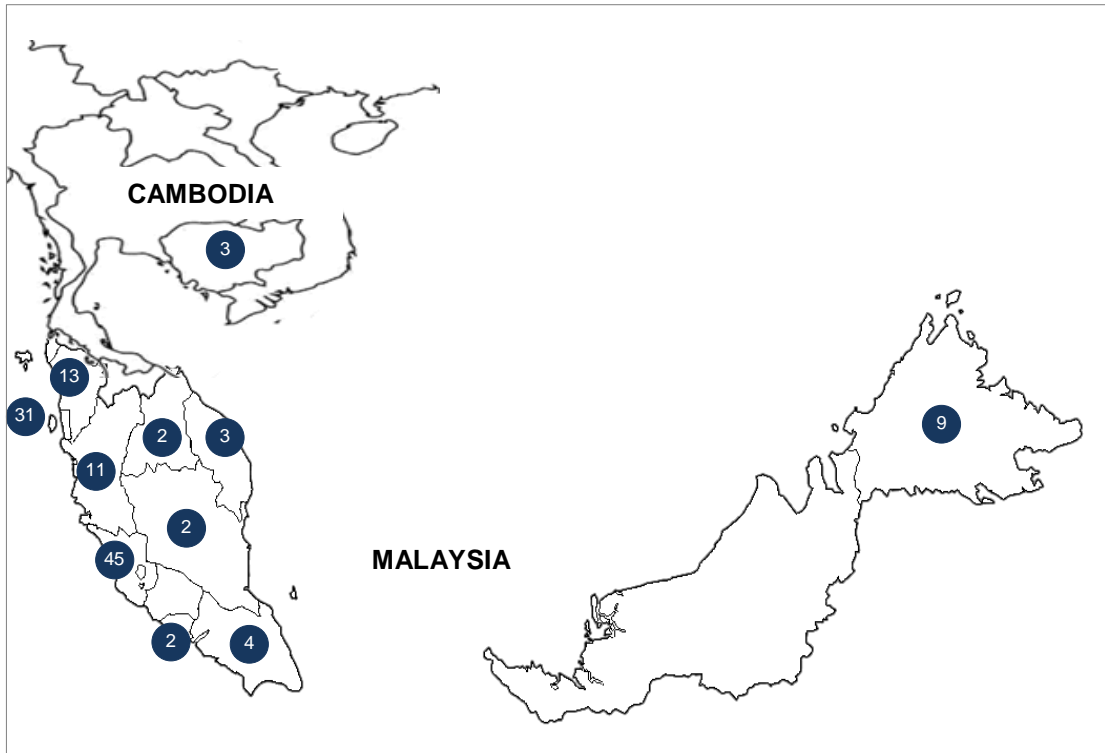
- (1) As mentioned in Section 8.5.2, the revenue in FYE 2018 was significantly higher due to higher one-time licence fee as we managed to secure four (4) 5-star rated hotels which contributed RM907,011 or 41.21% of the total one-time licence fee in the financial year.

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3 BUSINESS OVERVIEW (CONT'D)

3.5 Market presence

In the financial years and period under review, our revenues are derived from Malaysia. We began to generate revenues from Cambodia in the FPE 2019. As at LPD, we serve 125 hotel premises across Malaysia and Cambodia. The diagram below shows the number of hotel premises we serve in each state/federal territory:



3.6 Our competitive strengths

3.6.1 We provide a range of solutions for hotels and accommodations

We believe that by providing a range of solutions, we can provide hotels and accommodations with the following benefits:

- convenience of dealing with a single solution provider - customers can procure proprietary software, hardware and other services and solutions from us, as opposed to sourcing from separate solution providers. This offers our customers the benefit of convenience, particularly in handling technical support services;
- caters to different hotel and accommodation types - we are able to configure the modules of our proprietary software and hardware requirements to suit our customer's business size, while taking into account their budget; and
- time management - our customers can reduce time spent on sourcing various solutions and ensuring those solutions can be integrated, and this could reduce time spent on configuring and installing such solutions.

As such, this allows us to have advantage over third-party PMS solution providers which have a limited range of solutions and require customers to source other software such as POS and accounting software.

3 BUSINESS OVERVIEW (CONT'D)

Further, by providing a range of solutions, we are able to serve a wide range of hotels and accommodations, ranging from budget hotels to 5-star rated hotels as well as accommodations such as homestays and service apartments. In the FYE 30 June 2018, 82.39% of our revenue was derived from 1-star to 5-star rated hotels while 17.59% was derived from budget hotels and 0.10% was derived from other accommodations such as homestays and service apartments. Similarly in FPE 30 April 2019, 78.54% of our revenues are derived from 1-star to 5-star rated hotels, while 20.76% was derived from budget hotels and 0.50% was derived from other accommodations. Please refer to Section 3.4 and Section 8.5.2(a) of this Information Memorandum for further details on the revenue contribution and number of installations by hotel/accommodation type.

We are thus less likely to be susceptible to a decline in growth in any one type of hotel and accommodation. As an illustration, as mentioned in Section 4, there is an increasing trend for short-term stays which include private home-sharing through online platforms such as Airbnb and HomeAway. As we can cater to accommodations such as these (provided the customer manages multiple homestays and service apartments), we believe this to be an opportunity for our business growth.

3.6.2 Our proprietary software was developed upon principles that allow room for software enhancements and business growth

Through their past experiences, our CEO and CTO have identified potential issues that could arise in software development companies as business grows. For example, some software development companies maintain a separate software version for every software enhancement. Consequently, these software development companies have to set up separate teams to maintain each software version.

In order to avoid this, all of our proprietary software enhancements are carried out on the principle that we maintain a single source code for each software. In other words, we only maintain one (1) version of our proprietary software, and all enhancements and upgrades arising from feedback from our customers are rolled out to all our customers. We only provide add-on modules for additional functions that require additional charges such as for our microsite and IDB Connect.

This is key as technology research and development activities are constantly carried out for our proprietary software to meet evolving hotel and accommodation needs. Maintaining one (1) version of our proprietary software allows us to reduce the time and resources needed to manage software enhancement and upgrades. We only need to have one (1) technical team to maintain the software enhancement and upgrades as we only have one (1) version of our proprietary software.

Further, by developing web-based software, we are able to roll out enhancements, localisations and add-on modules to our proprietary software remotely and within a short span of time. This will facilitate our expansion into international markets, allowing us to operate at a lower cost.

3.6.3 Our PMS software provides our customers with several advantages

Our PMS software provides our customers with the following advantages:

- short configuration and training time – total time taken to configure our PMS software is one (1) to two (2) days followed by training of hotel and accommodation personnel which takes two (2) to five (5) days;
- remote configuration and technical support – our web-based PMS software can be configured or fixed remotely, allowing our technical team to configure and tend to resolve issues within a short span of time;

3 BUSINESS OVERVIEW (CONT'D)

- remote accessibility, cross-platform and multi-device responsiveness – our web-based PMS software can be accessed from any location and from any device. This enables monitoring and management of hotel and accommodation functions using mobile devices, offering convenience to hotel and accommodation personnel; and
- user-friendly – our user-interface leads users through a series of defined steps to perform a particular task. Consequently, training of hotel and accommodation personnel can be carried out between two (2) to five (5) days.

We believe that the above-mentioned advantages of our web-based software have been key to the growth in our customer base thus far. Since we began marketing our PMS solutions in 2015, the number of hotel premises that are using our PMS software has grown from 15 installations/hotels in FYE 30 June 2016 to 48 installations/hotels in FYE 30 June 2017 and 125 installations/hotels as at LPD.

3.6.4 We have an experienced management team

Our management team has experience in software development, sales and marketing and operational activities in the software development industry. In particular, our management team has an average of 15 years in implementing PMS solutions and average of 20 years in software development.

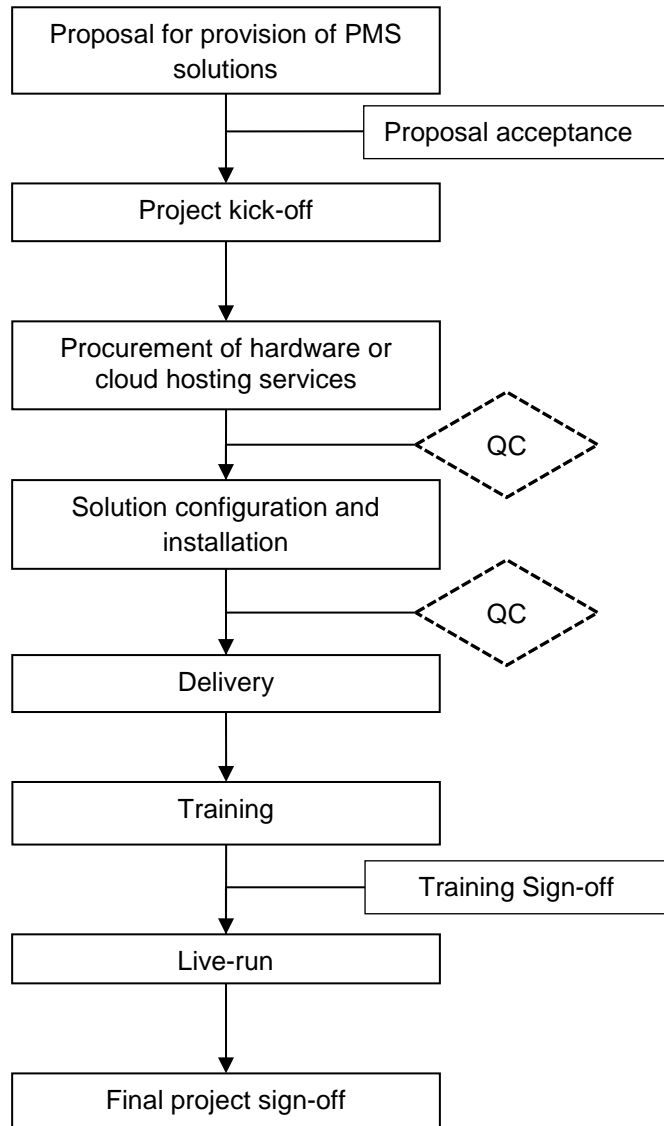
The development and enhancement of our proprietary software is carried out internally by our development team. This gives us an advantage as we are in full control of the proprietary software and are able to maintain, manage, update and improve our proprietary software.

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3 BUSINESS OVERVIEW (CONT'D)

3.7 Process flow

The processes of our business operations are as depicted below:



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3 BUSINESS OVERVIEW (CONT'D)

(i) Proposal for provision of PMS solutions

Our sales and marketing team will organise a meeting with prospective customers to present our PMS solutions. Details of our strategies for obtaining sales leads and garnering sales are as detailed in Section 3.15 of this Information Memorandum.

During the meeting, we will elaborate the functions and features of our solutions. At this stage, the installation option of on-premise or cloud-based infrastructure will be determined. We will then prepare a proposal based on our customers' needs and budget.

(ii) Project kick-off

Upon acceptance of our proposal, a kick-off meeting will be held between our operations team and the customer to understand the customer's specific requirements for effective implementation of our solutions.

In the case of a new hotel and accommodation, a workbook will be sent to the customers after the kick-off meeting to provide various information including room types (e.g. standard, deluxe or suites), number of rooms, room features (e.g. sea view or garden-facing) and pricing structures. For an existing hotel and accommodation, additional information will be requested such as room reservation and guest profile for the purpose of data migration to our PMS software.

(iii) Procurement of hardware or cloud hosting services

In the event the customer requires on-premise infrastructure, our operations team will procure the hardware according to the proposal. Upon the receipt of hardware, our operations team will conduct a QC check on the hardware to ensure it performs in accordance to the required specifications.

In the event the customer requires us to set up a cloud-based infrastructure, our operations team will engage a cloud vendor to provide our customers with IT network and data storage services.

(iv) Solution configuration and installation

Once we receive the workbook from the customer, the PMS software will be configured based on the information in the workbook. Add-on modules and other third-party software will also be included, as per customers' needs.

For customers who opted for on-premise infrastructure, we will install the software in the server once the customer's server is delivered to us.

Our operations team will check for any potential problems and malfunctions and any issues will be fixed prior to delivering the server that has been installed with our proprietary software to our customers' premises.

(v) Delivery

For on-premise infrastructure, we deliver the hardware to our customers' premises after we have installed our proprietary software, whilst for cloud-based infrastructure, delivery is by way of us granting our customers access to our proprietary software.

(vi) Training

After the delivery stage, our operations team will provide training to the customers' hotel and accommodation personnel to train the personnel on the usage of the solutions. It takes two (2) to five (5) days to complete the training session.

3 BUSINESS OVERVIEW (CONT'D)

(vii) Live-run

After the training session, our solutions are ready for a live-run.

(viii) Final project sign-off

Thereafter, our operations team will issue a sign-off form to our customer to acknowledge completion of the project.

We offer a range of after-sales services to our customers, which are chargeable, such as re-training and technical support.

3.8 QC procedures

We place emphasis on ensuring the quality of our solutions and services. Our QC measures are carried out with an overall objective to monitor the condition of our solutions at all stages of our operations, as well as the quality of our customer service offered to our customers.

Our Group adopts the following measures in our business operations:

(i) QC check upon receipt of hardware from vendors

Upon receipt of hardware, our operations team will perform verification of receipts against the purchase order to ensure the model of the hardware corresponds with our purchase order. In addition, visual inspections will also be conducted to ensure that there is no damage to the physical packaging of the hardware.

Further, our operations team will conduct QC check in terms of basic functional checks and testing on hardware to ensure they are in good condition. Hardware supplied by our vendors are required to come with a warranty and/or a return policy arrangement. This is to ensure that any products that are defective or do not comply with stated product specifications within the warranty period will be replaced by our vendors. We may, at our customer's request, conduct a "burn-in" test at our premise prior to delivery. A "burn-in" test involves the running of the hardware for approximately 24 hours to ensure all components are functioning properly.

(ii) Testing of system after solutions configuration and installation

Upon configuration and installation of our solutions, a QC test will be conducted to ensure that the solutions are operating as per the workbook.

(iii) After-sales services

Our response time for technical support is within 30 minutes upon receiving the report of an issue. We also provide technical support via social messaging applications, whereby we will respond to any customer enquiries within 15 minutes.

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3 BUSINESS OVERVIEW (CONT'D)

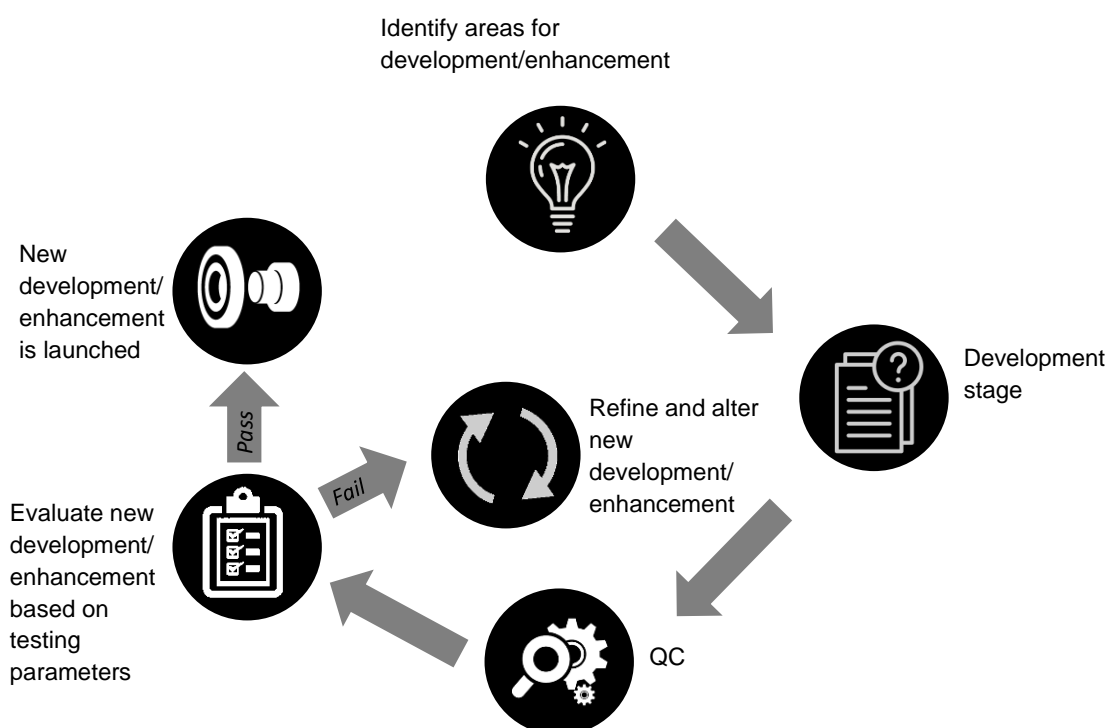
3.9 Technology research and development

Our technology research and development are carried out by our technical team, led by our CEO and CTO. We continually conduct technology research and development activities to ensure our proprietary software are up-to-date with current technological trends. Such activities include gathering latest knowledge and trend from internet and media, subscription of research materials, attending conferences and training courses and acquisition of programming tools. We generally focus our technology research and development on the following areas:

(i) Software enhancement

We seek to enhance our proprietary software based on feedback given by existing/potential customers and our understanding of current technological trends.

The technology research and development process is on-going and will go through the following phases:



Subsequent to the completion of development of our proprietary software in 2015, we have completed the following developments/enhancements which have been rolled out to all customers.

| Month | Details of developments/enhancements |
|-------------------------|---|
| January – February 2016 | Developed channel management feature |
| March – April 2016 | Developed dynamic pricing feature |
| May 2016 | Developed “plus & minus” system feature |
| June – December 2016 | Enhanced operational reporting feature |

(ii) Development of new add-on modules

We also develop new add-on modules that can complement our proprietary software based on the latest technological trends and market feedback. Examples of add-on modules we have developed in the past include microsite and IDB Connect.

3 BUSINESS OVERVIEW (CONT'D)

Since we developed our proprietary software up to the LPD, the technology research and development activities we have engaged in and completed are as follows:

| Month | Details of solution development |
|-------------------------------|---------------------------------|
| December 2017 – February 2018 | Developed IDB Connect |
| March 2018 – October 2018 | Developed microsite |

As at the LPD, we are undertaking, or intend to undertake, the following technology research and development projects:

| Details of solution development | Expected completion timeframe |
|---|-------------------------------|
| Conversational commerce | End-2019 |
| Improvement of kiosk prototype design | End-2019 |
| New event management module (function room reservations, usage and billing) | End-2019 |
| New maintenance management module (for hardware equipment such as air-conditioners and heating equipment) | End-2019 |

3.10 Technology used

We use the following technology tools to develop and manage our proprietary software:

- (i) programming language – we use Java and JavaScript for web-based software development. These languages are platform-independent and easy to deploy;
- (ii) version control system – we subscribe to a service provider to keep track of every modification to our source code and to maintain a single version of our proprietary software;
- (iii) cross platform document-oriented database programme – we use this software to manage large volumes of data;
- (iv) relational database management system – we use MySQL for our databases; and
- (v) application programming interfaces – we have developed application programming interfaces to connect our PMS software with channel manager (e.g. OTAs) and third-party software, which includes POS software and hardware, accounting software, key card entry systems, hotel internet access and billing software, IPTV systems and smart hotel automation systems.

3.11 Interruptions to business and operations

Our Company did not experience any interruption to our business which had a significant effect on our operations over the past 12 months preceding the LPD.

3.12 Seasonality

We do not experience any fluctuations due to seasonality or cyclicity in our business as demand for our solutions and services are not subject to major seasonal fluctuations.

3 BUSINESS OVERVIEW (CONT'D)

3.13 Major customers

As at the LPD, we installed our PMS software in 125 hotels that belong to 113 customers. As installation of our PMS software in any particular hotel is one-off in nature, we are not dependent on any customer.

Our top five (5) customers for the FYE 30 June 2017 and FYE 30 June 2018 as well as FPE 30 April 2019 as well as their percentage of revenue contribution are as follows:

| Customer* | No. of installations | FYE 30 June | | FPE 30 April |
|---|----------------------|----------------------|--------------------------|----------------------|
| | | 2017 | 2018 | 2019 |
| Customer A ⁽¹⁾ | 1 | 16.85% | 25.22% ⁽⁶⁾ | 2.27% ⁽⁷⁾ |
| Customer B ⁽²⁾ | 1 | 13.02% | -0.04% ⁽⁷⁾⁽⁹⁾ | 0.34% ⁽⁷⁾ |
| Customer C ⁽³⁾ | 1 | 6.13% | -0.02% ⁽⁹⁾ | 0.32% ⁽⁷⁾ |
| Customer D ⁽⁴⁾ | 1 | 5.23% | 0.17% ⁽⁷⁾ | 0.45% ⁽⁷⁾ |
| Customer E ⁽⁵⁾ | 1 | 4.50% | - | - |
| Customer F ⁽¹⁾ | 1 | - | 9.72% | 5.71% ⁽⁶⁾ |
| Customer G ⁽¹⁾ | 1 | - | 5.66% | 0.42% ⁽⁷⁾ |
| Customer H ⁽²⁾ | 1 | 3.25% ⁽⁸⁾ | 4.28% ⁽⁶⁾ | 0.97% ⁽⁷⁾ |
| Customer I ⁽²⁾ | 1 | - | 3.56% | 0.61% ⁽⁷⁾ |
| Customer J ⁽³⁾ | 3 | - | - | 12.38% |
| Customer K ⁽²⁾ | 1 | - | - | 7.43% |
| Customer L ⁽²⁾ | 1 | - | - | 4.54% |
| Customer M ⁽⁴⁾ | 1 | - | - | 4.41% |
| Total contribution (% of total revenue) | | 48.98% | 48.55% | 39.85% |
| Total number of customers | | 39 | 78 | 111 |

Notes:

* As IDB's PMS software installation is a one-off activity, we are unable to disclose the names of the customers due to price sensitivity.

(1) Consist of 5-star hotels procuring our PMS software.

(2) Consist of 4-star hotels procuring our PMS software.

(3) Consist of 3-star hotels procuring our PMS software.

(4) Consist of budget hotels procuring our PMS software.

(5) Consist of 2-star hotels procuring our PMS software.

(6) Denotes licensing of PMS solutions and sales of hardware.

(7) Mainly denotes annual technical support fees.

(8) Denotes monthly licensing and progress payment of one-time licensing of PMS solutions.

(9) Negative value after taking into account discounts granted in relation to a project that was completed in FYE 30 June 2017.

Although Customer A was a major customer in both FYE 2017 and FYE 2018, the revenue generated from the said customer was one-off. The installations carried out for Customer A commenced in March 2017 and completed in December 2017 and as such, the implementation stage was over the said two (2) financial years.

