ICT ZONE ASIA

ICT ZONE ASIA BERHAD

Registration No. 201901003459 (1312785-X))
(Incorporated in Malaysia under the Companies Act 2016)

Beyond IT and Finance

INFORMATION MEMORANDUM

FOR RESTRICTED CIRCULATION ONLY

PROPOSED LISTING OF ICT ZONE ASIA BERHAD'S ENTIRE ISSUED SHARE CAPITAL COMPRISING 533,757,500 ORDINARY SHARES AND 75,320,000 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES BY WAY OF INTRODUCTION ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

APPROVED ADVISER AND CONTINUING ADVISER

MERCURY SECURITIES SDN BHD
(Registration No. 198401000672 (113193-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

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 ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY THE LISTED CORPORATION. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATION AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION AND, IF APPROPRIATE, CONSULTATION WITH THEIR STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS

THIS INFORMATION MEMORANDUM IS DATED 06 NOVEMBER 2020

Registration No. 201901003459 (1312785-X)

IMPORTANT NOTICE

NO PERSON IS AUTHORISED IN CONNECTION WITH OUR PROPOSED LISTING (AS DEFINED HEREIN) TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS INFORMATION MEMORANDUM, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY ICT ZONE ASIA BERHAD ("ICT ZONE ASIA" OR "COMPANY") OR MERCURY SECURITIES SDN BHD ("MERCURY SECURITIES") AS OUR APPROVED ADVISER.

THE PURPOSE OF THIS INFORMATION MEMORANDUM IS TO PROVIDE INFORMATION ON THE BUSINESS AND AFFAIRS OF OUR COMPANY AND SUBSIDIARIES (COLLECTIVELY "ICT ZONE ASIA GROUP" OR "GROUP") ONLY. 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 OUR SECURITIES, NOR IS IT INTENDED TO INVITE OR PERMIT THE MAKING OF OFFERS BY THE PUBLIC TO SUBSCRIBE FOR OR PURCHASE OUR SECURITIES.

THE DISTRIBUTION OF THIS INFORMATION MEMORANDUM AND THE OFFERING OF OUR SECURITIES MAY, IN CERTAIN JURISDICTIONS, BE RESTRICTED BY LAW. WE REQUIRE PERSONS INTO WHOSE POSSESSION THIS INFORMATION MEMORANDUM COMES INTO, TO INFORM THEMSELVES OF AND OBSERVE ALL SUCH RESTRICTIONS.

Our Board of Directors and Promoters (as defined herein), having made all reasonable enquiries, accepts responsibility for, and confirms that this Information Memorandum contains all relevant information with regards to our Group which is material in the context of our Proposed Listing as at the date hereof, that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading as at the date hereof and that there are no other facts the omission of which would, in the context our Proposed Listing, make this Information Memorandum as a whole or any information herein misleading in any material respects.

Mercury Securities, being our Approved Adviser 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 our Proposed Listing.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws 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.

This Information Memorandum has been drawn up in accordance with Bursa Securities' LEAP Market Listing Requirements for the Proposed Listing. This Information Memorandum 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 in the context of securities offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia. A copy of this Information Memorandum has been deposited with the Securities Commission Malaysia ("**SC**").

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. Mercury Securities, as our Approved Adviser, has assessed the suitability of our Group for admission to the LEAP Market of Bursa Securities as required under Rule 4.10 of 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 our Company's securities on the LEAP Market of Bursa Securities. Our Proposed Listing is subject to the receipt of an approval-in-principle for our Proposed Listing from Bursa Securities. Approval from Bursa Securities of the same is not an indication of the merits of our Proposed Listing. This Information Memorandum can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

MODE OF COMMUNICATION

In accordance with our Constitution, we may send notices and documents to our securities holders ("**Holders**") by electronic means to the Holders' registered email address last maintained with either our Company Secretaries or Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**"), as the case may be. Our Holders have a right to request for a hard copy of such notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to the Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to the Holders' registered Malaysian address last maintained with either our Company Secretaries or Bursa Depository, as the case may be, at their own risk.

We may also publish notices and documents on our website as a form of electronic means used to communicate 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) advertisements in an English daily newspaper in Malaysia; and/or

(iv) announcements on Bursa Securities.

TERMS AND CONDITIONS BINDING ALL RECIPIENTS OF THIS INFORMATION MEMORANDUM ("RECIPIENTS")

By accepting this Information Memorandum, you hereby agree and undertake to be bound by the following terms and conditions:

(i) this Information Memorandum is issued by our Company and distributed by us as well as Mercury Securities as our Approved Adviser. The distribution of this Information Memorandum shall be in paper/printed copy and/or electronic copy upon request by the Recipients, free of charge. This Information Memorandum is distributed to the Recipients for information purposes only and upon the expressed understanding that such Recipients will use it only for the purposes set forth below;

(ii) the information contained in this Information Memorandum, including any statement or fact or opinion, is solely for information purposes only. No offer for subscription or purchase of, or invitation to subscribe for or purchase of securities will be made on the basis of this Information Memorandum;

(iii) you are solely responsible for your investment decision and are advised to seek independent financial, legal, tax or such other professional advice at your own cost and expense when making your independent appraisal, assessment, review and evaluation of our business, financial position, financial performance and prospects, the rights and obligations attaching to our Company's securities, the merits of investing in our Company's securities and the extent of the risk involved in doing so;

(iv) this Information Memorandum may include certain statements provided by us or on our behalf with respect to the anticipated future performance of our Group. These statements, although believed to be reasonable, are based on estimates and assumptions made by us that are subject to risks and uncertainties that may cause actual events and our future results to be materially different from that expected or indicated by such statements or estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by us or Mercury Securities that our plans and strategies as disclosed herein will be achieved;