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3 BUSINESS OVERVIEW (CONT'D)

3.14 Major suppliers

Our top five (5) suppliers for the FYE 30 June 2017 and FYE 30 June 2018 as well as FPE 30 April 2019 are as follows:

| Supplier | Product purchased | FYE 30 June | | FPE 30 April |
|---|-------------------------------------|--------------|--------------|--------------|
| | | 2017 % | 2018 % | 2019 % |
| M-Link System (M) Sdn Bhd | Computer and peripherals | 39.30 | 14.06 | 5.04 |
| Flexi Team System Sdn Bhd | Human resource software | 22.05 | - | - |
| Xyreon Technology Sdn Bhd | Hotel check-in kiosk | 9.57 | - | - |
| Posiflex Business Machines Sdn Bhd | Computer and peripherals | 9.02 | - | 3.83 |
| Powercomp Distribution Sdn Bhd | Computer and peripherals | 5.34 | 7.84 | 17.31 |
| ECS Astar Sdn Bhd | Computer and peripherals | - | 36.66 | 55.34 |
| Synchroweb Technology (M) Sdn Bhd | Software and networking peripherals | - | 12.92 | - |
| Radiant Global ADC Sdn Bhd | Computer and peripherals | - | 7.03 | 0.58 |
| Digitkiosk Info Tech Co., Ltd | Hotel check-in kiosk | - | - | 11.41 |
| Synthesis Integration Sdn Bhd | Computer and peripherals | 3.76 | 3.05 | 6.22 |
| Total contribution (% of total purchases) | | 89.04 | 81.56 | 99.73 |

Whilst we purchase hardware, software and services from the above suppliers in bulk to attain competitive pricing, we are not dependent on any one of our major suppliers as we are able to source similar hardware, software and services from other suppliers.

3.15 Sales and marketing strategies

Our business development activities are led by our Director of Sales and Marketing. Our sales leads are derived from the following marketing strategies:

(i) Direct approach

Our sales are generated through direct contact with prospective customers. We organise a meeting with our prospective customers to propose our PMS solutions where we attract their interest by elaborating the features and advantages of our PMS solutions.

(ii) Referrals

We also secure new customers through referrals from our business associates which comprise third-party hardware and software vendors for channel management, key card entry systems, hotel internet access and billing software, IPTV systems and smart hotel automation systems.

Further, our customers may refer new business to us by introducing prospective customers to us.

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3 BUSINESS OVERVIEW (CONT'D)

(iii) Exhibitions and events

We participate in exhibitions and events to share our knowledge and expertise in PMS solutions. It is an important aspect of our sales and marketing activities to effectively showcase our solutions and meet prospective customers. We have participated and/or sponsored the following events up to the LPD:

- Malaysian Association of Hotels annual general meeting, gala dinner and Hotel Employee and Management Awards 2018 in May 2018;
- Cambodian International Hotel, Restaurant and Catering Industry Show 2018 in September 2018;
- Hospitality Asia Platinum Awards Malaysia Awards Series 2018-2020 in November 2018 (as a sponsor); and
- Malaysian Association of Hotels annual general meeting in May 2019.

We believe such exhibitions and events allow us to create market awareness of our brand and our range of PMS solutions, thereby providing a platform to attract prospective customers. In addition, these exhibitions and events also keep us updated with the latest trends in the hotel and accommodation industry.

(iv) Leveraging on promotional activities co-organised by third-party solution providers

We also leverage on events and promotional activities launched by third-party solution providers to build our customer network. We have participated in the following up to the LPD:

- Channel Manager and IDB PMS Seminar in Kota Kinabalu in July 2018;
- Channel Manager and IDB PMS Seminar in Malacca in November 2018;
- LG for Hotels Smart TV Solution product launch in Cambodia in December 2018; and
- Workshops on How Technologies Can Improve Hotel Revenue in Cambodia in March and April 2019.

(v) Corporate website

We have established a corporate website at <http://www.idb.com.my> which provides information on our Group and details of our solutions.

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3 BUSINESS OVERVIEW (CONT'D)

3.16 Approvals, licences, permits and trademarks

3.16.1 Major approvals, licences and permits

The major licences and permits of our Group together with the conditions attached and status of compliance as follows:

| Approving authority | Type of approvals/ licences/permits | Licences/ certification/ reference no. | Issue/ renewal date | Expiry date | Major conditions imposed | Status of compliance with major conditions imposed |
|------------------------------|--|--|------------------------|---------------------|--------------------------|--|
| Majlis Perbandaran Sepang | Business Licence | OCOM10013376 (COM014644) | 16 November 2018 | 31 December 2019 | None | Complied |

As at LPD, we have obtained all the required licence/permits/approvals to operate our business.

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3 BUSINESS OVERVIEW (CONT'D)

3.16.2 Trademarks

As at the LPD, we have the following trademarks submitted for registration with Intellectual Property Corporation of Malaysia, Property Office of Singapore and Department of Intellectual Property Cambodia. Save as disclosed below, our Company does not have any other trademarks:

| Trademark | Registrant/company | Application no. | Class | Date of application | Place of application | Status of registration |
|--|--------------------|-----------------|-------------------|---------------------|----------------------|---|
|  | IDB | 201817993 | 42 ⁽¹⁾ | 19 December 2018 | Malaysia | Pending registrar formality check and examination |
|   | IDB | TM2019011601 | 9 ⁽²⁾ | 02 April 2019 | Malaysia | Pending registrar formality check and examination |
|  | IDB | KH/T/2019/86510 | 42 ⁽³⁾ | 8 July 2019 | Cambodia | Pending registrar formality check and examination |
|  | IDB | KH/T/2019/86509 | 9 ⁽⁴⁾ | 8 July 2019 | Cambodia | Pending registrar formality check and examination |

3 BUSINESS OVERVIEW (CONT'D)

| Trademark | Registrant/company | Application no. | Class | Date of application | Place of application | Status of registration |
|---|--------------------|-----------------|-------------------|---------------------|----------------------|--|
|  | IDB | 40201907059X | 42 ⁽⁵⁾ | 8 July 2019 | Singapore | Pending registrar formality check and examination |
|  | IDB | 40201907060S | 9 ⁽⁶⁾ | 8 July 2019 | Singapore | The application has been accepted for publication in the Trade Marks Journal Singapore for opposition purposes |

Notes:

Our Group submitted its application for registration of trademarks under the following class:

- (1) Design and development of computer hardware and software; online provision of non-downloadable web-based applications; online provision of web-based software (non-downloadable); application service provider (ASP) services; hosting of software as a service (SaaS); software as a service (SaaS); platform as a service (PaaS); web portal services (designing or hosting); design, development and implementation of software in the field of property management system; software as a service (SaaS) featuring software for managing and automating operations and processes in property management, customer managements, logistics, data management, sales management, business analysis, financial management, employee data, point-of-sales integration, accounting and online advertisement; design and development of operating software for accessing and using a cloud computing network; programming of operating software for accessing and using a cloud computing network; development of computer software application solutions; computer system design; computer system analysis; upgrading of computer software; configuration of computer software; information technology (IT) services (computer hardware, software and peripherals design and technical consultancy); installation, maintenance and repair of software for computer systems; creation, design, development, and maintenance of websites; technical support services, namely, troubleshooting of computer hardware and software problems; providing on-line non-downloadable software for database management; cloud computing; providing temporary use of on-line non-downloadable operating software for accessing and using a cloud computing network; rental of operating software for accessing and using a cloud computing network; consultancy in the field of cloud computing networks and applications; consultancy relating to the creation and design of websites; monitoring of computer system by remote access; data encryption services; research and development of new products for others; digitization of documents [scanning]; handwriting analysis [graphology]; computer technology consultancy; conversion of data or documents from physical to electronic media; data mining; consultancy and information services relating to the aforesaid services; all included in class 42.

- (2) *Computers; computer software; computer peripherals; computer game software; computer utility programs; computer software development programs; communications software for managing the exchange of communications and data and information over computer networks, wireless networks, and global communications networks; computer programs for business, scientific, educational, commercial, technical and personal computing applications and instructional manuals distributed therewith; computer software and computer programs for use in database management, electronic spreadsheets, designing, creating, editing and publishing documents, note taking, email, calendaring, scheduling, contact information storage and management, accounting, customer relationship management, project management, presentation graphics, desktop publishing, web publishing, document management, database management, data collection, data analysis; computer security and authentication software for controlling access to and communications with computers; computer software for computer network security, anti-virus protection, and intrusion detection and prevention; all included in Class 9.*
- (3) *Software as a service (SaaS) featuring software for managing and automating operations and processes in property management, customer managements, logistics, data management, sales management, business analysis, financial management, employee data, point-of-sales integration, accounting and online advertisement; design and development of computer hardware and software; online provision of non-downloadable web-based applications; technical support services, namely, troubleshooting of computer hardware and software problems in the field of property management; monitoring of computer system by remote access; data encryption services; design, development and implementation of software in the field of property management system; providing online non-downloadable software for database management; cloud computing; providing temporary use of online non-downloadable operating software for accessing and using a cloud computing network; rental of operating software for accessing and using a cloud computing network; computer system design in the field of property management.*
- (4) *Computer software for property management and property management services; computer software for hotel management services; computer software development programs in the field of property management; communications software for managing the exchange of communications and data and information over computer networks, wireless networks, and global communications networks for the purpose of property management; computer utility programs; computer peripherals; computer programs for business, scientific, educational, commercial, technical and personal computing applications and instructional manuals distributed therewith; computer software and computer programs for use in database management, electronic spreadsheets, designing, creating, editing and publishing documents, note taking, email, calendaring, scheduling, contact information storage and management, accounting, customer relationship management, project management, presentation graphics, desktop publishing, web publishing, document management, database management, data collection, data analysis.*
- (5) *Software as a service (SaaS) featuring software for managing and automating operations and processes in property management, customer managements, logistics, data management, sales management, business analysis, financial management, employee data, point-of-sales integration, accounting and online advertisement; design and development of computer hardware and software; online provision of non-downloadable web-based applications; technical support services, namely, troubleshooting of computer hardware and software problems in the field of property management; monitoring of computer system by remote access; data encryption services; design, development and implementation of software in the field of property management system; providing on-line non-downloadable software for database management; cloud computing; providing temporary use of on-line non-downloadable operating software for accessing and using a cloud computing network; rental of operating software for accessing and using a cloud computing network; computer system design in the field of property management.*
- (6) *Computer software for property management and property management services; computer software for hotel management services; computer software development programs in the field of property management; communications software for managing the exchange of communications and data and information over computer networks, wireless networks, and global communications networks for the purpose of property management; computer utility programs; computer peripherals; computer programs for business, scientific, educational, commercial, technical and personal computing applications and instructional manuals distributed therewith; computer software and computer programs for use in database management, electronic spreadsheets, designing, creating, editing and publishing documents, note taking, email, calendaring, scheduling, contact information storage and management, accounting, customer relationship management, project management, presentation graphics, desktop publishing, web publishing, document management, database management, data collection, data analysis.*

3 BUSINESS OVERVIEW (CONT'D)

3.17 Property

Summary of property rented by us is as follows:

| Landlord | Address/title identification | Description/existing use | Built-up area | Rental rate | Rental period |
|--|--|--|-------------------|-------------|--|
| MKN Embassy Development Sdn. Bhd. (729010-W) | C5-3, Radius Business Park Jalan Teknokrat 2/1, Cyber 4 63000 Cyberjaya Selangor Darul Ehsan | One (1) unit of office located on the 3 rd floor of a three (3)-storey shoptot/ Currently used by us as our office to carry out day-to-day operations | 2,519 square feet | RM4,156.35 | One (1) year from 1 June 2019 to 31 May 2020 |

3.18 Future plans, strategies and prospects

3.18.1 Future plans and business strategies

Our future plans and strategies that we intend to pursue are as follows:

(i) Expansion to other geographical areas

We intend to expand our geographical reach in Cambodia and to other countries in Southeast Asia. We have identified Singapore, Vietnam and Myanmar as new potential markets.

According to the IMR Report by PROVIDENCE, the hotel and accommodation industries in Cambodia, Singapore, Vietnam and Myanmar are growing in light of the growing tourism industry in these countries. The number of international tourists to Cambodia registered a CAGR of 8.1% between 2013 and 2018. Meanwhile in Singapore, the number of hotels and hotel rooms grew at CAGRs of 3.1% and 5.6% respectively during the same period. Tourism in Vietnam demonstrated a CAGR of 15.4% between 2013 and 2018, in terms of number of international tourists. In Myanmar, the number of hotels and hotel rooms grew at CAGRs of 14.6% and 16.4% respectively, between 2013 and 2017.

We attended the Cambodian International Hotel, Restaurant and Catering Industry Show 2018 in September 2018 to understand the market conditions and dynamics in the country, as well as to identify potential customers and to create market awareness. We also participated in a workshop organised by a third-party solution provider in Cambodia in March and April 2019 to create awareness amongst hotel owners and operators on how technologies can improve hotel revenue.

In order to expand our geographical reach, we have identified resellers with operations in Singapore, Vietnam, Cambodia and Myanmar, and are in active discussion with these identified companies. These resellers will resell our solutions. The status of appointment of the resellers are as follows:

| Country of resellers | Status of appointment |
|----------------------|---|
| Singapore | Appointed |
| Vietnam | In the process of finalising the reseller agreement |
| Cambodia | In the process of finalising the reseller agreement |
| Myanmar | In the midst of finalising the terms of appointment |

3 BUSINESS OVERVIEW (CONT'D)

In December 2018, we signed a collaboration agreement with a China-based hotel management company to provide our PMS solutions to its chain of hotels in South East Asia, particularly in Malaysia, Cambodia and Myanmar. The collaboration agreement does not disclose the expected number of hotels and project value. Instead, the collaboration agreement details the pricing structure and other terms (such as number of add-on modules, warranty period and maintenance costs) for the licencing of IDB Group's PMS solutions in South East Asia. The China-based hotel management company will then raise purchase orders as and when they require IDB Group to install PMS solutions in their hotels.

As at LPD, we have set up our PMS solutions in one (1) hotel in Malaysia and three (3) hotels in Cambodia for the said China-based hotel management company. Whilst for Myanmar, we have yet to commence work as the intended hotel is still under construction. We expect to receive more orders from the said China-based hotel management company.

Further, we will also be investing in marketing initiatives to create awareness of our solutions in these countries. We intend to invest in organising events in collaboration with our reseller as well as participating in exhibitions and events.

| | | |
|---------------------------------------|---|---|
| Progress/status | : | We have identified resellers and are in active discussions with these identified resellers. We will continue to invest in marketing initiatives to create awareness in these countries. |
| Method of financing | : | Proceeds arising from subscription of IDB shares by Pre-IPO Investors, as detailed in Section 1.4 of this Information Memorandum |
| Timeframe for utilisation of proceeds | : | Ongoing and up to 36 months from the date of the Proposed Listing |

(ii) Expansion of business presence in the local PMS solution market in Malaysia

We aim to broaden our customer base by expanding throughout Malaysia. Specifically, we intend to expand our presence in the southern region of Malaysia, namely Malacca and Johor.

In order to facilitate our expansion plan, we intend to create brand awareness in the hotel and accommodation industry in Malaysia through sponsoring and co-organising relevant events. Among some of the identified events include:

- Malaysian Association of Hotels annual general meeting, gala dinner and Hotel Employee and Management Awards
- Channel Manager and IDB PMS Seminar
- Hospitality Asia Platinum Awards Malaysia Awards Series

| | | |
|---------------------------------------|---|--|
| Progress/status | : | This is an ongoing process |
| Method of financing | : | Proceeds arising from subscription of IDB shares by Pre-IPO Investors, as detailed in Section 1.4 of this Information Memorandum |
| Timeframe for utilisation of proceeds | : | Ongoing and up to 36 months from the date of the Proposed Listing |

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3 BUSINESS OVERVIEW (CONT'D)

(iii) Expansion of our solution offerings to include kiosks and new add-on modules which include conversational commerce, event management and maintenance management modules

In order to keep up with the latest technological trends and evolving hotel needs, we plan to continuously introduce new add-on modules for our PMS solutions. This will give our customers additional features as well as help us to remain competitive.

We are currently undertaking technology research and development to improve the prototype design of our kiosk. We expect to complete the technology research and development process for kiosk by end-2019.

We are planning to introduce conversational commerce as a new add-on module. This enables guests to chat with hotel and accommodation personnel in real-time and get answers to their questions, with plans to roll out through social messaging applications in the future. This add-on module will be an enhancement to our present microsite module. We intend to charge a licence fee based on the number of installations of this module. We expect to complete the technology research and development process for conversational commerce by end-2019.

Furthermore, we are in the initial phase of developing event management and maintenance management modules as new add-on modules to our PMS solutions. These modules will allow hotel and accommodation personnel to manage function room reservations, usage and billing and maintenance of hotel and accommodation facilities such as air-conditioners and heating equipment. We intend to charge a licence fee based on the number of installations for these modules.

| | | |
|---------------------------------------|---|---|
| Progress/status | : | We are currently in the midst of undertaking the technology research and development to enhance our PMS solutions and develop new add-on modules. |
| Method of financing | : | Proceeds arising from subscription of IDB shares by Pre-IPO Investors, as detailed in Section 1.4 of this Information Memorandum |
| Timeframe for utilisation of proceeds | : | Ongoing and up to 36 months from the date of the Proposed Listing |

3.18.2 Prospects

We are positive with our Group's prospects, based on the future plans we have highlighted in Section 3.18.1, our competitive strengths as set out in Section 3.6, as well as the user-friendly features of our web-based PMS solutions and the positive outlook of the PMS solutions market in Malaysia.

As mentioned in Section 4 of this Information Memorandum, our Group garnered a market share of 0.4% in 2017 in Malaysia, based on our Group's revenue of RM1.3 million in the FYE 31 June 2017 and the total PMS solution market size in Malaysia of RM289.0 million in 2017. In 2018, PROVIDENCE estimates that our Group achieved a market share of 1.3% in Malaysia, based on our Group's total revenue of RM3.9 million in the FYE 30 June 2018 and an estimated total PMS solution market size in Malaysia of RM290.3 million in 2018.

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3 BUSINESS OVERVIEW (CONT'D)

Moving forward, our Group intends to sustain and grow our market share to increase our competitiveness in the PMS solutions markets we operate in, by focusing on the following areas:

(i) Growing number of hotel and hotel rooms in Malaysia

As mentioned in Section 4, hotel supply has grown at a CAGR of 3.6% during the period between 2013 and 2018. Although the incoming supply of hotels and hotel rooms declined at CAGRs of 2.7% and 1.5% respectively between 2013 and 2018, there are 97 hotels and 20,441 hotel rooms that are expected to be added to the market (undergoing construction works) as at the first quarter of 2019.

Between 2013 and 2018, hotels that were rated 3-star and below grew at a CAGR of 7.5%, while 4 and 5-star rated hotels and budget hotels grew at a CAGR of 5.9% and 2.2% respectively. There is also an upcoming trend for short-term stays such as private home-sharing through online platforms such as Airbnb and HomeAway.

Our PMS solutions can serve a wide range of hotels and accommodations, ranging from budget hotels to 5-star rated hotels as well as accommodations such as homestays and service apartments (customers who manage multiple homestays and service apartments).

This presents us with a large pool of opportunities for our Group to tap into and allows us to be robust to withstand the challenging market conditions. In addition, this will also enable us to diversify our operational risk, thus reducing the risk of dependency on the performance of a particular category of hotel and accommodation.

(ii) Replacement of existing third-party PMS solutions with our Group's web-based PMS solutions

At present, there are two (2) types of PMS solutions that are used by existing hotels and accommodations, i.e. on-premise PMS solutions and web-based PMS solutions.

Our Group believes that our PMS solutions, which are web-based, have a competitive edge over third-party on-premise PMS solutions in light of the benefits that web-based PMS solutions offer. As an illustration, on-premise PMS solutions are only accessible via computer devices that have been installed with PMS software while web-based PMS solutions can be accessed over the Internet via browser through any computer and mobile devices.

Further, our web-based PMS solutions are also relatively more affordable as compared to other web-based PMS solutions provided by foreign competitors in Malaysia, particularly competitors with PMS solutions originating from the United States. This is due to the fact that our solutions are locally developed.

In addition, we are also able to compete with other on-premise and web-based PMS solutions as we can offer the following advantages:

- short configuration and training time – total time taken to configure our PMS software is one (1) to two (2) days followed by training of hotel and accommodation personnel which takes two (2) to five (5) days; and
- user-friendly interface – our user-interface leads users through a series of defined steps to perform a particular task. Consequently, training of hotel and accommodation personnel can be carried out between two (2) to five (5) days.

3 BUSINESS OVERVIEW (CONT'D)

Over the past two (2) financial years and period under review, the number of installations to replace third-party PMS solutions increased from 11 in FYE 30 June 2017 to 21 in FPE 30 April 2019. The growth in revenue contribution for the replacement of third-party PMS solutions increased from 31.43% in FYE 30 June 2017 to 56.76% in FPE 2019, indicating that a growing proportion of our sales of PMS software is derived from the replacement of existing third-party PMS solutions.

(iii) Recurring revenue from annual technical support services

The recurring nature of our annual technical support services will allow us to generate a recurring and stable revenue stream. Hotels and accommodations which continue to use our proprietary software must pay an annual technical support fee in order to continuously enjoy our latest updates and enhancements to our proprietary software. As we constantly enhance our proprietary software, these hotels and accommodations will be encouraged to engage us for our annual technical support services.

Over the past FYE under review, our revenue from annual technical support fee has been increasing from RM11,147 in FYE 30 June 2017 to RM31,042 in FYE 30 June 2018, growing by 178.48% during the period. Between FPE 30 April 2018 and FPE 30 April 2019, our Group's revenue from annual technical support fee grew from RM24,722 to RM235,196, growing by 851.36% during the period. Further, the annual technical support fee for FYE 30 June 2020 is expected to grow to RM564,209, as stated in Section 8.5.2 of this Information Memorandum.

This is in line with the accumulative growth in number of installations for hotels and accommodations, from 48 in FYE 30 June 2017 to 81 in FYE June 2018 and 125 as at LPD. As we implement our PMS solutions for new customers, the accumulative number of installations for hotels and accommodations is expected to grow and this will consequently lead to a growth in revenue from this segment.

In addition, our annual technical support fees are charged as a percentage of the total PMS solution licence fees. As we also develop add-on modules to our existing customers to complement their existing PMS solutions, the subscriptions to these add-on modules by our existing customers will increase the total PMS solution licence fees paid. Thus, this will result in a higher annual technical support fees.

(iv) International markets, particularly Cambodia, Singapore, Vietnam and Myanmar

As mentioned in Section 3.18.1, we have also identified several international markets which we intend to venture into as the growth prospects in these markets appear to be favourable. We will leverage on our appointed resellers' existing network in these countries and will continue to invest in marketing activities to create awareness of our solutions in these countries.

Further, we also expect to receive more orders from a China-based hotel management company, who has accepted our proposal to provide our PMS solutions to its chain of hotels currently operating in Malaysia, Cambodia and Myanmar.

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3 BUSINESS OVERVIEW (CONT'D)

(v) Continuous development of new solutions to keep up with technological trends

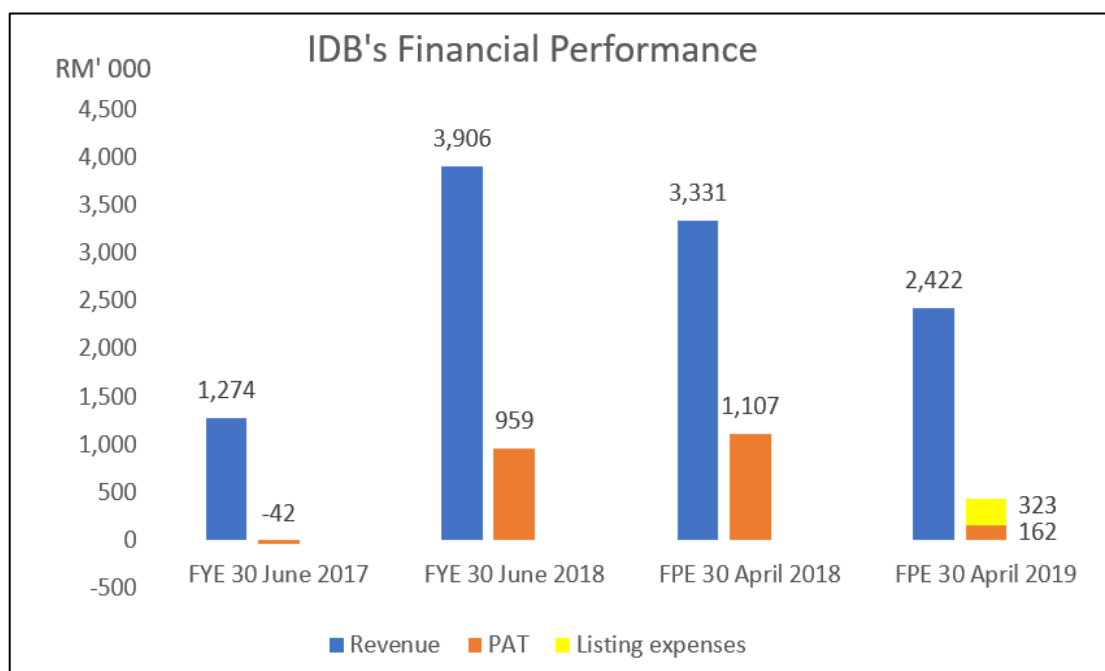
We recognise the need to constantly keep abreast with the latest technological trends and alternative solutions in the market, in order to ensure we will continuously remain competitive and relevant to the hotel and accommodation industry. As such, we plan to continuously introduce new add-on modules for our PMS solutions.

As mentioned in Section 3.18.1, we are currently undertaking technology research and development to introduce the following new add-on modules:

- kiosk;
- conversational commerce; and
- event management and maintenance management modules.

In addition to the above, we expect to be able to enjoy growth in the future in line with the positive outlook of the PMS solutions market in Malaysia. Based on the IMR Report as attached in Section 4 of this Information Memorandum, the PMS solutions market in Malaysia increased from RM130.7 million in 2013 to RM289.0 million in 2017, registering a CAGR of 21.9%. Moving forward, the PMS solutions market is estimated to grow to RM331.5 million in 2018, and is forecast to grow to reach RM451.3 million in 2020, growing at a CAGR of 16.7%.

On our financial performance, as detailed in Section 8 of this Information Memorandum, we recorded the following revenue and PAT:



The fluctuation of our financial performance above is primarily attributable to the following:

- (i) Lower revenue in FPE 30 April 2019 driven by the lower average revenue per room.

For FYE 30 June 2018, our average revenue per room is RM466 as compared FPE 30 April 2019 of RM410. The lower average revenue per room in FPE 30 April 2019 was due to our revenue being mainly derived from 3-star to 4-star hotels as compared to 3-star to 5-star hotels in FYE 30 June 2018.

3 BUSINESS OVERVIEW (CONT'D)

- (ii) Lower PAT in FPE 30 April 2019 due to higher administrative and selling and marketing expenses.

We recorded a PAT of RM0.16 million for FPE 30 April 2019 as against RM1.1 million for FPE 30 April 2018, in line with the decrease in revenue as mentioned above. This is mainly due to a one-off listing expense of RM0.32 million. If we exclude the said one-off listing expense, our PAT should be recorded at RM0.48 million. Such lower PAT was also due to expenses incurred in relation to active marketing activities particularly for expansion.

Despite the above, we have since billed RM0.94 million for the period from 1 May 2019 to LPD and we have an order book of RM0.80 million as at LPD. Our active marketing effort has resulted in our presence in the Cambodian market. Furthermore, we are in the midst of expanding into other international markets, particularly Singapore, Vietnam and Myanmar, as disclosed in Section 3.18.1(i) of this Information Memorandum

Based on the analyses above, the Group's prospect remains positive and if the trend continues after the listing on LEAP Market, the Group should be able to upgrade its listing into a bigger listing platform.

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4 IMR REPORT PREPARED BY PROVIDENCE



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26 August 2019

The Board of Directors
IDB TECHNOLOGIES BERHAD
C5-3, Radius Business Park
Jalan Teknokrat 2/1, Cyber 4
63000 Cyberjaya
Selangor Darul Ehsan

Dear Sirs,

Industry Overview on the PMS Solution Market, and the Hotel and Accommodation Industry for the Listing of IDB Technologies Berhad (“IDB Technologies”) on the LEAP Market of Bursa Malaysia Securities Berhad (“Bursa Securities”)

This Industry Overview Report on the PMS Solution Market, and the Hotel and Accommodation Industry was prepared by PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) for inclusion in this Information Memorandum of IDB Technologies.

For and on behalf of PROVIDENCE:

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

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

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



1 RESEARCH OBJECTIVE AND SCOPE

This IMR report has been prepared in conjunction with the listing of IDB Technologies on the LEAP Market of Bursa Malaysia Securities Berhad. The objective of this IMR report is to provide an independent view of the industries in which IDB Technologies and its subsidiary (collectively referred to as “**IDB Technologies Group**” or “**the Group**”) operates and offer a clear understanding of industry and market dynamics.

IDB Technologies Group is a PMS solution provider. At present, its sales are primarily derived from Malaysia. The Company intends to expand its presence in Southeast Asia, particularly Vietnam and Cambodia.

The scope of work for this IMR report will thus address the following three (3) areas:

- (i) PMS solution market in Malaysia, which is the key market for IDB Technologies Group’s solutions and services;
- (ii) Hotel and accommodation industry in Malaysia, which is the key end-user industry for IDB Technologies Group’s products and services; and
- (iii) Hotel and accommodation industries in Cambodia, Singapore, Vietnam and Myanmar, which are the end-user industries of the markets IDB Technologies Group plans to expand or venture into.

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4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)**2 PMS SOLUTION MARKET IN MALAYSIA****INTRODUCTION**

A PMS solution comprise PMS software, hardware and software that can interface with the PMS software, as well as services (such as training and technical support). In the context of this IMR report, PMS solutions refer to solutions that facilitate the management of hotels and accommodations. These solutions enable hotel and accommodation personnel to manage and perform day-to-day operations such as reservation, checking-in and checking-out, cashiering and housekeeping. As such, it is an important solution in all types of hotels and accommodations.

There are 2 types of PMS solutions, i.e. on-premise and web-based PMS solutions. The difference between both on-premise and web-based PMS solutions are as follows:

| On-premise PMS solutions | Web-based PMS solutions |
|---|--|
| <ul style="list-style-type: none"> • Can only be accessed using the hotel and accommodation computer device(s) the PMS software has been installed • Can only be installed using on-premise infrastructure, i.e. dedicated IT network and data storage hardware located within the hotel and accommodation premises | <ul style="list-style-type: none"> • Can be accessed over the Internet via browsers using any computer device(s) • Can be installed using either on-premise infrastructure or cloud-based infrastructure |

Source: PROVIDENCE analysis

MARKET PERFORMANCE, SIZE AND GROWTH

The PMS solution market size in Malaysia is measured in terms of sales of PMS solutions in Malaysia, which include sales of hardware, software and services that interface with PMS software. The PMS solution market size in Malaysia increased from RM130.7 million in 2013 to RM289.0 million in 2017, registering a CAGR of 21.9%. In 2018, the PMS solution market size is estimated at RM331.5 million.

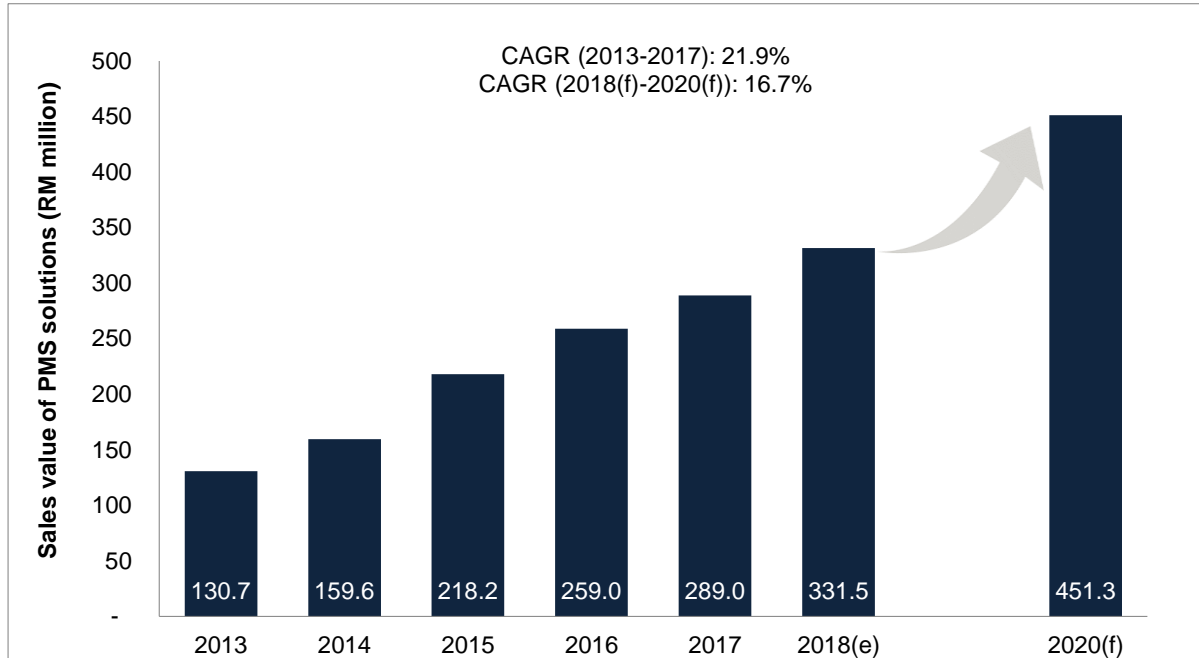
The PMS solution market size is estimated to reach RM451.3 million in 2020, growing at a CAGR of 16.7% between 2018 and 2020.

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4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



PMS solution market size in Malaysia



Source: PROVIDENCE analysis

KEY GROWTH DRIVERS

Continuous demand from the growing hotel and accommodation industry, which is a key end-user industry for PMS solutions

PMS solutions are important in facilitating the day-to-day operations in hotels and accommodations. The use of PMS solutions in hotels and accommodations allows for a seamless and integrated flow of information between departments. Thus, this enables hotels and accommodations to optimise operational processes in order to manage costs effectively and encourage positive hotel and accommodation guest experience.

The hotel and accommodation industry in Malaysia has been growing over the years, which provides opportunities for greater demand for PMS solutions in Malaysia. As at 2018, there are 3,216 hotels in the country, an increase from 2,689 hotels in 2013. During the same period, the number of hotel rooms registered a CAGR of 5.9%, growing from 192,335 rooms in 2013 to 256,682 rooms in 2018.

Please refer to **Chapter 3 – Hotel and Accommodation Industry in Malaysia** of this IMR report for further details on the hotel and accommodation industry in the country.

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



Potential growth from replacement of existing on-premise PMS solutions with web-based PMS solutions due to the benefits web-based PMS solutions offers

Web-based PMS solutions were only introduced in recent years as an alternative to on-premise PMS solutions. Web-based PMS solutions offers hotels and accommodations benefits such as remote accessibility, cross-platform and multi-device responsiveness. This allows hotels and accommodation personnel to remotely monitor hotel performance and enables housekeeping services to be managed using mobile devices. In addition, web-based PMS solutions allow for fast roll out of enhancements and upgrades which allows hotels and accommodations to easily enjoy an upgraded solution without incurring additional costs.

The abovementioned benefits of web-based PMS solutions are not only expected to appeal to newly established hotels and accommodations, but also existing hotels and accommodations using on-premise PMS solutions. Existing hotels and accommodations may replace their existing on-premise PMS solutions with web-based PMS solutions in order to keep up with latest technological trends. The PMS solution market stands to benefit from the replacement of existing PMS solutions as it would encourage higher sales of PMS solutions in Malaysia.

Web-based PMS solutions has been gaining popularity in Malaysia. The sales value of web-based PMS solutions contributed 27.4% of the total PMS solution market size or RM79.3 million in 2017, growing from 10.2% of the total PMS solution market size in 2013 or RM13.4 million.¹ Though sales value of on-premise PMS solutions in Malaysia contributed a higher percentage to the total PMS solution market size in the country (2017: 72.6% of the total PMS solution market size in Malaysia), the percentage contribution of web-based PMS solutions has been growing over the last 5 years (from 10.2% in 2013 to 27.4% in 2017).

Growing demand for PMS solutions licensed on a monthly basis, as it increases the affordability of PMS solutions

The emergence of web-based PMS solutions has given rise to PMS solutions licensed on a monthly basis. Thus, hotels and accommodations in Malaysia can either choose to pay an upfront, one-time license fee or pay a monthly license fee. By opting to pay a monthly license fee, hotels and accommodations can enjoy benefits such as lower initial investment as well as flexibility to scale the PMS solutions to cater for business growth. The abovementioned benefits are attractive to hotels and accommodations, particularly accommodations, budget hotels and 1-star to 3-star hotels as it increases the affordability of PMS solutions.

PMS solutions sold on a monthly basis are expected to attract more hotels and accommodations, particularly accommodations, budget hotels and 1-star to 3-star hotels, as affordability of PMS solutions increases.

¹ Source: PROVIDENCE analysis

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



Introduction of new technological enhancements in PMS solutions which is expected to encourage hotels and accommodations to continually invest in upgrading their PMS solutions

As with other Information Technology (“IT”) based solutions, new PMS solution modules and features will be constantly introduced to the market to keep up with customer demands.

For instance, an upcoming trend in the hotel and accommodation industry is the use of conversational commerce, which is a feature which allows customers to interact in real time with hotel and accommodation personnel, usually through a social messaging application. In July 2018, Four Seasons Hotels and Resorts opened a hotel in Kuala Lumpur and launched a mobile application which allowed for conversational commerce.

An example of an on-going trend is the use of dashboard reporting in PMS solutions, which allows hotel and accommodation personnel to track key performance indicators to remain competitive. This allows hotels and accommodations to increase their business visibility, optimise their revenue and encourage customer loyalty through business analytics on hotel and accommodation guest information and operational indicators of the hotel or accommodation across multiple chains. In addition, the ability for PMS solutions to interface with third-party channel managers to automate updates of reservations and available room inventory and rates across all OTAs and booking engine is also attractive to hotels and accommodations. This is because it reduces the need for manpower to update all OTAs and booking engines and minimises the risks of overbooking.

The introduction of new technological enhancements is expected to benefit the PMS solution market as hotels and accommodations would invest in new upgrades or replace their existing PMS solutions with PMS solutions that offer enhanced features to keep up with the latest technological trends and enjoy the latest features.

COMPETITIVE OVERVIEW

The competitive landscape of the PMS solution industry comprises both international and local industry players. Below are examples of PMS solution providers in Malaysia:

| Company name | Country of origin | Brand |
|--|-------------------|-------------------------|
| eZee Technosys (M) Sdn Bhd | India | eZee |
| IDB Technologies Berhad | Malaysia | IDB |
| IDS Next Business Solutions Pvt. Ltd | India | IDS Next Hotel PMS |
| IFCA MSC Berhad | Malaysia | IFCA |
| Infor (Malaysia) Sdn Bhd | United States | Infor |
| Oracle Corporation Malaysia Sdn Bhd | United States | Oracle Opera |
| Reliance Computer Center Sdn Bhd (a representative of CMS Hospitality) | Australia | GuestCentrix |
| Springer-Miller International, LLC | United States | Springer-Miller Systems |
| Xn Protel Systems (Malaysia) Sdn Bhd | United Kingdom | Xn Protel |

Source: PROVIDENCE analysis

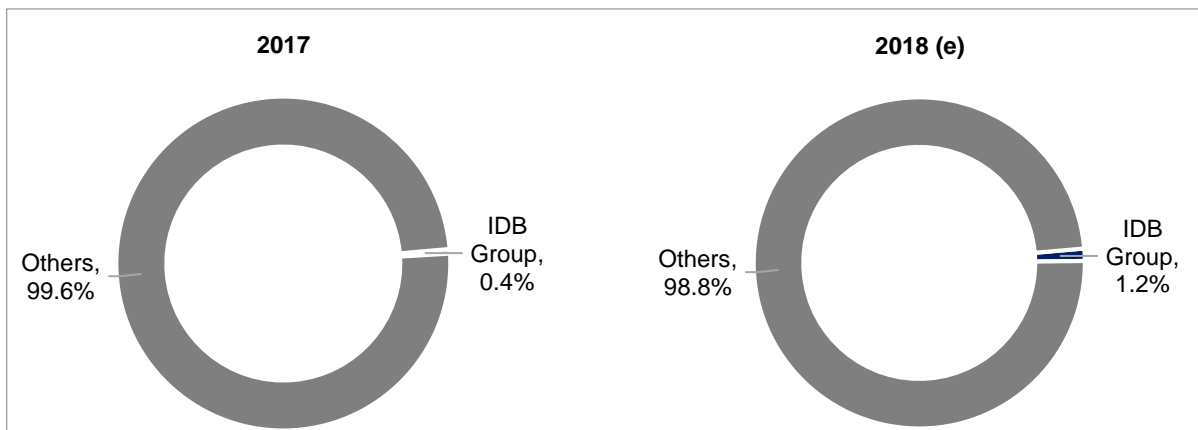
4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



With its revenue of RM1.27 million in the FYE 31 June 2017, IDB Technologies Group garnered a market share of 0.4% based on the total PMS solution market size in Malaysia of RM289.0 million in 2017. IDB Technologies Group garnered a market share of 1.2% based on its revenue of RM3.91 million in the FYE 30 June 2018 and an estimated total PMS solution market size in Malaysia of RM331.5 million in 2018.

In terms of number of rooms, IDB Technologies Group garnered a market share of 1.3% in 2017 based on the number of rooms it secured of 3,270 rooms and the total available number of rooms in hotels in Malaysia of 246,564. IDB Technologies Group's market share in 2018 grew to 2.2% in 2018, based on the number of rooms it secured of 5,673 rooms and the total available number of hotel rooms in Malaysia of 256,682.

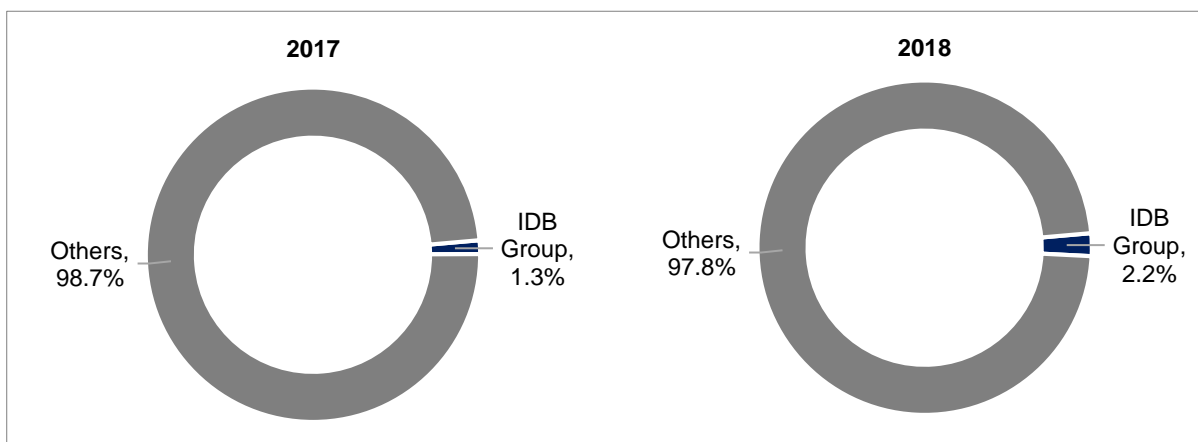
Market share in terms of revenue in Malaysia



Note:

IDB Technologies Group's revenue is as at its audited FYE 30 June 2017 and 2018

Market share in terms of number of hotel rooms in Malaysia



Source: IDB Technologies Group, Tourism Malaysia and PROVIDENCE analysis

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



3 HOTEL AND ACCOMMODATION INDUSTRY IN MALAYSIA

INTRODUCTION

Hotels are classified using rating systems based on factors such as quality, facilities, amenities, safety, hygiene, staff and services, providing a useful indicator to tourists about what to expect. In the past, the Star rating system is widely used, but the requirements may differ from country to country. In Malaysia, hotels are classified according to the Ministry of Tourism, Arts and Culture Malaysia's ("MOTAC") Star rating which was implemented in 1996.

A summary of hotel descriptions based on these rating systems are illustrated below:

| Criteria | 5-star | 4-star | 3-star | 2-star | 1-star |
|--|---|---|--|---|---|
| Qualitative and aesthetic requirements | <ul style="list-style-type: none"> • Safe, functional and well-maintained • Highest quality • Appropriate decoration in common areas and bedrooms | <ul style="list-style-type: none"> • Safe, functional and well-maintained • Excellent quality • Appropriate decoration in common areas and bedrooms | <ul style="list-style-type: none"> • Safe, functional and well-maintained • Very good quality • Appropriate decoration in common areas | <ul style="list-style-type: none"> • Safe, functional and well-maintained • Good quality | <ul style="list-style-type: none"> • Safe, functional and well-maintained • Standard quality |
| Common areas | <ul style="list-style-type: none"> • Well-decorated spacious lobby/lounge with a reading and writing area • Have facilities such as bars, restaurants, banquet and conference halls and a swimming pool | <ul style="list-style-type: none"> • Well-decorated spacious lobby/lounge with sitting facilities • Have facilities such as bars, restaurants, banquet and conference halls and a swimming pool | <ul style="list-style-type: none"> • Reception size commensurate with hotel size • Basic facilities such as bars, restaurants, meeting rooms and a corner for indoor games | <ul style="list-style-type: none"> • Reception can sit 2 persons • Not compulsory for facilities such as bars, restaurants, entertainment centres | <ul style="list-style-type: none"> • Reception can sit 2 persons • Not compulsory for facilities such as bars, restaurants, entertainment centres |
| Bedroom requirements | 13 – 16 square metres (" sq. m ") | 12 – 14 sq. m | 10 – 12 sq. m | 8 – 10 sq. m | 8 – 10 sq. m |

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



| Criteria | 5-star | 4-star | 3-star | 2-star | 1-star |
|----------|--|--|---|---|---|
| Services | <ul style="list-style-type: none"> • Breakfast room in dining rooms /restaurants • Room service provided • 24-hour front desk service • Secretarial service provided in private office • Laundry and valet service provided • Limousine service provided | <ul style="list-style-type: none"> • Breakfast room in dining rooms /restaurants • Room service provided • 24-hour front desk service • Secretarial service provided in common office • Laundry and valet service provided • | <ul style="list-style-type: none"> • Breakfast room provided • Room service provided • 24-hour front desk service • Secretarial service provided in common office • Laundry service provided | <ul style="list-style-type: none"> • Breakfast room provided • Not compulsory for room service, business centre • Laundry service provided | <ul style="list-style-type: none"> • Breakfast room provided • Not compulsory for room service, business centre and laundry and valet service |

Note: The summary listed above only depicts the key differences between hotels and do not illustrate the complete classification criteria

Source: MOTAC

Further to the Star rating system, the classification system for hotels will change as MOTAC has implemented the Malaysian Tourist Accommodation Premises Classification and Rating System for hotels in the country beginning 1 June 2017.

This system introduced five (5) categories of hotels:

- Boutique hotels (thematic and aim to attract a niche market);
- City hotels (hotels which do not fall into any of the other categories);
- Innovative hotels (have a distinctive concept and design);
- Highland hotels (over 300 metres above sea level); and
- Island/Beach/Lake/River hotels.

This system grades hotels according to the category that they fall under and takes into consideration the unique features of each category, allowing for fairer and more objective evaluation. Statistics provided by MOTAC, however, are still based on the Star rating system as at the date of this IMR report.

In addition, any of these hotels can be classified as Green Hotels if they meet certain requirements, in line with the push for sustainable tourism. To be certified as a Green Hotel, the hotel needs to practise environmentally friendly operations such as resource conservation, the use of local products, efficient waste management as well as using energy efficient appliances and technologies.

In 1999, MOTAC introduced an alternative rating system known as Orchid rating, which is used for accommodations which do not qualify for Star rating. These hotels will be collectively referred to as 'budget hotels' in this IMR report.

Orchid rating system has 3 rating classifications centered on cleanliness and hygiene standards, building safety and guest security, facilities and services, bedroom requirements (of which a minimum size of 8 sq. m. is required) and staff (in terms of customer service quality and number of staff).

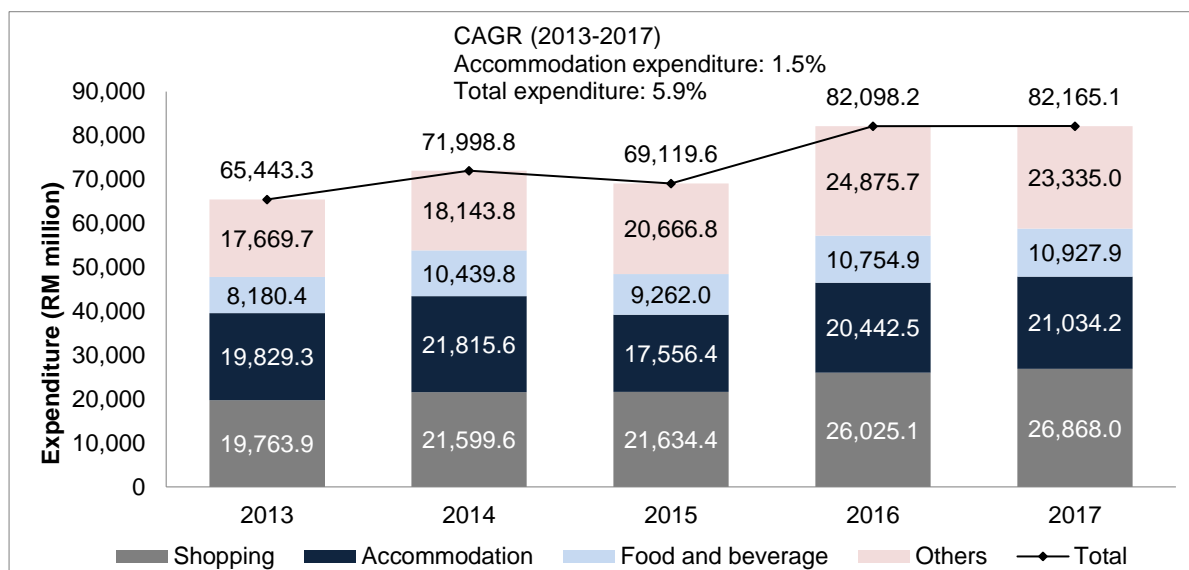
4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



In 2016, Malaysia was the 4th most visited country in the Asia Pacific region, after China, Thailand and Hong Kong. The number of international tourist arrivals in the country grew from 25.7 million in 2013 to 25.9 million in 2017.

In 2017, expenditure on accommodation by international tourists accounted for 25.6% of the total expenditure in 2017, second only to shopping expenditure which accounted for 32.7%. International tourist expenditure on accommodation grew from RM19.8 billion in 2013 to RM21.0 billion in 2017, at a compound annual growth rate (“CAGR”) of 1.5%.

International tourist expenditure in Malaysia



Notes:

- (i) Others comprises local transportation, organised tours, entertainment, domestic airfares, international airfares, medical, fuel, sports and miscellaneous.
- (ii) Latest publicly available information is as at 2017.

Source: Tourism Malaysia

Meanwhile, the number of domestic tourists in Malaysia increased from 152.9 million in 2013 to 205.4 million in 2017.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The number of hotels in Malaysia grew at a CAGR of 3.6% between 2013 and 2018. As at 2018, there are 3,216 hotels in the country, an increase from 2,689 hotels in 2013. During the same period, the number of hotel rooms registered a CAGR of 5.9%, growing from 192,335 rooms in 2013 to 256,682 rooms in 2018.

Malaysia is home to the largest hotel in the world, the First World Hotel. In addition, there are numerous international luxury hotel brands operating in the country such as Four Seasons Hotels and Resorts, Hilton Worldwide, Hyatt Hotels Corporation, InterContinental Hotels and Resorts, Mandarin Oriental Hotel Group, Marriott International and Shangri-La Hotels and Resorts.

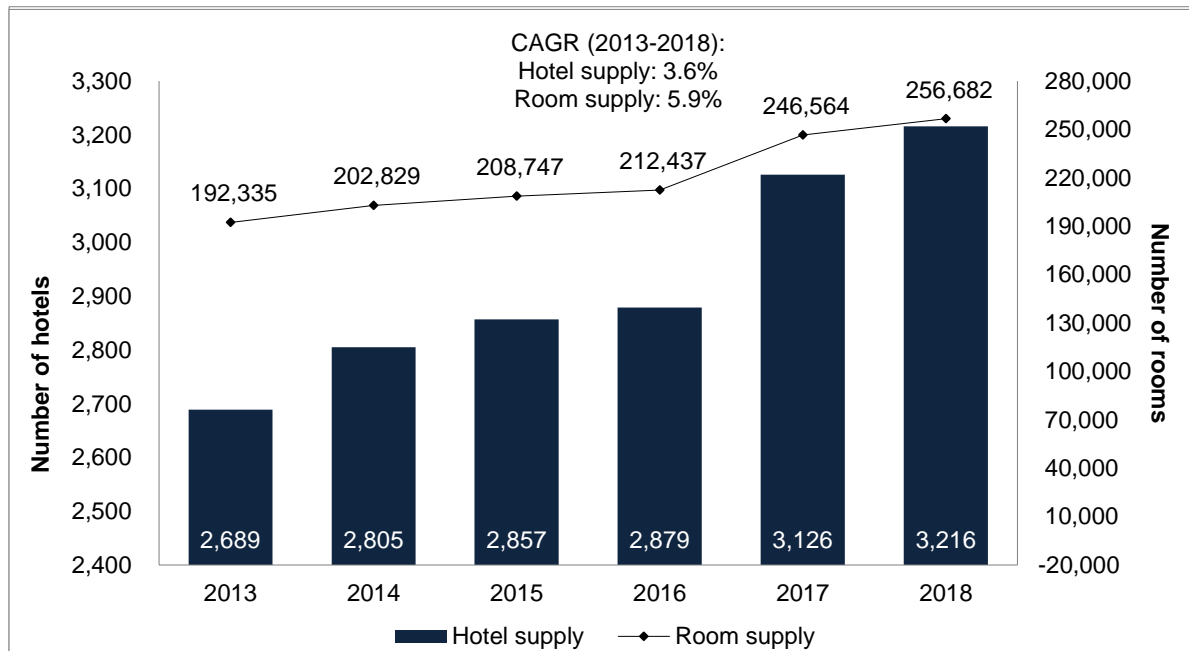
4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



Other established hotel groups which are entering the Malaysian market for the first time in 2018 are Alila Hotels and Resorts, Banyan Tree Hotels and Resorts, Movenpick Hotels and Resorts, New World Hotels and Resorts and W Hotels Worldwide. The readiness of these established international hotel groups to penetrate the Malaysian market is an indication of the positive outlook for the hotel and accommodation industry in the country.

Among the large hotels (over 200 rooms) that are scheduled for completion in the next few years are Crowne Plaza Kota Kinabalu Waterfront, Crowne Plaza Kuala Lumpur City Centre, Fairfield by Marriott Bintulu Paragon, Monopoly Mansion by Sirocco, Park Hyatt Kuala Lumpur, So Sofitel Kuala Lumpur Hotel and Residences and The Canopy by Hilton Hotel.

Number of hotels and rooms in Malaysia



Note:

The latest publicly available information is as at 2018

Source: National Property Information Center ("NAPIC")

Overall, hotel supply has grown at a CAGR of 3.6% during the period of 2013 to 2018. The number of hotels across all rating categories registered growth, though higher growth was illustrated amongst 1, 2 and 3-star rated hotels during the time period. Between 2013 and 2018, hotels that were rated 3-star and below grew at a CAGR of 7.5%, while 4 and 5-star rated hotels and budget hotels grew at a CAGR of 5.9% and 2.2% respectively.

In terms of hotel room supply, a CAGR of 5.9% was registered across the total number of rooms during the same period. The 1, 2 and 3-star hotel category registered the highest growth at 6.6%, followed by the budget hotel category at 6.2%. Meanwhile, 4 and 5-star hotel room supply grew at a CAGR of 5.1%.

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



The supply of hotels registered highest growth between 2016 and 2017. The factors that contributed to this include to accommodate the projected growth from tourist demand and in response to the Government's strong pro-tourism initiatives. Among the hotels that were newly opened in 2017 include Best Western Premier Ion Delemen, Element Kuala Lumpur, Hatten Place Melaka, Hilton Garden Inn Kuala Lumpur Jalan Tuanku Abdul Rahman North, Hotel Stripes Kuala Lumpur, Hotel Tenera, Mercure Kuala Lumpur Shaw Parade, Ritz-Carlton Langkawi, Sheraton Petaling Jaya Hotel, Sofitel Kuala Lumpur Damansara and Sunway Velocity Hotel Kuala Lumpur.

Hotels rated between 1 to 3 stars are typically local and non-branded hotels. The increase in number of these hotels are driven by the growing popularity for tourists to occupy these hotels in recent years. In the past, tourists and business travellers typically stick with well-known hotel brands to avoid negative experiences resulting from selecting an uncomfortable accommodation. The emergence and proliferation of OTAs (such as Booking.com and Agoda.com) has offered them the confidence to book these non-branded hotels as reviews on hotels are provided from past customers through these OTAs. This has thus encouraged occupancy of these non-branded hotels.

Further, it is also important to note that the quality of these local and non-branded hotels rated between 1 and 3 stars have improved over the years. In addition, these hotels seek unique and vibrant designs that differentiate them from other comparable hotels, which appeals to the growing younger population.

Number of hotels and rooms by rating

| Year | 4-star and 5-star | | 3-star and below | | Budget hotel* | | Total | |
|-----------------------------|-------------------|-------------|------------------|-------------|---------------|-------------|-------------|-------------|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| 2013 | 218 | 67,535 | 540 | 60,072 | 1,931 | 64,728 | 2,689 | 192,335 |
| 2014 | 235 | 70,167 | 572 | 63,661 | 1,998 | 69,001 | 2,805 | 202,829 |
| 2015 | 246 | 71,888 | 579 | 64,666 | 2,032 | 72,193 | 2,857 | 208,747 |
| 2016 | 254 | 73,643 | 583 | 64,996 | 2,042 | 73,798 | 2,879 | 212,437 |
| 2017 | 264 | 79,968 | 743 | 78,913 | 2,119 | 87,683 | 3,126 | 246,564 |
| 2018 | 290 | 86,404 | 774 | 82,765 | 2,152 | 87,513 | 3,216 | 256,682 |
| (CAGR 2013-2018) | 5.9% | 5.1% | 7.5% | 6.6% | 2.2% | 6.2% | 3.6% | 5.9% |

Note:

- (i) * Refers to orchid star rating hotels and unrated hotels
- (ii) As at the date of this IMR report, the statistics provided by NAPIC is based on the Star rating system by MOTAC
- (iii) There are no publicly available data on the number of accommodations in Malaysia

Source: NAPIC

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4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



According to NAPIC, a total of 97 hotels and 20,441 hotel rooms are incoming (undergoing construction works) as at the first quarter of 2019.

The number of incoming supply of hotels and hotel rooms at the end of each year has been growing between 2013 and 2017, then declined in 2018, registering CAGRs of -2.7% and -1.5% respectively during the 6-year period. The number of incoming supply of hotels and hotel rooms grew by 3 and 1,086 respectively between the last quarter of 2018 and first quarter of 2019.

Incoming supply of hotels and rooms in Malaysia

| Year | Incoming supply | |
|-------------------------|-----------------|--------------|
| | Hotel | Rooms |
| 2013 | 108 | 20,918 |
| 2014 | 102 | 22,119 |
| 2015 | 116 | 24,069 |
| 2016 | 121 | 24,443 |
| 2017 | 128 | 26,576 |
| 2018 | 94 | 19,358 |
| CAGR (2013-2018) | -2.7% | -1.5% |

Notes:

- (i) Incoming supply refers to units that are undergoing construction works and have not been completed
- (ii) Statistics are based on latest publicly available information as at the first quarter of 2019

Source: NAPIC

In the period of 2013 to 2017, average occupancy rates of hotels in Malaysia hovered between 57.4% to 58.8%.² Hotel stays in Malaysia are subjected to several fees including the Tourism Tax which is chargeable to all international tourists, as well as the Sales and Services Tax. In addition, there are state-specific charges on hotel stays such as Kota Bahru and Penang's local government fee, Langkawi's tourism promotion fee and Melaka's heritage tax.

The various additional charges may lead tourists on a budget to seek alternative accommodation such as short-term stays, which would not incur such taxes. Short-term stays would include those registered with the Government for the Homestay and Kampungstay programmes, as well as private home-sharing through online platforms such as Airbnb and HomeAway. The trend for short-term stays is driven by tourists wishing to have an authentic local experience, as well as being a more affordable option. Short-term stays have become part of the hotel and accommodation industry and are expected to remain popular moving forward.

² Source: Tourism Malaysia

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



KEY GROWTH DRIVERS

The anticipated growth in tourism arising from business and major events in Malaysia will have a positive impact on the hotel and accommodation industry

The Government of Malaysia is promoting the country as a premier destination for business and major events in Southeast Asia. The Malaysia Convention and Exhibition Bureau is responsible for identifying potential event leads, facilitating the bidding process, promoting government and industry collaborations, and providing event support and marketing services.

Business events include conferences, product launches, trade fairs, seminars, training and fundraisers, while major events include concerts, sporting events and music festivals. In 2018, Malaysia hosted 300 business events with an estimated 162,623 delegates. Malaysia also secured and supported 10 major events with 19,497 attendees in the same year.

The hotel and accommodation industry in Malaysia is set to benefit from the growth of the business and major event tourism as hotels are able to provide function space and catering services. Further, the attendees often require lodging and food if they are not in their home city.

With its strategic geographical location, connectivity to other major cities, multi-lingual population, as well as developed infrastructure and facilities, there is great potential for the growth of business and major event tourism in Malaysia. In addition, the Malaysia Exposition and Convention Centre in Putrajaya which is due for completion in 2021, will be the largest meetings, incentives, conventions and exhibitions (“MICE”) venue in Southeast Asia. The convention centre has a capacity of 60,000 and is expected to bring in annual revenue of RM500 million.

As business and major event tourism in the country continues to grow in Malaysia, it is expected that this will have a positive impact on the local hotel and accommodation industry.

Greater spending power in the country will create demand for domestic tourism, positively impacting the hotel and accommodation industry

Malaysia is an upper-middle income developing economy. Malaysia's gross domestic product (“GDP”) per capita increased by 24.1% from approximately RM33,713.7 in 2013 to RM41,827.3 in 2017, while purchasing power parity per capita income increased by 22.2% from approximately International Dollars 23,630.7 to International Dollars 28,870.8 during the same period.³

This increase in income indicates that the population is likely to have more disposable income to spend on things such as travel, which resulted in the number of domestic tourists increasing from 152.9 million in 2013 to 205.4 million in 2017, at a CAGR of 7.7%.

To cater for the growth in demand from an increasing number of domestic tourists, the supply of hotels and rooms in the country continues its positive uptrend as shown above. This indicates the potential for growth for the hotel and accommodation industry in Malaysia.

³ Source: International Monetary Fund

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



Globalisation which have led to increased interconnectivity among countries, will encourage international tourists to Malaysia, thus creating demand for hotels and accommodations

Globalisation has led to increased interconnectivity among countries as people take part in more frequent travel for business, pleasure, education or other reasons. Malaysia is well-connected through air, sea, land and rail transportation, which facilitates convenient interstate and international travel.

Furthermore, the introduction of the eVisa allows certain nationalities to apply online for an electronic visa prior to their entry into Malaysia. Tourists from Bangladesh, Bhutan, China, India, Nepal, Montenegro, Myanmar, Pakistan, Serbia and Sri Lanka are eligible for eVisas.

In addition, the Government is promoting Malaysia as a medical tourism destination, particularly in the fields of fertility and cardiology. Medical tourism in Malaysia is gaining popularity due to its world-class healthcare services, warm hospitality and multi-lingual society. Malaysia has won multiple awards from the International Medical Travel Journal's Medical Travel Awards. The Medical Healthcare Travel Council ("MHTC"), an agency under the Ministry of Health Malaysia, is responsible for promoting and developing medical tourism in the country. Private hospitals undergo stringent evaluation to ensure that they are equipped and have the capacity to serve this market, before they are approved and registered with the MHTC as a partner. In addition to linking patients to their panel of healthcare providers, the MHTC provides comprehensive services such as a meet and greet service at the airport, immigration clearance, accommodation, transportation and travel advisory. According to the MHTC, the number of healthcare travellers to Malaysia in 2017 was 1.1 million persons, generating RM1.3 billion in revenue.

Moving forward, globalisation is expected to continue having a positive impact on the hotel and accommodation industry in Malaysia.

Favourable Government initiatives to boost tourism will contribute to the growth of the hotel and accommodation industry

Tourism contributed RM201.4 billion, or 14.9%, to the economy in 2017.⁴ As such, the Government of Malaysia continues to promote the country as a tourist destination. The Visit Malaysia 2020 tourism campaign was launched in January 2018 with the target of reaching 36 million tourists and RM168 billion in tourism receipts by 2020 as outlined in the Malaysia Tourism Transformation Plan.

Among the programmes that are being run by the Government to further develop the industry include:

- Malaysia My Second Home – a multiple-entry long-stay visa which allows foreigners who fulfil certain criteria to remain in the country for 10 years;
- Homestay and Kampungstay – allows Malaysians who live out of the city to earn extra income by renting out their homes to tourists and providing a unique local experience; and
- National Ecotourism Plan 2016-2025 – aids to develop potential ecotourism destinations in the country through proper planning, sustainable management, conservation, financing, promotion and operation of ecotourism sites.

Under the Promotion of Investments Act 1986, companies which undertake promoted activities within the tourism sector such as establishment of new hotels and expansion/modernisation of existing hotels, are eligible for incentives such as Pioneer Status and Investment Tax Allowance.

⁴ Source: Department of Statistics Malaysia, based on Gross Value Added of Tourism Industries

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



Tourism Malaysia has also organised an event known as the Association of Southeast Asian Nations (“**ASEAN**”) Media Bloggers Tourism Hunt. A number of bloggers from ASEAN countries are selected to travel to certain locations in Malaysia and tasked with documenting the trip on social media, thereby promoting Malaysia as a tourism destination to their followers. This event aims to leverage on the influence of digital and social media as the population has become more tech-savvy.

Further, ASEAN is the largest contributor of tourist arrivals to Malaysia with 18.1 million tourists from the region, accounting for 70.1% of the total arrivals in 2018.

These initiatives to boost tourism activities in the country are expected to have a positive impact on the hotel and accommodation industry in Malaysia.

4 OVERVIEW OF THE HOTEL AND ACCOMMODATION INDUSTRIES IN CAMBODIA, SINGAPORE, VIETNAM AND MYANMAR

Vietnam and Cambodia continue to gain popularity as tourism destinations in the Southeast Asia region. Both countries are steeped in history and culture, and cater for a variety of holiday budgets ranging from backpackers to luxury travellers. International hotel groups are seeing the potential high growth of the market and thus are exploring investment opportunities in both countries. Among the international hotel groups which have established hotels in Vietnam and/or Cambodia include AccorHotels, Anantara Hotels, Resorts and Spas, Hyatt Hotels Corporation, InterContinental Hotels Group, Marriott International, Six Senses Hotels, Resorts and Spas and The Leading Hotels of the World.

Singapore is a developed nation and international tourists are drawn by the country’s cleanliness, safety and English-speaking population. The Government of Singapore continues to boost the tourism industry by building world-class attractions and entering into partnerships to increase the inflow of international tourists.

Myanmar has a relatively small tourism industry, as indicated by the number of international tourists visiting the country. Nevertheless, the industry is showing promise due to the various efforts of the Government of Myanmar to promote the country as a tourism destination.

The hotel and accommodation industries in Cambodia, Singapore, Vietnam and Myanmar are expected to continue experiencing strong growth on the back of the abovementioned factors, and this will provide impetus for the development of the PMS solution markets in these countries.

CAMBODIA

As data on the number of hotels and rooms in Cambodia is not publicly available, the growth of the hotel and accommodation industry in the country will be measured by the number of international tourists and hotel occupancy rates. The number of international tourists to Cambodia increased from 4.2 million in 2013 to 6.2 million in 2018, registering a CAGR of 8.1%. Meanwhile, the hotel occupancy rate increased from 69.5% in 2013 to 71.3% in 2017.

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)**Accommodation segment in Cambodia**

| Year | Hotel occupancy rate (%) | International tourists |
|-------------------------|--------------------------|------------------------|
| 2013 | 69.5 | 4,210,165 |
| 2014 | 67.6 | 4,502,775 |
| 2015 | 70.2 | 4,775,231 |
| 2016 | 68.9 | 5,011,712 |
| 2017 | 71.3 | 5,602,157 |
| 2018 | N/A | 6,201,077 |
| CAGR (2013-2018) | - | 8.1% |

N/A – Not available

Source: Ministry of Tourism Cambodia

In Cambodia, the tourism industry continues to contribute to the national economy, with the gaming industry being a major attraction to tourists. The Government of Cambodia intends to attract more foreign investment in the gaming industry, with the aim of developing the country as a premium gambling destination in Southeast Asia. As Cambodians are prohibited from gambling in these establishments, the casinos will mostly cater for international tourists who will likely spend on hotels and accommodations.

SINGAPORE

The hotel and accommodation industry in Singapore displayed year-on-year growth between 2013 and 2017. The number of hotels increased from 373 to 422, while the number of hotel rooms increased from 55,018 to 68,444, at CAGRs of 3.1% and 5.6% respectively.

Accommodation segment in Singapore

| Year | Number of hotels | Number of rooms | Hotel occupancy rate (%) |
|-------------------------|------------------|-----------------|--------------------------|
| 2013 | 373 | 55,018 | 85.1 |
| 2014 | 391 | 57,050 | 84.2 |
| 2015 | 398 | 60,841 | 84.0 |
| 2016 | 413 | 63,706 | 83.1 |
| 2017 | 422 | 68,444 | 84.5 |
| CAGR (2013-2017) | 3.1% | 5.6% | - |

Hotels in Singapore include gazetted and non-gazetted hotels. Gazetted hotels are hotels which have been declared to be tourist hotels under the Singapore Tourism (Cess Collection) Act.

Source: Singapore Tourism Board

One of the upcoming developments is an integrated tourist development in Jurong Lake District which will include attractions, hotels and other lifestyle offerings. Future nature attractions are the new Bird Park and Rainforest Park in the Mandai eco-tourism hub. There are also plans to boost existing attractions such as the Singapore Zoo, Night Safari and River Safari, by using digital technology to enhance visitor experience.

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)



At the Tourism Industry Conference 2019, the Singapore Tourism Board announced strategic partnerships with Alibaba Group and Traveloka to connect with Chinese tourists and run marketing campaigns promoting Singapore to 5 major ASEAN countries, respectively.

VIETNAM

The hotel and accommodation industry in Vietnam is indicated by the number of international tourists in this IMR report as other statistics on the industry are not publicly available. The number of international tourists in Vietnam demonstrated a strong CAGR of 15.4% between 2013 and 2018, growing from 7.6 million in 2013 to 15.5 million in 2018. The number of hotels and hotel rooms was recorded at approximately 18,800 units and 355,000 units in 2014.⁵

Number of international tourists in Vietnam

| Year | International tourists |
|-------------------------|------------------------|
| 2013 | 7,572,352 |
| 2014 | 7,874,312 |
| 2015 | 7,943,651 |
| 2016 | 10,012,735 |
| 2017 | 12,922,151 |
| 2018 | 15,497,791 |
| CAGR (2013-2018) | 15.4% |

Source: Vietnam National Administration of Tourism

To develop tourism into a key economic sector, the Government of Vietnam is undertaking several initiatives to boost the industry. These include launching an online travel portal, promoting foreign investment in the hotel and accommodation industry, as well as improving infrastructure such as airports, seaports, highways and railways. The Government of Vietnam has also established the Vietnam Tourism Development Fund with the purpose of funding promotional and advertising activities.

MYANMAR

The hotel and accommodation industry in Myanmar, as measured by the growth in the number of hotels and rooms in the country, has shown high growth during the period between 2013 and 2017. The number of hotels grew from 923 to 1,590 at a CAGR of 14.6%, while the number of rooms increased from 34,834 to 63,978 at a CAGR of 16.4%. The tourism sector also shows promising growth with an increase from 0.9 million to 1.4 million during the same period, registering a CAGR of 10.9%.

⁵ Latest publicly available data

4 IMR REPORT PREPARED BY PROVIDENCE (CONT'D)**Accommodation segment in Myanmar**

| Year | Number of hotels | Number of rooms | International tourists |
|-------------------------|------------------|-----------------|------------------------|
| 2013 | 923 | 34,834 | 900,161 |
| 2014 | 1,106 | 43,243 | 1,131,624 |
| 2015 | 1,279 | 49,946 | 1,301,583 |
| 2016 | 1,432 | 56,429 | 1,272,596 |
| 2017 | 1,590 | 63,978 | 1,362,948 |
| CAGR (2013-2017) | 14.6% | 16.4% | 10.9% |

Source: Ministry of Hotels and Tourism Myanmar

The Ministry of Hotels and Tourism Myanmar, in its efforts to promote Myanmar as a tourist destination, has employed the use of digital marketing. This includes the installation of digital concierge systems at information counters in the Ministries, building a tourism web portal and launching a business-to-business campaign to raise awareness of the tourist attractions in the country. Visa requirements for certain countries have been relaxed in a bid to entice their citizens to visit Myanmar. Further, the Government of Myanmar is building the human resource capabilities needed to support the tourism industry by encouraging citizens to train as tour guides and hospitality workers.

5 RISK FACTORS

The LEAP Market has been positioned as a market designed to accommodate corporations to which a higher investment risk may be attached than other corporations listed on Bursa Securities. It is a qualified market which is meant mainly for Sophisticated Investors only. Only existing securities holders and Sophisticated Investors are allowed to participate in corporate exercises undertaken by our Company. Sophisticated Investors should be aware of the potential risks of investing in such corporations and should make the decision to invest after due and careful considerations and, if appropriate, consultation with stockbroker, manager, solicitor, accountant and other professional advisers.

In this regard, Sophisticated Investors should carefully consider the following material risk factors in addition to information contained elsewhere in this Information Memorandum.

If any of the following risks were to materialise, our Company's business, financial condition, results of future operations could be materially and adversely affected. In such cases, the market price of our Company's shares could decline and investors may lose part or all of their monies.

5.1 Risks relating to our business, operation and industry

5.1.1 Dependence on the growth of the hotel and accommodation industry in Malaysia and Cambodia

As at the LPD, our Group's customers comprise hotels and accommodations in Malaysia and Cambodia. As such, our Group's business growth is dependent on the growth of the hotel and accommodation industry in these countries.

Nevertheless, the hotel and accommodation industry in Malaysia has been illustrating a growth trend over the years in terms of number of hotels and hotel rooms. According to the IMR report by PROVIDENCE, the number of hotels in Malaysia grew at a CAGR of 3.6% while the number of hotel rooms registered a CAGR of 5.9% between 2013 and 2018.

Meanwhile, Cambodia is still a new tourist market and the hotel and accommodation industry in the country is expected to continue to experience growth. The number of international tourists to Cambodia increased from 4.2 million in 2013 to 6.2 million in 2018, registering a CAGR of 8.1%. In addition, the hotel occupancy rate increased from 69.5% in 2013 to 71.3% in 2017.

With the advantages of our web-based PMS software as elaborated in Section 3.6.3, we believe we are well-positioned to capture the future growth opportunities presented by the growing hotel and accommodation industry in Malaysia and Cambodia. We also believe our listing status on the LEAP Market of Bursa Securities will strengthen our industry reputation as a PMS solution provider.

In addition, as highlighted in Section 3.18.1(i), our Group also intends to expand its geographical reach in Cambodia and to other countries in Southeast Asia, namely Vietnam, Myanmar and Singapore. This would allow the Group to diversify its portfolio of customers to include hotels and accommodations in other countries, and its potential market would expand to include hotels and accommodations in these countries.

Further, our Group's range of solutions also include POS and accounting software. As mentioned in Section 3.2 (ii) and (iii), our POS software can be used on a standalone basis in any food, beverage and retail outlets, and our accounting software can be used for any business. As such, our Group has the potential to expand into other industries such as the food and beverage and retail sector in the future.

5 RISK FACTORS (CONT'D)

5.1.2 Exposed to business risks

Our Group is exposed to a number of business risks including changes in the demand for our solutions, legal and regulatory framework and going concerns risks.

We have been taking proactive measures to mitigate such business risks, including constantly reviewing our business strategies in response to the changing market conditions and keeping abreast of regulatory developments.

However, there is no assurance that such unexpected events would not occur or if occur, would not have a material adverse impact on our business and financial conditions.

5.1.3 Subject to competition

Notwithstanding our competitive strengths, we continue to face competition from existing and new competitors who may be capable of offering similar solutions.

Nevertheless, we will invest in technology research and development activities to enhance our competitiveness. Our past and on-going technology research and development activities have provided us with the necessary knowledge base and technological know-how for the design and development of new or enhanced modules.

Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

5.1.4 Exposed to technological advancement risks

We operate in a dynamic market where our solutions are prone to evolving industry standards and frequent new solution introductions and enhancements. Our future growth and success would significantly depend on continuing market acceptance of our portfolio of solutions and our ability to develop and/or procure new solutions to keep abreast with latest technological trends and customer needs.

In order to mitigate this risk, we constantly keep abreast of the latest changes in the market and the adoption to new technologies. We also regularly obtain client feedback in order to ensure our solutions are meeting their needs.

There can be no assurance that we have sufficient resources to successfully and accurately anticipate technological changes and upgrade our solutions in a timely and cost-effective manner. We may also experience unforeseen difficulties that could delay or prevent the enhancement of our modules, and this may have a negative impact on our business.

5.1.5 Risks of security breaches and system failure

We may face risks of external security threats such as malware attack, hacking, espionage and cyber intrusion, as well as internal security breaches. This includes unauthorised access to restricted information by employees, or attacks which originate from malware-infected devices which are brought into the network system by employees. Failure to protect our back-end systems could adversely impact our operations.

We currently subscribe to an established hosting provider to store the data in our internal database. This hosting provider offers back-up services on the data we save on their cloud system. In addition, we also have a security endpoint and antivirus on each of our local computers as protection against any vulnerability.

5 RISK FACTORS (CONT'D)

5.1.6 Dependence on our Directors and key management personnel

Our Group's continued success depends on the abilities, experience and efforts of our directors and key management personnel. Having an experienced management team is important in maintaining the quality of our Group's services and relationships with our clients.

In order to retain our key personnel, we have in place human resource strategies and practices that include suitable compensation packages and career development for our key personnel. The loss of any of these key personnel without suitable and timely replacements, and inability to attract or retain qualified and suitable personnel would have an unfavourable and material impact on our Group's ability to compete effectively and this in turn may affect our business and operating results.

Notwithstanding our Group's efforts, there can be no assurance that the above measures will be successful in retaining our key personnel.

5.1.7 We are exposed to inherent risks in the hotel and accommodation industry

The hotel and accommodation industry in Malaysia is influenced by a number of factors such as demand and supply factors for tourism within the country as well as political stability. Any slowdown in the hotel and accommodation industry or tourism industry in Malaysia or other markets in which we operate may lead to lower expenditure on support systems, including PMS and related solutions, amongst hoteliers. This would inevitably impact our financial performance.

While we have not experienced any slowdown which has affected our business and financial performance in the past, there can be no assurance that any downturn in the hotel and accommodation industries will not affect our operational and financial performance going forward.

5.1.8 Risk relating to internal control

Our Board acknowledges that internal controls are important for risk management and is committed to articulating, implementing and reviewing our Company's internal controls system. Under our risk management framework, periodic testing of the effectiveness and efficiency of the internal controls procedures and processes will be conducted to ensure that the system of internal controls is adequate. We shall conduct regular reviews on the effectiveness of the risk management and internal controls processes within the Group. Reporting of the outcome of the review will be made to our Board on a yearly basis.

Notwithstanding the above, there is no assurance that there will not be any material weaknesses in internal control in the future that may have an impact on our operation and financials.

Notwithstanding our Group's efforts, there can be no assurance that all the above measures will be successful in fully mitigating all the risks specified above.

5.1.9 Risk relating to our trademarks

We have filed an application to trademark our "IDB" brand name. Please refer to Section 3.16.2 of this Information Memorandum for further details of our trademark submitted for registration. There can be no guarantee that there will not be any unauthorised use of our "IDB" brand name by third parties during this period and after registration of our trademark. The use of our trademark by third parties who are marketing products and services that are similar to ours may cause confusion and mislead the public, undermining our efforts in building brand recognition.

Nevertheless, in the event this were to occur, the Company may take action under the relevant provision under the law to safeguard our trademark rights.

5 RISK FACTORS (CONT'D)

5.1.10 Risk of foreign currency exchange transactions and expansion to international markets

As part of our future plans as set out in Section 3.18.1 of this Information Memorandum, we intend to, amongst others, expand our business presence in international markets, particularly Cambodia, Singapore, Vietnam and Myanmar. We envisage such expansion to take place through the appointment of resellers.

Any such expansion will carry inherent risks and uncertainties, requires significant management attention and resources, and may not yield the results we expect. As we expand our business in these countries, we may also be subject to foreign exchange transaction risks as some of our sales will be denominated in foreign currencies and any depreciation of the RM against foreign currencies may have a negative impact on our Group's operating profit. Hence, there can be no assurance that our future plans will materialise or that our expansion plans will not have any adverse effect on our future financial performance.

5.2 Risks relating to investment in our shares

5.2.1 No prior market for our shares and possible volatility of our share price

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Proposed Listing or if developed, that such market will be sustained. In addition, our Shares could trade at prices that may be lower than the Listing Reference Price of RM0.07 per Share as a result of many factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These include, amongst others, prevailing global and local economic conditions, the depth and liquidity of the market for our Shares and investors' individual perceptions of our Group.

5.2.2 Control by our Promoters

Upon the Proposed Listing, our Promoters will collectively hold 81% of our issued share capital. Depending on how they choose to vote and because of their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, our Board will ensure that any future transactions involving related parties are entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, so as to facilitate good corporate governance whilst promoting greater corporate transparency.

5.2.3 Trading and performance of our Shares are subject to the vagaries of market forces and other uncertainties

Upon completion of our Proposed Listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or the industry in which our Group is operating. These factors include, but are not limited to, the variations in the results of our Group's operations due to changes in general market conditions and broad market fluctuations.

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 our shareholders to realise their investment on the LEAP Market as compared to Main Market or ACE Market of Bursa Securities.

5 RISK FACTORS (CONT'D)

5.2.4 Failure/Delay in our Proposed Listing

Our Proposed Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) the revocation of approvals from the relevant authority for our Proposed Listing and/or admission to the Official List of the LEAP Market of Bursa Securities for whatever reason; and
- (ii) the occurrence of any force majeure events, which are beyond our control, before our Proposed Listing.

Although we will endeavour to comply with the regulatory requirements for our successful Proposed Listing, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Proposed Listing.

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6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

6.1 Promoters and/or substantial shareholders

6.1.1 Shareholdings

Our Promoters and/or substantial shareholders and their respective shareholdings are as follows:

| Name | Directorship/position | Shareholding in our Company upon Proposed Listing | | | |
|------------------------------|--|---|-------|------------------------|---|
| | | <----- Direct -----> | | <----- Indirect -----> | |
| | | No. of Shares | % | No. of Shares | % |
| Cheah Kah Beng | Promoter/substantial shareholder/Executive Director/ CEO | 139,500,000 | 27.90 | - | - |
| Lim Kuei Boon | Promoter/substantial shareholder/Executive Director/ CTO | 139,500,000 | 27.90 | - | - |
| Yew Chee Yang | Promoter/substantial shareholder | 112,500,000 | 22.50 | - | - |
| Wong Kum Chuan | Promoter/Project Director | 4,500,000 | 0.90 | - | - |
| Kong Kok You | Promoter/Director of Sales and Marketing | 4,500,000 | 0.90 | - | - |
| Lee Kim Yong | Promoter/Web Application Developer | 1,800,000 | 0.36 | - | - |
| Mohd Afdhal Izham Bin Ismail | Promoter/Web Application Developer | 1,800,000 | 0.36 | - | - |
| Ng Chuen Jie | Promoter/Application Consultant | 900,000 | 0.18 | - | - |

6.1.2 Profiles of Promoters and/or substantial shareholders

The profiles of our Promoters and/or substantial shareholders are as follows:

Cheah Kah Beng | Malaysian | Aged 44
Promoter/Substantial Shareholder/Executive Director/CEO

He is responsible for the overall strategic business planning and direction of our Group. He studied a Foundation Programme at Systematic Business Training Centre in 1993. In 1995, he graduated with a Diploma in Higher Education in Accounting from University of Abertay Dundee in Scotland.

He began his career in 1995 when he joined Songbird Star Sdn Bhd as an Account Executive. Later in 1997, he joined IFCA Consulting Sdn Bhd as an Accounts Supervisor. He was later promoted to Senior Consultant in 2003. During his tenure in IFCA Consulting Sdn Bhd, he was responsible for the implementation of software applications, particularly PMS, accounting and golf management solutions. He joined Seven Seas Computers Sdn Bhd as a Project Leader in 2004 where he oversaw the implementation of PMS solutions. In 2006, he re-joined IFCA Consulting Sdn Bhd as Project Manager, where he led the implementation of PMS solutions.

He joined IDB in 2011 and assumed his present position as CEO. He was appointed as a Director of our Company on 31 October 2018.

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Lim Kuei Boon | Malaysian | Aged 42
Promoter/Substantial Shareholder/Executive Director/CTO

He is responsible for overseeing the strategic technological direction of our Group. He obtained his Polytechnic Certificate from Polytechnic Ungku Omar, Perak in 1997. He later graduated with a Diploma in Electronic Engineering from Polytechnic Ungku Omar, Perak in 1998.

He joined IFCA Consulting Sdn Bhd as Programmer in 1998 where he was involved in the development of POS solutions. In 2000, he joined Intellectronics Sdn Bhd as Project Manager, where he was responsible for software development. In 2007, he joined Straits Index (M) Sdn Bhd as a System Engineer, where he was responsible for software development.

He incorporated IDB in 2007. When IDB began its software engineering and development business in 2011, he assumed his present position as CTO. He was appointed as a Director of our Company on 31 October 2018.

Yew Chee Yang | Malaysian | Aged 30
Promoter/Substantial Shareholder

She obtained her Certificate in Commerce from Deakin University (formerly known as Melbourne Institution of Business and Technology), Australia in 2008. She has garnered five (5) years of experience in sales and marketing, during which she was involved in the property sector for four (4) years.

She began her career in Astral Realty Sdn Bhd as a Marketing and Leasing Assistant in 2008, and later joined Zenith Aim Sdn Bhd as a Sales and Marketing Executive in 2009. After a break in her career between 2012 and 2017, she joined Jasa Imani Property Sdn Bhd as a Business Development Manager.

Wong Kum Chuan | Malaysian | Aged 49
Promoter/Project Director

He is responsible for project management and monitoring project implementation. He obtained an International Diploma in Computer Studies moderated by The National Centre for Information Technology in 1993 from KDU University College (formerly known as Kolej Damansara Utama).

Upon graduation, he joined Hong Leong Finance Berhad in 1994 as a programmer, where he maintained the savings and fixed deposit systems. In 1995, he joined Time Galerie (M) Sdn Bhd as a Management Information System Supervisor, where he was involved in management of retail POS system.

He joined Hospitality Solutions International (M) Sdn Bhd in 1996 as Technical Service Engineer, where he was first exposed to PMS system and responsible for installation, implementation and modification of the PMS system. In 1999, he joined Software Online Sdn Bhd (a member of IFCA Consulting Group) as Application Consultant, where he continued to be involved in training and implementation of PMS solutions.

In 2001, he joined High-Tech XN Corporation Sdn Bhd (renamed to Nasioncom Berhad) as a Senior System Consultant, where he was responsible for the implementation and support of retail POS systems. In 2003, he joined XN Corp Systems (M) Sdn Bhd as an Implementation and Support Specialist where he was responsible for implementation and support of retail POS and PMS solutions.

In 2004, he joined Asia Paradigm Shift Sdn Bhd as a Technical and Support Manager. In 2005, he joined Consensio Spa Consulting Sdn Bhd as a Senior Technical and Support Manager.

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

During his tenure in both of these companies, he was involved in management of booking system for spas.

In 2007, he joined TR Group International Limited as a Professional Service Consultant for the implementation of spa booking systems and accounting software. In 2008, he joined Reliance Computer Centre Sdn Bhd as Head of Implementation Services for PMS solutions and spa booking systems. Later in 2008, he joined iHost Hospitality as Product Manager where he was involved in the implementation of spa booking and hotel booking systems.

Prior to joining IDB, he was a Connectivity Specialist for Booking Suite B.V. from 2015 to 2017, where he was involved in the management of revenue management system.

He joined IDB in 2017 as a Project Manager and assumed his present position as Project Director in 2018.

Kong Kok You | Malaysian | Aged 44
Promoter/Director of Sales and Marketing

He is responsible for the sales and marketing of our Group. He obtained a Diploma in Accounting in 1995 from London Chamber of Commerce and Industry (“LCCI”), United Kingdom. In 2001, he obtained a certificate in secretarial practice from the Institute of Chartered Secretaries and Administrators. In 2005, he obtained an International Diploma in Computer Science, majoring in Internet and Multimedia and E-commerce from Institute Perkim Goon, Penang.

In 1994, he started work with Ban Hin Lee Bank (now known as CIMB Berhad) as an Accounts Clerk and left within the year to pursue his qualification in LCCI. In 1998, he joined Suiwah Corporation Bhd as an Administrative Assistant. Subsequently, he joined IFCA Systems (Penang) Sdn Bhd in 1998 as System Support Officer where he was involved in the training and implementation of PMS solutions. He was later transferred to the Sales and Marketing Division as an Account Manager (Sales) in 2004. In 2008, he was promoted to Assistant Sales Manager where he was involved in the sales and marketing of PMS, developer management and club system solutions.

He was later promoted to Business Unit Manager in 2013 to oversee the sales department for a HR management solutions. In 2014, he was promoted to General Manager of the Ipoh branch, where he was responsible for the establishment of a new branch in Ipoh and oversaw strategy planning and business development for the branch in Ipoh.

Later in 2014, he left IFCA Systems (Penang) Sdn Bhd and joined Xglobal Sdn Bhd as Branch Manager of Penang, where he oversaw the business development of ERP solutions.

He joined IDB in 2015 as Sales Manager and was promoted to Director of Sales and Marketing in October 2018.

Lee Kim Yong | Malaysian | Aged 29
Promoter/Web Application Developer

He is responsible for enhancing our proprietary software and providing technical support to customers. He graduated with a Diploma in Computer Studies in 2011 from SEGi College. He later obtained a Bachelor of Science degree in Computing in 2013 from SEGi College.

Upon graduation, he joined Vital IT Marketing Services Sdn Bhd in 2013 as Computer Technician, where he handled installation and maintenance of hardware. In 2014, he joined IDB as Web Application Developer and is responsible for the development of our proprietary software together with our CTO.

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Mohd Afdhal Izham Bin Ismail | Malaysian | Aged 33
Promoter/Web Application Developer

He is responsible for enhancing our proprietary software and providing technical support to customers. He graduated with a Bachelor of Computer Science degree in Software Engineering in 2011 from Universiti Malaysia Pahang.

Upon graduation, he joined IDB in 2011 and is responsible for the development of our proprietary software together with our CTO.

Ng Chuen Jie | Malaysian | Aged 31
Promoter/Application Consultant

He is responsible for configuration of PMS solutions and providing training services to customers. He graduated with a Diploma in International Hotel and Tourism Management in 2008 issued by the International Hotel Management Institute Switzerland. He later obtained a Bachelor of Arts degree in International Hotel and Tourism Management in 2009 issued by the International Hotel Management Institute Switzerland.

He started work in Sunshine Wholesale Mart Sdn Bhd as Internal Control Unit Executive in 2010, where he was responsible for monitoring issues related to retail systems and internal operational processes. Later in 2010, he joined G Hotel Sdn Bhd as Front Office Associate, where he was responsible for front desk operations. In 2012, he was promoted to Executive Lounge Supervisor, where he oversaw and managed the front desk operations of the Executive Lounge in G Hotel Sdn Bhd. He was later transferred to the Reservation Department as Reservation Supervisor – Group and Event Coordinator in 2014 where he oversaw and managed the reservations department and was in charge of group reservations in G Hotel Sdn Bhd. He was later redesignated as Reservation Executive in 2014.

Later in 2014, he joined Tandop Hotel Sdn Bhd as Branch Manager (Penang), where he managed the hotel operations. He subsequently joined One Pacific Hotel Sdn Bhd as Hotel Manager in 2016, where he was involved in the management of hotel operations.

He joined IDB in 2016 and assumed his present position as Application Consultant.

6.2 Directors

6.2.1 Shareholdings

Our Directors of and their respective shareholdings are as follows:

| Name | Position/directorship | Direct shareholding in our Company upon Proposed Listing | |
|----------------|---|--|-------|
| | | No. of Shares | % |
| Ho Lee Chen | Independent Non-Executive Chairperson | - | - |
| Cheah Kah Beng | Promoter/substantial shareholder/Executive Director/CEO | 139,500,000 | 27.90 |
| Lim Kuei Boon | Promoter/substantial shareholder/Executive Director/CTO | 139,500,000 | 27.90 |
| Lee Lai Hseng | Non-Independent Non-Executive Director | - | - |

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.2.2 Profiles of Directors

The profiles of our Directors are as follows:

The profiles of Cheah Kah Beng and Lim Kuei Boon are disclosed in Section 6.1.2 of this Information Memorandum.

Ho Lee Chen | Malaysian | Aged 57
Independent Non-Executive Chairperson

She is responsible for ensuring our Board practises good corporate governance and transparency, ensuring any transactions involving related parties are entered on arm's-length basis. She was appointed to our Board on 20 December 2018.

She was conferred a Bachelor of Accounting from University of Malaya in 1986. She has been a member of the Malaysian Institute of Accountants (MIA) since 2001 and a Fellow member of Certified Practising Accountant Australia (CPA) since 2008.

She began her career in 1986 with Southern Bank Berhad as an Internal Audit Trainee and was confirmed as a Class A Bank Officer six (6) months later. She was mainly in the Internal Audit Department during her years in the bank. In 1991, she joined Resorts World Berhad as an Internal Control Executive in the Finance Division. She was later promoted to Assistant Manager of the Casino Accounting and Control Department in the Finance Division in 1992. She was further promoted to Manager of Banking Services and Administration Department in the Finance Division in 1994. In the same year, she was transferred to Genting Berhad as the Deputy Manager of Treasury/Insurance Department, Finance Division. In 1997, she was transferred to Asiatic Development Berhad as a Senior Accountant, where she was responsible for maintaining the accounts of the Property Development Division.

She left Asiatic Development Berhad and joined Malaysia Airlines Berhad in 2002 as Manager of the Group Reporting and Control Department, in the Group Finance Division and was later promoted to Assistant General Manager in 2004. In 2007, she was appointed as the first Chief Financial Officer of MasWings Sdn Bhd, a wholly-owned subsidiary of Malaysia Airlines Berhad until 2009. During the same period, she was also the Vice-President of the e-Commerce Department, Commercial Division of Malaysia Airlines Berhad. In 2010, she was promoted to Senior Vice-President of the e-Commerce, under Commercial Strategy Department, Commercial Division. In the following year, she was transferred back to the Group Finance Division as the Senior Vice-President of System and Business Support. She left Malaysia Airlines Berhad in 2015. In the same year, she moved to Melbourne, Australia to join her family members.

She is currently providing accounting services to accounting and tax firms in Melbourne on assignment basis.

Presently, she holds a directorship in EITA Resources Berhad, which is a public listed company, since 1 November 2018.

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6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

Lee Lai Hseng | Malaysian | Aged 45
Non-Independent Non-Executive Director

He is responsible for ensuring our Board practises good corporate governance and transparency, ensuring any transactions involving related parties are entered in to on arm's-length basis. He was appointed to our Board on 20 December 2018.

He studied a Foundation Programme at Systematic Business Training Centre in 1993. In 1995, he graduated with a Diploma in Higher Education, majoring in Accounting from University of Abertay Dundee, Scotland. He subsequently attained professional certification from Chartered Institute of Management Accountants (CIMA) in 2001. He has also been a member of the Malaysian Institute of Accountants (MIA) since 2005.

He began his career in 1996 when he joined William C. H. Tan & Associates as an Audit Assistant. In 2001, he was promoted to Audit Manager and further progressed to Audit Director in 2010. Later in 2015, he was promoted to Chief Operating Officer to oversee the management.

6.2.3 Directors' remuneration

The aggregate remuneration proposed to be paid for services rendered to our Group for the FYE 30 June 2018 and FYE 30 June 2019 are as follows:

| Directors | Remuneration band | |
|----------------|-------------------|--------------------|
| | FYE 30 June 2018 | FYE 30 June 2019 |
| | RM'000 | Estimate RM'000 |
| Cheah Kah Beng | 150 - 200 | 150 - 200 |
| Lim Kuei Boon | 150 - 200 | 150 - 200 |
| Lee Lai Hseng | - | 0 - 50 |
| Ho Lee Chen | - | 0 - 50 |

The remuneration of our Directors includes salaries, bonuses, fees and allowances as well as other benefits.

6.3 Key management personnel

6.3.1 Shareholdings

Our key management and their respective shareholdings are as follows:

| Name | Position/directorship | Direct shareholding in our Company upon Proposed Listing | |
|----------------|--|--|-------|
| | | No. of Shares | % |
| Cheah Kah Beng | Promoter/substantial shareholder/CEO | 139,500,000 | 27.90 |
| Lim Kuei Boon | Promoter/substantial shareholder/CTO | 139,500,000 | 27.90 |
| Wong Kum Chuan | Promoter/Project Director | 4,500,000 | 0.90 |
| Kong Kok You | Promoter/Director of Sales and Marketing | 4,500,000 | 0.90 |
| Leong Seh Ling | Finance Manager | - | - |

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.3.2 Profiles of our key management personnel

The profiles of our key management personnel are as follows:

The profiles of Cheah Kah Beng, Lim Kuei Boon, Wong Kum Chuan and Kong Kok You are disclosed in Section 6.1.2 of this Information Memorandum.

Leong Seh Ling | Malaysian | Aged 31
Finance Manager

She is responsible for overseeing our Group's financial functions. She graduated with an Advanced Diploma in Commerce, majoring in Financial Accounting, from Tunku Abdul Rahman University College (formerly known as Tunku Abdul Rahman College) in 2010. She later attained her Bachelor of Arts, majoring in Finance and Accounting from Sheffield Hallam University, United Kingdom in 2010. She has been a member of the Association of Chartered Certified Accountants (ACCA) since 2016.

Upon graduation, she joined Genting Malaysia Berhad as an Accounts Supervisor in 2011. She was later promoted to Finance Executive in the same year and Senior Finance Executive in 2013. During her tenure there, she was responsible for handling the subsidiaries' financial accounts.

Prior to joining IDB, she was the Assistant Financial Controller of The Zenith Hotel (Putrajaya) Sdn Bhd from 2017 to 2018.

She joined IDB and assumed her present position as Finance Manager in September 2018.

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6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.4 Involvement of our Promoters, substantial shareholders, Directors and key management personnel in businesses/corporations outside our Company

Save as disclosed below, our Promoters, substantial shareholders, Directors and key management personnel do not have any other interest and directorships in other corporations outside our Company for the past three (3) years up to the LPD:

| Name | Company | Principal activities | Position held | Date of appointment | Date of resignation | Direct shareholdings (%) | Indirect shareholdings (%) |
|---------------|--|--|------------------------------------|---------------------|---------------------|--------------------------|----------------------------|
| Lee Lai Hseng | Present involvement | | | | | | |
| | William C. H. Tan & Associates | Public accounting firm | Chief Operating Officer | 1 January 2015 | - | - | - |
| | Advance Corporate Advisory Ltd | International business and investment holding | Director | 30 November 2011 | - | - | - |
| | Interactive Corporate Advisory Sdn Bhd | Investment holding | Director | 10 December 2018 | - | 10.00 | - |
| | WTA Consulting Sdn. Bhd. | Consultancy services | Director | 11 March 2019 | - | - | - |
| | William C.H.Tan Consultancy Sdn Bhd | Tax advisory and consultancy services | Director | 21 May 2019 | - | - | - |
| | Previous involvement – past three (3) years | | | | | | |
| - | - | - | - | - | - | - | |
| Ho Lee Chen | Present involvement | | | | | | |
| | EITA Resources Berhad | Investment holding company, provision of management services and procurement of contract including assisting in procurement of contract | Independent Non-Executive Director | 1 November 2018 | - | - | - |
| | Previous involvement – past three (3) years | | | | | | |
| - | - | - | - | - | - | - | |
| Yew Chee Yang | Present involvement | | | | | | |
| | Productive World Sdn Bhd | Operating of cafes and restaurants, organization, promotions and/or management of events, real estate activities with own or leased property | Director | 18 May 2015 | - | 30.00 | - |
| | Previous involvement – past three (3) years | | | | | | |
| - | - | - | - | - | - | - | |

6 DETAILS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONT'D)

6.5 Our employees

The following depicts the breakdown of our full-time employees as at 30 June 2018 and as at LPD:

| Category | Number of employees | |
|---------------------------|---------------------|---------------|
| | As at 30 June 2018 | As at the LPD |
| Directors | 2 | 2 |
| General/Senior Manager | 2 | 2 |
| Manager/Assistant Manager | 1 | 3 |
| Web Application Developer | 2 | 4 |
| Quality Control Engineer | - | 1 |
| Application Consultant | 3 | 6 |
| Sales Executive | 1 | 1 |
| | 11 | 19 |

None of our employees belong to any labour union. The relationship and cooperation between the management and employees have always been good and this is expected to continue in the future. To date, there is no major industrial dispute pertaining to our employees.

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7 APPROVALS REQUIRED, CONDITIONS AND UNDERTAKINGS

7.1 Approvals required/conditions

The listing of and quotation of our entire issued share capital on the LEAP Market is subject to the approval from Bursa Securities for the listing of the Shares.

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

7.2 Details of moratorium and undertakings

In compliance with Rule 3.07 of the LEAP Market Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of the 405,000,000 Shares (representing 81.0% of the issued share capital upon our Proposed Listing) held by our Promoters.

Our Promoters, who hold any of our Shares directly and indirectly upon our Proposed Listing, have fully accepted the moratorium whereby they will not be permitted to sell, transfer or assign any part of their interest in the Shares during the moratorium period as follows ("**Promoters' Moratorium Period**"):

- (i) the moratorium applies to our Promoters' entire shareholdings for a period of 12 months from the date of our listing on the LEAP Market; and
- (ii) upon expiry of the 12 months period stated above, our Promoters' aggregate shareholdings amounting to 225,000,000 Shares representing 45.0% of the total number of issued Shares shall remain under moratorium for another period of 36 months.

Our Promoters have also provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Promoters' Moratorium Period.

In this respect, the Shares that are subject to moratorium are set out below:

| Shareholders | Moratorium shares during the 12-month moratorium ⁽¹⁾ | | Moratorium shares during the 36-month moratorium ⁽²⁾ | |
|------------------------------|---|------------------|---|------------------|
| | No. of Shares '000 | % ⁽³⁾ | No. of Shares '000 | % ⁽³⁾ |
| Ceah Kah Beng | 139,500 | 27.90 | 105,750 | 21.15 |
| Lim Kuei Boon | 139,500 | 27.90 | 105,750 | 21.15 |
| Yew Chee Yang | 112,500 | 22.50 | - | 0.00 |
| Wong Kum Chuan | 4,500 | 0.90 | 4,500 | 0.90 |
| Kong Kok You | 4,500 | 0.90 | 4,500 | 0.90 |
| Lee Kim Yong | 1,800 | 0.36 | 1,800 | 0.36 |
| Mohd Afdhal Izham Bin Ismail | 1,800 | 0.36 | 1,800 | 0.36 |
| Ng Chuen Jie | 900 | 0.18 | 900 | 0.18 |
| | 405,000 | 81.00 | 225,000 | 45.00 |

Notes:

- (1) From the date of our Proposed Listing.
- (2) Upon the expiry of 12 months from the date of our Proposed Listing.
- (3) Based on the issued share capital of 500,000,000 Shares.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

IDB Technologies was incorporated on 31 October 2018 as an investment holding company to facilitate the Proposed Listing. Prior to the completion of the Acquisition of IDB, IDB Technologies was dormant. As such, the historical financial information of our Group for FYE 30 June 2017 and FYE 30 June 2018 as well as the unaudited 10-month financial information for FPE 30 April 2018 and FPE 30 April 2019 are presented based on the financial statements of IDB only.

The financial statements for FYE 30 June 2018 have been audited by Messrs. Crowe Malaysia PLT. The audited financial statements for FYE 30 June 2018, detailing both the financial information for FYE 30 June 2017 and FYE 30 June 2018, as well as the unaudited 10-month interim financial statements for FPE 30 April 2019 detailing the financial information for FPE 30 April 2018 and FPE 30 April 2019, have been prepared in accordance with approved accounting standards issued by the Malaysian Accounting Standards Board. Both the audited financial statements and the unaudited interim financial statements are set out in Appendix II and Appendix III of this Information Memorandum respectively.

8.1 Statements of profit or loss and other comprehensive income

The following table sets out our audited statements of profit or loss and other comprehensive income for the FYE 30 June 2017 and FYE 30 June 2018, which have been extracted from our audited financial statements as well as unaudited 10-month statements of profit or loss and other comprehensive income for the FPE 30 April 2018 and FPE 30 April 2019 as set out in Appendix II and Appendix III of this Information Memorandum respectively.

| | Audited | | Unaudited | |
|--|------------------|------------------|-----------------------|------------------|
| | FYE 30 June | | 10-month FPE 30 April | |
| | 2017 | 2018 | 2018 | 2019 |
| | RM (Restated) | RM | RM | RM |
| Revenue | 1,274,266 | 3,905,557 | 3,331,356 | 2,421,670 |
| Cost of sales | (762,834) | (1,601,009) | (1,253,104) | (939,550) |
| GP | 511,432 | 2,304,548 | 2,078,252 | 1,482,120 |
| Other income | - | 191 | - | 94,111 |
| Selling and marketing expenses | (273,652) | (377,615) | (326,699) | (371,947) |
| Administrative expenses | (212,587) | (377,090) | (252,394) | (690,444) |
| Other expenses | (82,251) | (237,696) | (157,017) | (153,391) |
| (Loss)/Profit before taxation | (57,058) | 1,312,338 | 1,342,142 | 360,449 |
| Income tax expense | 14,833 | (353,000) | (235,000) | (198,859) |
| (Loss)/Profit after tax/total comprehensive (expenses)/ income for the financial year/period | (42,225) | 959,338 | 1,107,142 | 161,590 |
| EBITDA | (19,807) | 1,349,699 | 1,373,276 | 397,274 |
| Depreciation of equipment | 37,251 | 37,361 | 31,134 | 36,825 |
| GP margin (%) ⁽¹⁾ | 40.14 | 59.01 | 62.38 | 61.20 |
| PBT margin (%) ⁽²⁾ | -4.48 | 33.60 | 40.29 | 14.88 |
| PAT margin (%) ⁽³⁾ | -3.31 | 24.56 | 33.23 | 6.67 |
| LPS/EPS (RM) ⁽⁴⁾ | (422.25) | 9,593.38 | 11,071.42 | 16.16 |

Notes:

- (1) GP margin is computed based on the GP over revenue.
- (2) PBT margin is computed based on the PBT over revenue.
- (3) PAT margin is computed based on the PAT over revenue.
- (4) LPS/EPS is computed based on LAT or PAT attributable to owners of the Company over 100 shares for FYE 30 June 2017, FYE 30 June 2018 and 10-month FPE 30 April 2018 as well as 10,000 shares for the 10-month FPE 30 April 2019.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

8.2 Statements of financial position

The following table sets out our audited statements of financial position as at 30 June 2017 and 30 June 2018 as well as unaudited statements of financial position as at 30 April 2018 and 30 April 2019, which have been extracted from our audited financial statements and unaudited interim financial statements as set out in Appendix II and Appendix III of this Information Memorandum respectively.

| | Audited as at 30 June | | Unaudited as at 30 April | |
|---|-----------------------|------------------|--------------------------|------------------|
| | 2017 | 2018 | 2018 | 2019 |
| | RM (Restated) | RM | RM | RM |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Equipment | 100,929 | 67,041 | 84,229 | 221,217 |
| Deferred tax assets | 99,000 | 16,000 | 99,000 | 16,000 |
| | 199,929 | 83,041 | 183,229 | 237,217 |
| CURRENT ASSETS | | | | |
| Inventories | 260,282 | - | 59,580 | 29,733 |
| Trade receivables | 425,914 | 1,394,204 | 1,000,039 | 1,068,330 |
| Other receivables, deposits and prepayments | 16,099 | 212,272 | 83,642 | 71,310 |
| Amount owing by directors | 57,823 | - | - | - |
| Bank balances | 8,174 | 382,226 | 663,598 | 653,365 |
| | 768,292 | 1,988,702 | 1,806,859 | 1,822,738 |
| TOTAL ASSETS | 968,221 | 2,071,743 | 1,990,088 | 2,059,955 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | 100 | 100 | 100 | 100 |
| (Accumulated losses)/Retained profits | (214,129) | 645,209 | 893,013 | 806,799 |
| TOTAL EQUITY | (214,029) | 645,309 | 893,113 | 806,899 |
| NON-CURRENT LIABILITY | | | | |
| Other payable and accruals | 154,001 | 135,501 | 135,501 | - |
| CURRENT LIABILITIES | | | | |
| Trade payables | 118,612 | 142,127 | 83,752 | 52,895 |
| Other payables and accruals | 830,408 | 850,418 | 609,989 | 955,660 |
| Amount owing to directors | - | 15,655 | - | - |
| Current tax liabilities | 79,229 | 282,733 | 267,733 | 244,501 |
| | 1,028,249 | 1,290,933 | 961,474 | 1,253,056 |
| TOTAL LIABILITIES | 1,182,250 | 1,426,434 | 1,096,975 | 1,253,056 |
| TOTAL EQUITY AND LIABILITIES | 968,221 | 2,071,743 | 1,990,088 | 2,059,955 |

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8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

8.3 Pro forma statement of financial position

The following table sets out a summary of the pro forma statement of financial position of our Group as at 30 June 2018 to show the pro forma effects of the Proposed Listing and utilisation of proceeds, which have been extracted from the letter on pro forma statement of financial position of our Group as set out in the Appendix I of this Information Memorandum:

| | At the date of incorporation | (I) | (II) | (III) | (IV) |
|---|------------------------------|------------------------------|---|---------------------------|--|
| | | After the Acquisition of IDB | After (I) and bonus issue and IDB shares allotment ⁽²⁾ | After (II) and Share Swap | After (III) and utilisation of proceeds ⁽³⁾ |
| | | RM | RM | RM | RM |
| ASSET | | | | | |
| Non-current assets | | | | | |
| Equipment | - | 67,041 | 67,041 | 67,041 | 67,041 |
| Deferred tax assets | - | 16,000 | 16,000 | 16,000 | 16,000 |
| Total non-current assets | - | 83,041 | 83,041 | 83,041 | 83,041 |
| Current assets | | | | | |
| Trade receivables | - | 1,394,204 | 1,394,204 | 1,394,204 | 1,394,204 |
| Other receivables, deposits and prepayments | - | 212,272 | 212,272 | 212,272 | 212,272 |
| Bank balances | 100 | 382,326 | 3,882,326 | 3,882,326 | 3,082,326 |
| Total current assets | 100 | 1,988,802 | 5,488,802 | 5,488,802 | 4,688,802 |
| Total assets | 100 | 2,071,843 | 5,571,843 | 5,571,843 | 4,771,843 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 100 | 675,100 | 675,100 | 4,175,100 | 4,095,100 |
| Merger deficit ⁽¹⁾ | - | (674,900) | (674,900) | (674,900) | (674,900) |
| Retained profit | - | 645,209 | 3,730,678 | 645,209 | (74,791) |
| Non-controlling interest | 100 | 645,409 | 3,730,878 | 4,145,409 | 3,345,409 |
| | - | - | 414,531 | - | - |
| Total equity | 100 | 645,409 | 4,145,409 | 4,145,409 | 3,345,409 |
| Non-current liability | | | | | |
| Other payables and accruals | - | 135,501 | 135,501 | 135,501 | 135,501 |
| Total non-current liability | - | 135,501 | 135,501 | 135,501 | 135,501 |
| Current liabilities | | | | | |
| Trade payables | - | 142,127 | 142,127 | 142,127 | 142,127 |
| Other payables and accruals | - | 850,418 | 850,418 | 850,418 | 850,418 |
| Amount owing to directors | - | 15,655 | 15,655 | 15,655 | 15,655 |
| Current tax liabilities | - | 282,733 | 282,733 | 282,733 | 282,733 |
| Total current liabilities | - | 1,290,933 | 1,290,933 | 1,290,933 | 1,290,933 |
| Total liabilities | - | 1,426,434 | 1,426,434 | 1,426,434 | 1,426,434 |
| Total equity and liabilities | 100 | 2,071,843 | 5,571,843 | 5,571,843 | 4,771,843 |
| Number of shares ('000) | 0.1 | 450,000 | 450,000 | 500,000 | 500,000 |
| NA per share (RM) | 1.000 | 0.001 | 0.008 | 0.008 | 0.007 |

Notes:

- (1) Merger deficit arise when the purchase consideration for IDB exceeds the total value of the equity acquired in IDB.
- (2) Being effects of the bonus issue and the issuance and allotment of 10,000 new ordinary shares to Pre-IPO Investors as disclosed in Section 1.1(iii) and 1.1(iv) of this Information Memorandum.
- (3) Being effects of the utilisation of proceeds as disclosed in Section 1.4 of this Information Memorandum.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

8.4 Statements of cash flows

The following table sets out the summary of our audited statements of cash flows for the FYE 30 June 2017 and FYE 30 June 2018 as well as the unaudited 10-month statements of cash flows for the FPE 30 April 2018 and FPE 30 April 2019, which have been extracted from our audited financial statements and unaudited interim financial statements as set out in Appendix II and Appendix III of this Information Memorandum respectively:

| | Audited | | Unaudited | |
|--|-----------------|------------------|-----------------------|----------------|
| | FYE 30 June | | 10-month FPE 30 April | |
| | 2017 | 2018 | 2018 | 2019 |
| | RM | RM | RM | RM |
| Cash flows (for)/from operating activities | | | | |
| (Loss)/Profit before taxation | (57,058) | 1,312,338 | 1,342,142 | 360,449 |
| Adjustments for: | | | | |
| Bad debt written off | 45,000 | 54,136 | - | - |
| Depreciation of equipment | 37,251 | 37,361 | 31,134 | 36,825 |
| Equipment written off | - | 150 | - | - |
| Impairment loss on trade receivables | - | 146,049 | 125,883 | 115,811 |
| Reversal on impairment loss on trade receivables | - | - | - | (76,645) |
| Operating profit before working capital changes | 25,193 | 1,550,034 | 1,499,159 | 436,440 |
| (Increase)/Decrease in inventories | (260,282) | 260,282 | 200,702 | (29,733) |
| Increase in trade and other receivables | (256,865) | (1,364,648) | (767,551) | 427,670 |
| Increase/(Decrease) in trade and other payables | 576,818 | 25,025 | (273,779) | (369,491) |
| (Decrease)/Increase in amount owing to directors | (120,220) | 73,478 | 57,823 | (15,655) |
| Cash (for)/from operations | (35,356) | 544,171 | 716,354 | 449,231 |
| Income tax paid | (3,182) | (66,496) | (46,496) | (237,091) |
| Net cash (for)/from operating activities | (38,538) | 477,675 | 669,858 | 212,140 |
| Net cash for investing activity | | | | |
| Purchase of equipment | - | (3,623) | (14,434) | (191,001) |
| Cash flows (for)/from financing activities | | | | |
| Dividend paid | - | (100,000) | - | - |
| Sundry loan | - | - | - | 250,000 |
| Net cash (for)/from financing activities | - | (100,000) | - | 250,000 |
| Net (decrease)/increase in bank balances | (38,538) | 374,052 | 655,424 | 271,139 |
| Bank balances at beginning of the financial year/period | 46,712 | 8,174 | 8,174 | 382,226 |
| Bank balances at end of the financial year/period | 8,174 | 382,226 | 663,598 | 653,365 |

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

(i) Net cash (for)/from operating activities

Our company generated positive operating cash flow for FYE 30 June 2018 as a result of an increase in revenue.

Our net cash from operating activities for FPE 30 April 2019 was lower as compared to FPE 30 April 2018 mainly due to the lower revenue generated and longer collection period for our trade receivables. The longer collection period for our trade receivables for FPE 30 April 2019 of 134 days as compared to FPE 30 April 2018 of 91 days was due to slower collection. However, we are undertaking actions to address the longer collection period as stated in Section 8.5.10 (i) in this Information Memorandum.

(ii) Net cash for investing activity

In FPE 30 April 2018, we purchased equipment of RM14,434 for our previous office. Subsequently, we have disposed the said equipment for RM10,811. Hence, the net cash used in investing activity for FYE 30 June 2018 is RM3,623.

In FPE 30 April 2019, we recorded a net cash used in investing activity for the purchase of office equipment, furniture and renovation for our new office in Cyberjaya of RM191,001.

(iii) Net cash for financing activities

In FYE 30 June 2018, we recorded a net cash used in financing activity for the payment of interim dividend to shareholders which amounted to RM100,000.

In FPE 30 April 2019, we recorded a net cash from financing activity for the sundry loan of RM250,000 from a former shareholder to finance our Group's working capital. As at the LPD, the sundry loan has been fully settled following the disposal by the said former shareholder of its entire equity interest in IDB Technologies to certain Pre-IPO Investors on 26 August 2019.

8.5 Management discussion and analysis

The following management's discussion and analysis of our past financial condition, results of operations and prospects as set out in this section for FYE 30 June 2017 and FYE 30 June 2018 as well as 10-month FPE 30 April 2018 and FPE 30 April 2019 are based on and should be read in conjunction with our audited financial statements for FYE 30 June 2018 and unaudited 10-month interim financial statements for the FPE 30 April 2018 and FPE 30 April 2019 as set out in the Appendix II and Appendix III of this Information Memorandum respectively.

This discussion and analysis contain data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, particularly the risk factors as set out in Section 5 of this Information Memorandum.

8.5.1 Overview of our operations

We are involved in the provision of PMS solutions. Our principal activity can be categorised as follows:

- (i) provision of our proprietary software (i.e. PMS, POS and accounting software);
- (ii) provision of hardware; and
- (iii) provision of other services and solutions,

which are detailed in Section 3.2 of this Information Memorandum. The revenue sources for these business activities are set out below:

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

| Solutions | Revenue model |
|-------------------------------|--|
| Proprietary software | Our software is licensed to our customers on the following basis: (a) one-time licence fee and annual technical support fee; or (b) monthly licence fee |
| Hardware | Sale of hardware based on types and numbers of equipment required |
| Other services and solutions* | (a) booking engine - monthly fee or transaction fee; (b) interface module - a one-time service fee is charged to interface with other third-party software and hardware; (c) training services - a fee is charged based on daily rate; and (d) other third-party solutions - a licence fee is charged |

Note:

* There was no revenue from the sales of add-on modules and kiosk in FYE 30 June 2018, as the add-on modules are currently given to customers free of charge, whilst for kiosk, sales are only expected to commence upon completion of the development in end-2019.

Customers that choose to procure our solutions on a one-time licence fee do not have to pay a monthly fee, and vice-versa. All one-time licence fee customers are required to pay annual technical support fees. Should they choose to not pay the annual technical support fees, they will not be able to utilise the support services and any software enhancements.

8.5.2 Revenue

The following table sets out the breakdown of our Group's revenue by business activities for the FYE 30 June 2017 and FYE 30 June 2018 as well as for the 10-month FPE 30 April 2018 and FPE 30 April 2019:

(a) Revenue by business activities

| | Audited | | | | Unaudited | | | |
|---|------------------|---------------|------------------|---------------|-----------------------|---------------|------------------|---------------|
| | FYE 30 June | | | | 10-month FPE 30 April | | | |
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | RM | % | RM | % | RM | % | RM | % |
| Proprietary software | | | | | | | | |
| One-time licence fee | 546,477 | 42.89 | 2,389,953 | 61.19 | 2,201,233 | 66.08 | 1,308,170 | 54.02 |
| Annual technical support fee | 11,147 | 0.87 | 31,042 | 0.79 | 24,722 | 0.74 | 235,196 | 9.71 |
| Monthly licence fee | 557,624 | 43.76 | 2,420,995 | 61.98 | 2,225,955 | 66.82 | 1,543,366 | 63.73 |
| | 170,941 | 13.41 | 218,922 | 5.61 | 181,848 | 5.46 | 266,529 | 11.01 |
| | 728,565 | 57.17 | 2,639,917 | 67.59 | 2,407,803 | 72.28 | 1,809,895 | 74.74 |
| Hardware | 340,375 | 26.71 | 873,428 | 22.36 | 589,127 | 17.68 | 274,977 | 11.36 |
| Other services and solutions | | | | | | | | |
| Booking engine | 42,903 | 3.37 | 52,957 | 1.36 | 43,141 | 1.30 | 74,906 | 3.09 |
| Training services | 148,673 | 11.67 | 130,510 | 3.34 | 81,540 | 2.45 | 223,792 | 9.24 |
| Other third-party software ⁽¹⁾ | - | - | 180,000 | 4.61 | 180,000 | 5.40 | - | - |
| Others ⁽²⁾ | 13,750 | 1.08 | 28,745 | 0.74 | 29,745 | 0.89 | 38,100 | 1.57 |
| | 205,326 | 16.12 | 392,212 | 10.05 | 334,426 | 10.04 | 336,798 | 13.90 |
| TOTAL | 1,274,266 | 100.00 | 3,905,557 | 100.00 | 3,331,356 | 100.00 | 2,421,670 | 100.00 |

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Notes:

- (1) Related to the sale of a licensed third-party software for Human Resource Management to a new 5-star rated hotel customer.
- (2) Others consist of provision of channel manager, interface module and website design solutions.

Number of new hotels and accommodations (with the total number of rooms) that has been installed with our proprietary software

| | FYE 30 June | | | | 10-month FPE 30 April | | | |
|---|--------------|----------------------------------|--------------|----------------------------------|-----------------------|----------------------------------|--------------|----------------------------------|
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | No. of rooms | No. of hotels and accommodations | No. of rooms | No. of hotels and accommodations | No. of rooms | No. of hotels and accommodations | No. of rooms | No. of hotels and accommodations |
| Hotel rating | | | | | | | | |
| 1 - 2 star | 171 | 1 | 107 | 2 | 107 | 2 | 425 | 7 |
| 3 star | 564 | 4 | 1,858 | 17 | 1,616 | 13 | 1,884 | 12 |
| 4 star | 817 | 3 | 583 | 3 | 583 | 3 | 1,476 | 8 |
| 5 star | - | - | 1,184 | 5 | 931 | 4 | - | - |
| Budget hotel | 1,718 | 27 | 1,897 | 19 | 1,799 | 17 | 623 | 10 |
| Accommodation | - | - | 44 | 1 | 44 | 1 | - | - |
| | 3,270 | 35 | 5,673 | 47⁽¹⁾ | 5,080 | 40 | 4,408 | 37 |
| Revenue from proprietary software (RM) | | | | | | | | |
| - Hotel and accommodation customers | | 696,971 | | 2,642,017 | | 2,409,903 | | 1,806,235 |
| - Non-hotel customers | | 31,594 | | (2,100) ⁽²⁾ | | (2,100) ⁽²⁾ | | 3,660 |
| | | 728,565 | | 2,639,917 | | 2,407,803 | | 1,809,895 |
| Average revenue per room (RM) | | 213 | | 466 | | 474 | | 410 |

Notes:

- (1) Includes three (3) hotels that converted from monthly licence subscription to one-time licence.
- (2) This represents net revenue after taking into account RM17,900 billed in FYE 30 June 2018 and a discount of RM20,000 granted in relation to a project that was completed in FYE 30 June 2017 and subsequently cancelled in FYE 30 June 2018.

As disclosed in Section 2.1.2, as at 30 June 2016, we have 15 hotels that used our PMS software. Throughout the period under review, we secured 119 new hotels (whereby three (3) hotels were converted from monthly licence subscription to one-time licence), while 13 hotels ceased using our PMS software. As at LPD, accumulatively, we have a total of 125 installations/hotels using our PMS software. The above is summarised as below:

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

| Period of installations | No. of new installations | Cessation | Conversion | No. of new installations after cessation and conversion |
|-------------------------|--------------------------|-----------|------------|---|
| FYE 30 June 2016 | 15 | - | - | 15 |
| FYE 30 June 2017 | 35 | 2 | - | 33 |
| FYE 30 June 2018 | 47* | 11 | 3 | 33 |
| FPE 30 April 2019 | 37 | - | - | 37 |
| 1 May 2019 to LPD | 9 | 2 | - | 7 |
| | 143 | 15 | 3 | 125 |

Note:

- * There were three (3) new installations in FYE 30 June 2018 which were converted from monthly licence fee to one-time licence fee. Such conversion has been included as a new installation resulted in the new number of installations secured during the respective FYE of 47 installations. Therefore, to arrive at the accumulated number of installations, the said three (3) conversions have been deducted.

The said three (3) conversions from monthly licence fee to one-time licence fee were included as new installations as one-time licence customers are subject for annual technical support fee.

Comparison between FYE 30 June 2017 and FYE 30 June 2018

In FYE 30 June 2018, our Group's revenue increased by 207.87% or RM2.64 million, from RM1.27 million in the FYE 30 June 2017 to RM3.91 million in the FYE 30 June 2018. The increase in revenue was mainly contributed by an increase in proprietary software revenue of RM1.91 million, arising from the increase in the number of new hotels and accommodation we secured.

In FYE 30 June 2017, we secured 35 new hotels and accommodation (with 3,270 rooms) whilst in FYE 30 June 2018, we secured 47 new hotels and accommodation (with 5,673 rooms). The increase was mainly contributed by the addition of new 3-star, 4-star and 5-star rated hotel customers, as we built our market presence as a PMS solution provider in the preceding year and rolled out IDB Connect.

Further, we managed to increase the average revenue per room derived from our customers from RM213 per room in FYE 30 June 2017 to RM466 per room in FYE 30 June 2018 due to market acceptance.

The increase in annual technical support fee was in line with the increase in one-time licence fee as we will charge our licensed PMS customers annual technical support fee for support services 12 months after the live-run date of PMS software.

Meanwhile, our Group's revenue from our hardware activity increased by 156.61% from RM340,375 in FYE 30 June 2017 to RM873,428 in FYE 30 June 2018, in line with the increase in customers who opted for on-premise installation for our PMS solutions.

Notwithstanding the increase in proprietary software revenue, revenue from training services is 12.22% lower in FYE 30 June 2018. This is due to less training required as more jobs were secured from chain hotels and accommodations where they have conducted in-house training for their branches.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Comparison between 10-month FPE 30 April 2018 and 10-month FPE 30 April 2019

During the 10-month FPE 30 April 2018, we registered a revenue of RM3.33 million. We recorded a higher one-time licence fee as we managed to secure four (4) 5-star rated hotels which contributed RM907,011 or 41.21% of the total one-time licence fee for that period. For the 10-month FPE 30 April 2019, we registered a lower revenue of RM2.42 million. Our revenue was lower as we only managed to derive sales from 1-star to 4-star rated hotels and budget hotels, as disclosed in the table above.

Our annual technical support revenue increased by 851.36% or RM210,474, from RM24,722 in 10-month FPE 30 April 2018 to RM235,196 in 10-month FPE 30 April 2019. The annual technical support fee was higher as we commenced charging annual technical support fees ranging from 12% to 18% of the one-time licence fee, 12 months after the live-run date of our PMS software from the dates of installations done in 2017 and 2018.

Our booking engine revenue increased by 73.63% or RM31,765, from RM43,141 in 10-month FPE 30 April 2018 to RM74,906 in 10-month FPE 30 April 2019 as we managed to secure more customers in that period due to market acceptance.

Our training services revenue increased by 174.46% or RM142,252, from RM81,540 in 10-month FPE 30 April 2018 to RM223,792 in 10-month FPE 30 April 2019 as we received more request from our customers for training services.

Further to the above, as at LPD, the amount that has been billed subsequent to 30 April 2019 and our order book are as follows:

| | RM |
|---|----------------|
| Amount billed from 1 May 2019 to LPD: | 940,186 |
| Order book: | |
| - Remaining amount to be billed | |
| • Project commenced but not fully billed | 175,101 |
| • Annual technical support fee up to FYE 30 June 2020 | 512,794 |
| - Projects secured but yet to commence | 112,297 |
| | 800,192 |

As our Group's business is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured.

We invoice our proprietary software customers based on certain project milestones. As at the LPD, we have on-going projects which have not been fully completed, and these unbilled amounts are classified as our order book.

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8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

(b) By geographical areas

| | Audited | | | | Unaudited | | | |
|------------------------|------------------|---------------|------------------|---------------|-----------------------|---------------|------------------|---------------|
| | FYE 30 June | | | | 10-month FPE 30 April | | | |
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | RM | % | RM | % | RM | % | RM | % |
| Within Malaysia | | | | | | | | |
| Klang Valley | 544,051 | 42.70 | 2,389,302 | 61.17 | 1,994,984 | 59.89 | 1,162,528 | 48.01 |
| Penang | 89,737 | 7.03 | 434,208 | 11.12 | 347,804 | 10.44 | 421,868 | 17.42 |
| Perak | 92,976 | 7.30 | 280,408 | 7.18 | 268,452 | 8.06 | 115,701 | 4.78 |
| Sabah | - | - | 253,398 | 6.49 | 186,990 | 5.61 | 144,554 | 5.97 |
| Kelantan | - | - | 220,976 | 5.65 | 220,975 | 6.63 | 10,125 | 0.42 |
| Pahang | 49,571 | 3.89 | 135,827 | 3.48 | 130,911 | 3.93 | 24,502 | 1.01 |
| Kedah | 391,930 | 30.76 | 147,112 | 3.77 | 141,110 | 4.23 | 391,974 | 16.19 |
| Johor | 42,450 | 3.33 | 26,050 | 0.67 | 24,550 | 0.74 | 65,500 | 2.70 |
| Melaka | 33,456 | 2.63 | 18,276 | 0.47 | 15,580 | 0.47 | 13,630 | 0.56 |
| Terengganu | 30,095 | 2.36 | - | - | - | - | 44,413 | 1.83 |
| | 1,274,266 | 100.00 | 3,905,557 | 100.00 | 3,331,356 | 100.00 | 2,394,795 | 98.89 |
| Overseas | | | | | | | | |
| Cambodia | - | - | - | - | - | - | 26,875 | 1.11 |
| TOTAL | 1,274,266 | 100.00 | 3,905,557 | 100.00 | 3,331,356 | 100.00 | 2,421,670 | 100.00 |

| | FYE 30 June | | | | 10-month FPE 30 April | | | |
|------------------------|--------------|----------------------------------|--------------|----------------------------------|-----------------------|----------------------------------|--------------|----------------------------------|
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | No. of rooms | No. of hotels and accommodations | No. of rooms | No. of hotels and accommodations | No. of rooms | No. of hotels and accommodations | No. of rooms | No. of hotels and accommodations |
| Within Malaysia | | | | | | | | |
| Klang Valley | 1,584 | 10 | 2,972 | 20 | 2,719 | 19 | 2,171 | 13 |
| Penang | 343 | 8 | 948 | 11 | 881 | 9 | 633 | 11 |
| Perak | 396 | 4 | 493 | 5 | 416 | 4 | 82 | 1 |
| Sabah | - | - | 425 | 6 | 229 | 3 | 429 | 3 |
| Kelantan | - | - | 298 | 1 | 298 | 1 | - | - |
| Others | 947 | 13 | 537 | 4 | 537 | 4 | 1,001 | 7 |
| | 3,270 | 35 | 5,673 | 47 | 5,080 | 40 | 4,316 | 35 |
| Overseas | | | | | | | | |
| Cambodia | - | - | - | - | - | - | 92 | 2 |
| | 3,270 | 35 | 5,673 | 47 | 5,080 | 40 | 4,408 | 37 |

Comparison between FYE 30 June 2017 and FYE 30 June 2018

Currently, the majority of our customers are located in the Klang Valley. Through our marketing efforts and referral by our customers, we secured 20 new hotels and accommodations in FYE 30 June 2018 as compared to 10 new hotels and accommodations in FYE 30 June 2017 in Klang Valley. At the same time, we expanded our presence in the other states such as Sabah and Kelantan. In FYE 30 June 2018 we secured six (6) new hotels and accommodations in Sabah and one (1) new hotel in Kelantan.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Comparison between 10-month FPE 30 April 2018 and 10-month FPE 30 April 2019

Through our continuous marketing efforts and referrals by our customers, we managed to secure 37 new hotels in the 10-month FPE 30 April 2019 from various areas as shown in the above table.

8.5.3 Cost of Sales

The following table sets out the breakdown of our cost of sales by activities for FYE 30 June 2017 and FYE 30 June 2018, as well as for the 10-month FPE 30 April 2018 and FPE 30 April 2019.

| | Audited | | | | Unaudited | | | |
|-------------------------------------|----------------|---------------|------------------|---------------|-----------------------|---------------|----------------|---------------|
| | FYE 30 June | | | | 10-month FPE 30 April | | | |
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | RM | % | RM | % | RM | % | RM | % |
| Proprietary software | | | | | | | | |
| Directors' remuneration | 134,522 | 17.63 | 152,946 | 9.56 | 124,873 | 9.97 | 140,073 | 14.91 |
| Staff salaries and benefits | 284,655 | 37.32 | 511,078 | 31.92 | 425,058 | 33.92 | 539,429 | 57.41 |
| Cloud hosting charges | 12,000 | 1.57 | 31,245 | 1.95 | 28,804 | 2.30 | 48,549 | 5.17 |
| | 431,177 | 56.52 | 695,269 | 43.43 | 578,735 | 46.19 | 728,051 | 77.49 |
| Hardware | | | | | | | | |
| Purchase of hardware | 331,657 | 43.48 | 775,240 | 48.42 | 543,869 | 43.40 | 211,499 | 22.51 |
| Other services and solutions | | | | | | | | |
| Purchase of third-party software | - | - | 130,500 | 8.15 | 130,500 | 10.41 | - | - |
| | 762,834 | 100.00 | 1,601,009 | 100.00 | 1,253,104 | 100.00 | 939,550 | 100.00 |

Comparison between FYE 30 June 2017 and FYE 30 June 2018

Directors' remuneration

This expense consists of the salaries, allowance and bonus paid to Mr. Lim Kuei Boon, our Executive Director cum CTO. The increase of RM18,424 is due to revision of his remuneration package for FYE 30 June 2018.

Staff salaries and benefits

This expense has increased by approximately 79.54% or RM226,423 from FYE 30 June 2017 mainly due to the recruitment of a Project Director, staff salary increments and travelling allowances.

Cloud hosting charges

This expense consists of the cloud and server hosting charges paid to a cloud vendor for the hosting of the PMS software for customers who opted for cloud-based infrastructure.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Purchase of hardware

The increase in purchase of hardware by 133.75% or RM443,583 was in line with the increase in sales of hardware.

Purchase of third-party software

Related to the purchase of a licensed third-party software for Human Resource Management to be subsequently sold to a new 5-star rated hotel customer.

Comparison between 10-month FPE 30 April 2018 and 10-month FPE 30 April 2019

Our Group's cost of sales components are mainly directors' remuneration and staff salaries and benefits relating to our software programmers and developers. The increase in our directors' remuneration of RM15,200 is due to the revision of their remuneration package for FYE 30 June 2019. Staff salaries and benefits in FPE 30 April 2019 have increased by approximately 26.91% or RM114,371 from FPE 30 April 2018 due to the staffs annual increment and bonuses.

Cloud hosting charges increased by 68.55% or RM19,745, from RM28,804 in 10-month FPE 30 April 2018 to RM48,549 in 10-month FPE 30 April 2019. The increase in cloud hosting charges was in line with the increase in monthly licence fee as we will charge our licensed PMS customers who opted for cloud-based infrastructure.

8.5.4 GP and GP margin

The following tables set out the breakdown of our GP and GP margin:

GP

| | Audited | | | | Unaudited | | | |
|------------------------------|----------------|---------------|------------------|---------------|-----------------------|---------------|------------------|---------------|
| | FYE 30 June | | | | 10-month FPE 30 April | | | |
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | RM | % | RM | % | RM | % | RM | % |
| Proprietary software | 297,388 | 58.15 | 1,944,648 | 84.38 | 1,829,068 | 88.01 | 1,081,844 | 72.99 |
| Hardware | 8,718 | 1.70 | 98,188 | 4.26 | 45,258 | 2.18 | 63,478 | 4.28 |
| Other services and solutions | 205,326 | 40.15 | 261,712 | 11.36 | 203,926 | 9.81 | 336,798 | 22.73 |
| | 511,432 | 100.00 | 2,304,548 | 100.00 | 2,078,252 | 100.00 | 1,482,120 | 100.00 |

GP margin

| | Audited | | Unaudited | |
|------------------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | FYE 30 June | | 10-month FPE 30 April | |
| | 2017 | 2018 | 2018 | 2019 |
| | % | % | % | % |
| Proprietary software | 40.82 | 73.66 | 75.96 | 59.77 |
| Hardware | 2.56 | 11.24 | 7.68 | 23.08 |
| Other services and solutions | 100.00 ⁽¹⁾ | 66.73 ⁽²⁾ | 60.98 ⁽²⁾ | 100.00 ⁽¹⁾ |
| GP margin | 40.14 | 59.01 | 62.38 | 61.20 |

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Notes:

- (1) *Although the revenue for the propriety software and other services and solutions are shown separately, the cost of sales for other services and solutions which comprises salaries for the development of booking engine and other solutions as well as the provision of training are included under cost of sales of proprietary software. Hence, the GP margin is presented as 100%.*
- (2) *We incurred cost of RM130,500 to purchase a third-party Human Resource Management software for a subsequent sale to a new 5-star rated hotel customer. Hence, we recorded 66.73% GP margin for FYE 30 June 2018 as well as 60.98% GP margin for FPE 30 April 2018.*

Comparison between FYE 30 June 2017 and FYE 30 June 2018

Our GP margin improved from 40.14% in FYE 30 June 2017 to 59.01% in FYE 30 June 2018 mainly due to the increase in the average revenue per room derived from our customers as aforementioned. Furthermore, the rate of increase in manpower cost is relatively lower as compared with the increase in revenue.

The GP margin for our proprietary software improved from 40.82% in FYE 30 June 2017 to 73.66% in FYE 30 June 2018 mainly due to the increase in the average revenue per room derived from our customers.

The GP margin for our hardware improved from 2.56% in FYE 30 June 2017 to 11.24% in FYE 30 June 2018 as IDB was able to secure projects with higher margin.

Comparison between 10-month FPE 30 April 2018 and 10-month FPE 30 April 2019

Our Group recorded a lower GP margin of 61.20% in the 10-month FPE 30 April 2019 as compared to the 10-month FPE 30 April 2018 of 62.38%, mainly driven by the decrease in GP margin for our proprietary software from 75.96% to 59.77%.

The GP margin for our proprietary software decreased as we did not secure any 5-star rated hotels in FPE 30 April 2019, whilst for FPE 30 April 2018, we secured four (4) 5-star rated hotels, which contributed higher average revenue per room. In addition, the decrease was also due to the higher director's remuneration and staff salaries in 10-month FPE 30 April 2019.

8.5.5 Other income

In FYE 30 June 2018, other income of RM191 relates to the reversal of over accrued expenses from prior financial year.

In FPE 30 April 2019, we recorded other income of RM94,111, which comprise of RM76,645 relating to the reversal on impairment loss on trade receivables and RM17,466 of fees for talks at conferences.

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8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

8.5.6 Administrative expenses

The breakdown of our administrative expenses for FYE 30 June 2017 and FYE 30 June 2018, as well as 10-month FPE 30 April 2018 and FPE 30 April 2019 are as follows:

| | Audited | | | | Unaudited | | | |
|-------------------------------------|----------------|---------------|----------------|---------------|-----------------------|---------------|----------------|---------------|
| | FYE 30 June | | | | 10-month FPE 30 April | | | |
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | RM | % | RM | % | RM | % | RM | % |
| Auditors' remuneration | 4,500 | 2.12 | 18,000 | 4.77 | 12,000 | 4.76 | 16,080 | 2.33 |
| Directors' remuneration | 133,680 | 62.88 | 151,640 | 40.21 | 124,873 | 49.48 | 140,073 | 20.29 |
| Staff salaries and related expenses | 842 | 0.40 | 1,306 | 0.35 | 920 | 0.37 | 62,592 | 9.06 |
| General expenses ⁽¹⁾ | 1,458 | 0.68 | 35,532 | 9.42 | 27,463 | 10.88 | 46,580 | 6.75 |
| Insurance | 7,464 | 3.51 | 9,748 | 2.59 | 7,198 | 2.85 | 6,865 | 0.99 |
| Professional fees | 11,520 | 5.42 | 14,128 | 3.75 | 20,853 | 8.26 | 342,781 | 49.65 |
| Penalty | - | - | 82,581 | 21.90 | - | - | - | - |
| Rental of premise | 24,000 | 11.29 | 24,000 | 6.36 | 20,000 | 7.92 | 24,992 | 3.62 |
| Subscription fee | - | - | 6,000 | 1.59 | - | - | 2,335 | 0.34 |
| Utilities expenses | 13,493 | 6.35 | 16,737 | 4.44 | 14,771 | 5.85 | 17,541 | 2.54 |
| Others ⁽²⁾ | 15,630 | 7.35 | 17,418 | 4.62 | 24,316 | 9.63 | 30,605 | 4.43 |
| TOTAL | 212,587 | 100.00 | 377,090 | 100.00 | 252,394 | 100.00 | 690,444 | 100.00 |

Note:

⁽¹⁾ General expenses mainly consist of gifts and sponsorships and stamp duty.

⁽²⁾ Others mainly consist of medical fees, recruitment expenses, office expenses and staff welfare expenses.

Comparison between FYE 30 June 2017 and FYE 30 June 2018

The administrative expenses increased by 77.38% or RM164,503 from RM212,587 in FYE 30 June 2017 to RM377,090 in FYE 30 June 2018 mainly due to:

- (i) the increase of RM18,424 relating to the revision of remuneration package for Mr. Cheah Kah Beng, our Executive Director cum CEO, for FYE 30 June 2018. The director's remuneration expense consist of salaries, allowance and bonus paid to him;
- (ii) the increase in general expenses by RM34,074 which was mainly driven by the increase in entertainment expenses for customers in FYE 30 June 2018 in tandem with the increase in our revenue; and
- (iii) the penalty of RM82,581 paid in FYE 30 June 2018 in respect of the late submission of prior years EPF and SOCSO contribution.

In relation to (iii) above, the Board has implemented the following measures to prevent similar incidence from occurring in the future:

- our Directors and finance manager have been briefed on the statutory requirements and the implications of non-compliance; and

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

- standard operating procedures have been implemented to ensure all statutory contributions such as EPF, SOCSO, Employment Insurance System and monthly income tax deductions are remitted in a timely manner.

The above measures form part of the review of the risk management and internal controls processes of the Group as disclosed in Section 5.1.8 of this Information Memorandum.

Comparison between 10-month FPE 30 April 2018 and 10-month FPE 30 April 2019

The increase in administrative expenses in 10-month FPE 30 April 2019 to RM690,444 as compared to 10-month FPE 30 April 2018 of RM252,394 was due to the increment in director's remuneration, staff salaries and benefits and professional fees in relation to the listing exercise.

8.5.7 Selling and marketing expenses

The breakdown of our selling and marketing expenses for FYE 30 June 2017 and FYE 30 June 2018 as well as 10-month FPE 30 April 2018 and FPE 30 April 2019 are as follows:

| | Audited | | | | Unaudited | | | |
|---------------------------------------|----------------|---------------|----------------|---------------|-----------------------|---------------|----------------|---------------|
| | FYE 30 June | | | | 10-month FPE 30 April | | | |
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | RM | % | RM | % | RM | % | RM | % |
| Staff salaries and benefits | 191,180 | 69.86 | 161,275 | 42.71 | 134,887 | 41.29 | 129,925 | 34.93 |
| Commission paid | 40,415 | 14.77 | 92,149 | 24.40 | 101,393 | 31.04 | 79,081 | 21.26 |
| Motor vehicle expenses | - | - | 18,547 | 4.91 | 12,120 | 3.71 | 13,909 | 3.74 |
| Travelling and accommodation expenses | 37,975 | 13.88 | 88,160 | 23.35 | 71,207 | 21.79 | 125,705 | 33.80 |
| Entertainment | 4,082 | 1.49 | 7,830 | 2.07 | 7,092 | 2.17 | 15,675 | 4.21 |
| Others* | - | - | 9,654 | 2.56 | - | - | 7,652 | 2.06 |
| TOTAL | 273,652 | 100.00 | 377,615 | 100.00 | 326,699 | 100.00 | 371,947 | 100.00 |

Note:

* Others consist of exhibition expenses and advertising and promotion expenses.

Comparison between FYE 30 June 2017 and FYE 30 June 2018

The selling and marketing expenses increased by 37.99% or RM103,963 from RM273,652 in FYE 30 June 2017, mainly due to the increase in the travelling expenses incurred by the sales personnel to market and secure new customers.

The staff salaries and benefits decreased as compared to FYE 30 June 2017 by approximately 15.64% or RM29,905 due to the resignation of one (1) sales personnel which was replaced at the end of FYE 30 June 2018.

The commission paid increased by 128.01% or RM51,734 from RM40,415 in FYE 30 June 2017. Commission paid represents referral fees to external parties and internal staff for introducing new customers. The commission rate is based on IDB's commission scheme, which is up to 5% for internal staff and case-to-case basis for external parties.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Comparison between 10-month FPE 30 April 2018 and 10-month FPE 30 April 2019

The selling and marketing expenses increased by 13.85% or RM45,248 from RM326,699 in FPE 30 April 2018, mainly due to the increase in the travelling expenses and offset by the decrease in commissions paid.

The travelling expenses increase by 76.53% or RM54,498 from RM71,207 in FPE 30 April 2018 to RM125,705 in FPE 30 April 2019 was due to the increase business development activities.

The commission paid reduced by 22.01% or RM22,312 from RM101,393 in FPE 30 April 2018 mainly due to the decrease in the number of referrals from external parties.

8.5.8 Other expenses

The breakdown of our other expenses for FYE 30 June 2017 and FYE 30 June 2018 as well as 10-month FPE 30 April 2018 and FPE 30 April 2019 are as follows:

| | Audited | | | | Unaudited | | | |
|--------------------------------------|---------------|---------------|----------------|---------------|-----------------------|---------------|----------------|---------------|
| | FYE 30 June | | | | 10-month FPE 30 April | | | |
| | 2017 | | 2018 | | 2018 | | 2019 | |
| | RM | % | RM | % | RM | % | RM | % |
| Bad debts written off | 45,000 | 54.71 | 54,136 | 22.78 | - | - | - | - |
| Depreciation of equipment | 37,251 | 45.29 | 37,361 | 15.72 | 31,134 | 19.83 | 36,825 | 24.01 |
| Equipment written off | - | - | 150 | 0.06 | - | - | - | - |
| Impairment on trade receivables | - | - | 146,049 | 61.44 | 125,883 | 80.17 | 115,811 | 75.50 |
| Loss on foreign exchange translation | - | - | - | - | - | - | 755 | 0.49 |
| | 82,251 | 100.00 | 237,696 | 100.00 | 157,017 | 100.00 | 153,391 | 100.00 |

Other expenses increased by 188.99% or RM155,445 from RM82,251 in FYE 30 June 2017 mainly due to the impairment on trade receivables of RM146,049, which was recognised in accordance with our Company's policy to impair outstanding debts of more than one (1) year.

Other expenses also include bad debts written off of RM54,136 in FYE 30 June 2018, which comprises:

- (i) uncollectible trade receivable of RM41,340 due to the closure of our customer's hotel operation; and
- (ii) uncollectible other receivables of RM12,796 due to forfeiture of rental deposit, which arose from the early termination of the tenancy agreement of our previous office in Putrajaya.

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8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

8.5.9 PAT and PAT margin

| | Audited | | Unaudited | |
|----------------------|-------------|---------|-----------------------|---------|
| | FYE 30 June | | 10-month FPE 30 April | |
| | 2017 | 2018 | 2018 | 2019 |
| (LAT)/PAT (RM) | (42,225) | 959,338 | 1,107,142 | 161,590 |
| (LAT)/PAT margin (%) | (3.31) | 24.56 | 33.23 | 6.67 |

Comparison between FYE 30 June 2017 and FYE 30 June 2018

Our (LAT)/PAT margin improved from LAT margin of 3.31% in FYE 30 June 2017 to PAT margin of 24.56% in FYE 30 June 2018 mainly due to the increase in the average revenue per room derived from our customers in FYE 30 June 2018.

We recorded LAT of RM42,225 in FYE 30 June 2017 as we were at the market expansion/replication phase. We recorded a lower GP margin of 40.14% in FYE 30 June 2017 as compared to 59.01% in FYE 30 June 2018 and as a result, our GP was not sufficient to cover our operating cost.

Comparison between 10-month FPE 30 April 2018 and 10-month FPE 30 April 2019

Our Group recorded a lower PAT of RM161,590 and PAT margin of 6.67% in FPE 30 April 2019 as compared to the PAT of RM1,107,142 and PAT margin of 33.23% in FPE 30 April 2018 due to the lower revenue generated, one-off listing expenses and the lower average revenue per room derived from our customers in this period.

8.5.10 Income tax expense

The taxation and effective tax rate of our Company are as follows:

| | Audited | | Unaudited | |
|---------------------------------|-------------|------------|-----------------------|------------|
| | FYE 30 June | | 10-month FPE 30 April | |
| | 2017 | 2018 | 2018 | 2019 |
| Income tax expense (RM) | 14,833 | (353,000) | (235,000) | (198,859) |
| Effective tax rate (%) | 26% | 27% | 18% | 55% |
| Malaysia statutory tax rate (%) | 18% to 24% | 18% to 24% | 18% to 24% | 17% to 24% |

Comparison between FYE 30 June 2017 and FYE 30 June 2018

Our effective tax rates for FYE 30 June 2017 and FYE 30 June 2018 were higher than Malaysia statutory tax rate by 2% and 3% respectively. This was due to the non-deductible expenses.

The positive number in income tax expense in FYE 30 June 2017 was due to the recognition of deferred tax asset.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Comparison between 10-month FPE 30 April 2018 and 10-month FPE 30 April 2019

Our corporate tax rate on the first RM500,000 of chargeable income is 17%. Our effective tax rate of 55% for 10-month FPE 30 April 2019 was approximately 38% higher than the statutory tax rate due to non-deductible expenses and underprovision of prior tax expenses.

8.5.11 Liquidity and working capital

Our business operations have been financed by internal funds which are mainly shareholders' equity and cash generated from our operations. Our principal utilisation of funds is for working capital such as Directors' remuneration, staff salaries and benefits and purchase of hardware.

As at 30 April 2019, we have cash and bank balances of RM0.65 million and net current assets of RM0.57 million. Based on our Group's financial position as at 30 April 2019, our current ratio is 1.45 times.

With our Group's profitability and taking into consideration the proceed of RM3,500,000 raised from the allotment of IDB's ordinary shares to the Pre-IPO Investors, the Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Information Memorandum.

Key financial ratios

| | Audited | | Unaudited | |
|-----------------------------------|-------------|------|-----------------------|------|
| | FYE 30 June | | 10-month FPE 30 April | |
| | 2017 | 2018 | 2018 | 2019 |
| Trade receivables turnover (days) | 122 | 130 | 91 | 134 |
| Trade payables turnover (days) | 131 | 57 | 38 | 76 |
| Current ratio (times) | 0.75 | 1.54 | 1.88 | 1.45 |

(i) Trade receivables turnover

Trade receivables are non-interest bearing. In the past, our credit period was generally on 15 days terms. Other credit terms are assessed and approved on a case-by-case basis. We have since revised our credit terms to 90 days in April 2019.

Our trade receivables turnover increased from 122 days in FYE 30 June 2017 to 130 days in FYE 30 June 2018 and 134 days in 10-month FPE 30 April 2019. Our trade receivables turnover period for all the periods under review have generally been higher than our Group's credit period due to slow collection from our customers.

To address the high turnover days, we have implemented the following:

- undertake active collection of our trade receivables, which includes offering repayment instalment plans to long overdue debtors; and
- assign a dedicated person to actively monitor receivables collection.

Further to the above, we have recently implemented a system alert in our PMS solutions to remind our customers to pay our outstanding invoices promptly in order to continuously enjoy our services and supports.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

In addition, to improve the collection of these trade receivables, we have formed a credit control committee for the following purposes:

- oversees the operation of credit control;
- performs credit checks on all our new customers;
- sets/reviews credit limits for each of our customers; and
- monitors collection performance from these customers.

The above measures have enabled us to reduce our trade receivables balance of RM1.39 million as at 30 June 2018 to RM1.07 million as at 30 April 2019.

As at 30 June 2018, approximately 39.47% of our gross trade receivables included unbilled revenue which was recognised based on services rendered. As at the LPD, we have subsequently billed these customers and some of these billings have been collected. As at the LPD, we have collected RM1,328,293 or 86.24% of the total gross trade receivables outstanding as at 30 June 2018.

The ageing analysis of our net trade receivables as at 30 April 2019 based on revised credit period of 90 days is as follows:

| | Within credit period RM | Exceeding credit period | | | | Total RM |
|--|----------------------------|-------------------------|------------------|------------------|----------------|----------------|
| | | 0-30 days RM | 31-60 days RM | 61-90 days RM | >90 days RM | |
| Trade receivables | 453,742 | 217,240 | 48,098 | 29,733 | 394,902 | 1,143,715 |
| Unbilled revenue* | 109,830 | - | - | - | - | 109,830 |
| Total trade receivables | 563,572 | 217,240 | 48,098 | 29,733 | 394,902 | 1,253,545 |
| Less: impairment of doubtful debts | - | - | - | - | (185,215) | (185,215) |
| Net trade receivables | 563,572 | 217,240 | 48,098 | 29,733 | 209,687 | 1,068,330 |
| <i>Percentage of total trade receivables</i> | <i>52.75%</i> | <i>20.34%</i> | <i>4.50%</i> | <i>2.78%</i> | <i>19.63%</i> | <i>100.00%</i> |
| Subsequent collections up to the LPD | 163,842 | 104,716 | 48,098 | 18,190 | 163,176 | 498,022 |
| Outstanding balance as at the LPD | 399,730 | 112,524 | - | 11,543 | 46,511 | 570,308 |
| <i>Percentage of outstanding balance as at the LPD</i> | <i>70.09%</i> | <i>19.73%</i> | <i>-</i> | <i>2.02%</i> | <i>8.16%</i> | <i>100.00%</i> |

Note:

- * This amount represents the installation of PMS solutions during the FPE 30 April 2019 but billed subsequent to the said financial period end.

8 HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The total trade receivables exceeding the credit period by 90 days as at 30 April 2019 is RM394,902, of which impairment of RM185,215 has been provided and RM163,176 has been collected as at LPD. For the remaining amount of RM46,511, approximately 34.14% or RM15,880 is under agreed instalment plan. As for the remaining balance of RM30,631, our Board is of the opinion that these outstanding amounts are recoverable and no provision for impairment for trade receivables is required after taking into consideration the customers' credentials as well as our relationship with them.

(ii) Trade payables turnover

Trade payables are non-interest bearing. The credit terms of trade payables ranged from 30 to 60 days.

Our trade payables turnover improved from 131 days in FYE 30 June 2017 to 57 days in FYE 30 June 2018. The reason for prompt payment is to secure timely supply of goods and maintain good relationship with our suppliers.

Our trade payable turnover for the 10-months FPE 30 April 2019 is 76 days compared to 10-months FPE 30 April 2018 of 38 days which is slightly above the credit term provided by our trade suppliers. The higher trade payable turnover for the 10-months FPE 30 April 2019 of 76 days was due to late payment for purchases of hardware and third party software, of which the majority of the purchases have been fully paid.

(iii) Current ratio

Our current ratio improved from 0.75 times in FYE 30 June 2017 to 1.54 times in FYE 30 June 2018 due to the improvement in liquidity as a result of the increase in revenue and trade receivables.

Our current ratio slightly reduced to 1.45 times in 10-months FPE 30 April 2019 mainly due to the increase in current liabilities which comprise of sundry loan from a former shareholder to finance our Group's working capital. As at the LPD, the sundry loan has been fully settled.

8.5.12 Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 30 June 2017 to FYE 30 June 2018. In addition, our audited financial statements for the financial years under review were not subject to any audit qualifications.

8.5.13 Significant factors affecting our financial position and result of operations

Section 5 - Risk Factors provides details of risk factors relating to our business and the industry which we operate in. Some of these risk factors have an impact on our revenue and financial performance.

Sophisticated Investors should carefully consider the risk factors set out in Section 5 Risk Factors before making a decision on 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.

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9 OTHER INFORMATION

9.1 Responsibility statements

Our Board and the Promoters have seen and approved this Information Memorandum, and they collectively and individually accept full responsibility for the accuracy of this information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Information Memorandum false or misleading.

MainStreet acknowledges that, based on all available information and to the best of its knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Listing.

9.2 Share capital

- (a) As at the date of this Information Memorandum, we have one (1) class of share, namely ordinary share; and
- (b) As at the date of this Information Memorandum, we do not have any outstanding convertible debt securities.

9.3 Material contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiary company within the past two (2) years immediately preceding the date of this Information Memorandum:

- (i) The share sale agreement dated 14 December 2018 entered between IDB Technologies and IDB Vendors for the Acquisition of IDB, which was completed on 14 December 2018.
- (ii) The share sale agreement dated 29 May 2019 entered between IDB Technologies and the Pre-IPO Investors for the acquisition of the Pre-IPO Investors' Shares, which was completed on 31 May 2019.

9.4 Material litigation and contingent liabilities

As at the LPD, we are not engaged in any material litigation, claim 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 proceeding which might materially or adversely affect our position or business.

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

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9 OTHER INFORMATION (CONT'D)

9.5 Related party transactions

Under the LEAP Market Listing Requirements, a “related party transaction” is a transaction entered into between the listed corporation or its subsidiaries and a related party. A “related party” of a listed issuer is:

- (i) A director having the same meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (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 who has an interest of 10.0% or more of the total number of voting shares in a corporation; or
- (iii) A person connected with such director or major shareholder.

Save as disclosed below, we confirm that there are no existing or presently proposed related party transactions entered into between our Company and our directors, major shareholders and/or persons connected with them for the FYE 30 June 2018 and subsequent period up to the LPD.

| Transacting parties | Nature of relationship | Nature of transaction | Actual | |
|---------------------------------|--|--|---------------------|------------------------------------|
| | | | FYE 30 June 2018 RM | Subsequent period up to the LPD RM |
| Major Merchants Sdn Bhd and IDB | Major Merchant Sdn Bhd is a company connected to our substantial shareholder, namely Yew Chee Yang | Rental of premise located at Presint 8, Putrajaya, which was being used for office, from July 2018 to September 2018, for a monthly rental of RM2,000. | - | 6,000 |
| The Zenith Hotel Sdn Bhd | The Zenith Hotel Sdn Bhd is a company connected to our substantial shareholder, namely Yew Chee Yang | Sale of online booking engine and annual technical support fee to The Zenith Hotel Sdn Bhd. | - | 71,335 |

Having considered all aspects of the related party transactions, we are of the opinion that the transactions above were transacted on normal commercial terms and on arm’s length basis, were not detrimental to our Group and our minority shareholders and is in our best interests.

Upon the Proposed Listing, our Board will ensure that any related party transactions are transacted on normal commercial terms which are not more favourable to the related parties than those generally available to third-parties dealing at arm’s length and are not detrimental to our minority shareholders.

9.6 Interest in similar business and other conflict of interest

None of our Promoters, substantial shareholders, directors and/or key management personnel has any interest, direct or indirect, in other businesses or corporations carrying on a trade similar to that of our Group or businesses or corporations which are also our customers or suppliers as at the LPD.

9 OTHER INFORMATION (CONT'D)

9.7 Further information on our Promoters, Directors and key management personnel

None of our promoters, directors and key management personnel:

- (a) are undischarged bankrupts nor are they subject to any proceedings under bankruptcy laws;
- (b) 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;
- (c) have ever had any action taken against them for any breach of the listing requirements or rules issued by Bursa Securities, for the past five (5) years; and
- (d) have been subjected to any inquiry or investigation by any government or regulatory authority or body for the past five (5) years.

9.8 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 30 June 2018 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 during the FYE 30 June 2018 up to the LPD.

9.9 Declaration by our advisers

9.9.1 MainStreet

MainStreet confirms that there is no existing or potential conflict of interest in relation to its capacity as the Approved Adviser for our Proposed Listing.

9.9.2 Crowe Malaysia PLT

Crowe Malaysia PLT confirms that there is no existing or potential conflict of interest in relation to its capacity as the Auditors and Reporting Accountants for our Proposed Listing.

9.9.3 Tay & Helen Wong

Tay & Helen Wong confirms that there is no existing or potential conflict of interest in relation to its capacity as the Solicitors for our Proposed Listing.

9.9.4 PROVIDENCE

PROVIDENCE confirms that there is no existing or potential conflict of interest in relation to its capacity as the Independent Market Researcher for our Proposed Listing.

9.10 Consents

The written consents of the Approved Adviser, Continuing Adviser, Company Secretary, Auditors and Reporting Accountants, Solicitors, Independent Market Researcher, Principal Banker and Share Registrar to the inclusion in this Information Memorandum of their names in the form and context in which such names appear have been given before the issue of this Information Memorandum and have not subsequently been withdrawn.

9 OTHER INFORMATION (CONT'D)

9.11 Documents for inspection

Copies of this Information Memorandum are available free of charge for inspection during normal business hours on weekday (Saturday, Sundays and public holidays excepted) at IDB Technologies' registered office at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia, for at least one (1) month after our Proposed Listing on the LEAP Market.

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