(v) any documents in relation to our Proposed Listing published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum;

(vi) you shall not copy, reproduce, distribute, summarise, excerpt from, publicly refer to or pass on any part of this Information Memorandum to any person at any time without the prior written consent of Mercury Securities. You shall at all times keep confidential all information contained herein or any other information relating to our Proposed Listing, whether written, or in a visual or an electronic form, transmitted or made available to you;

(vii) neither the receipt of this Information Memorandum by any Recipient nor any information made available in connection with our Proposed Listing is to be taken as constituting the giving of investment advice by Mercury Securities. Mercury Securities shall not advise you on the merits or risks of our Proposed Listing; and

(viii) this Information Memorandum will not be distributed in any jurisdiction outside Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No Recipients in any jurisdiction outside Malaysia may take any action upon this Information Memorandum if, in the relevant jurisdiction, such action cannot be taken by the Recipients without contravention of any relevant legal requirements. It is the sole responsibility of any Recipients wishing to take any action upon this Information Memorandum to satisfy themselves as to the full observance of the laws of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of our Company's securities or cash payments upon the sale of our Company's securities by the Recipients, the repatriation of any money by the Recipients out of Malaysia, any governmental, exchange control or other consents which may be required, and the payment of any tax or duty due in such jurisdiction. Such Recipients shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and we and Mercury Securities shall be entitled to be fully indemnified by such Recipients for any tax or payment as the Recipients may be required to pay.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Privacy Notice

The Personal Data Protection Act 2010 ("**PDPA"**) was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, "**Personal Data**") that you provide will be used and processed by us in connection with our Proposed Listing only ("**Purpose**"), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be disclosed to our advisers who provider services to us. Save for the foregoing, your Personal Data will not be knowingly disclosed to any other third party.

Without prejudice to the terms and conditions of our Proposed Listing as contained in this Information Memorandum, you may at any time hereafter make inquiries, complaints and, upon payment of a prescribed fee, request in writing for access to, or correction of, your Personal Data or limit the processing of your Personal Data by submitting such request to the following:

Postal address	:	**ICT ZONE ASIA BERHAD** Ground Floor, Block H, Excella Business Park, Jalan Ampang Putra, 55100 Ampang Kuala Lumpur, Wilayah Persekutuan

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of your Personal Data in the manner described above.

This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

CONTENTS

CONTENTS *(cont'd)*

INDICATIVE TIMETABLE

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

Date of Information Memorandum	6 November 2020
Listing of our Company on the LEAP Market	15 December 2020[(1)]

Note:

(1) Subject to receipt of the approval-in-principle from Bursa Securities for our Proposed Listing. An announcement of the relevant key dates will be made after obtaining Bursa Securities' approval-in-principle for our Proposed Listing.

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

PRESENTATION OF INFORMATION

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

Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include companies and corporations.

Any reference to provisions of statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits) be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

Any reference to dates and times shall be a reference to dates and times in Malaysia.

In this Information Memorandum, any discrepancies between the amount listed and the totals in tables are due to rounding.

In particular, certain information in this Information Memorandum is extracted or derived from the independent market research report prepared by PROVIDENCE (as defined herein), an Independent Market Researcher. In compiling their data, PROVIDENCE had relied on industry sources, public materials, their own private databases and direct contacts within the industry. We believe that the statistical data projections cited in this Information Memorandum are useful in helping you to understand the major trends in the industry in which we operate.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

FORWARD-LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, amongst others, those regarding our expected financial position, business strategies, plans, prospects and objectives of our Management for future operations. These statements can be identified by forward-looking terminology terms as "anticipate", "believe", "could", "estimate", "expect", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will" and "would" or similar words. These forward-looking statements, including but not limited to statements as to our Group's revenue and profitability, prospects, future plans, expected industry trends and other matters discussed in this Information Memorandum regarding matters that are not historic facts, are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors beyond our control that could cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, amongst others:

(i) changes in the political, social and economic conditions and the regulatory environment in Malaysia and other countries in which we conduct business; and

(ii) changes in our future capital needs and the availability of financing and capital to fund such needs.

Some of these factors are discussed in more detail in Section 6 - Risk Factors and Section 9 – Management Discussion and Analysis of this Information Memorandum.

These 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. As such, we cannot assure you that the forward-looking statements in this Information Memorandum will be realised.

These forward-looking statements are based on information available to us as at the date of this Information Memorandum. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any responsibility to update any of these forward-looking statements or publicly announce any revisions to these forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

DEFINITIONS

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

Acquisitions	:	Collectively, the Acquisition of ICT Zone, Acquisition of ICT Zone Ventures, and Acquisition of Techfin Capital
Acquisition of ICT Zone	:	Acquisition by ICT Zone Asia of the entire equity interest of ICT Zone for a purchase consideration of RM7,800,000 satisfied *via* the issuance of 260,000,000 ICT Zone Asia Shares to ICT Zone Holding at an issue price of RM0.03 per Share, which was completed on 9 December 2019
Acquisition of ICT Zone Ventures	:	Acquisition by ICT Zone Asia of the entire equity interest of ICT Zone Ventures for a purchase consideration of RM7,500,000 satisfied *via* the issuance of 250,000,000 ICT Zone Asia Shares to the ICT Zone Ventures Vendors at an issue price of RM0.03 per Share, which was completed on 9 December 2019
Acquisition of Techfin Capital	:	Acquisition by ICT Zone Asia of the entire equity interest of Techfin Capital for a purchase consideration of RM6,000 satisfied *via* the issuance of 200,000 ICT Zone Asia Shares to ICT Zone Holding at an issue price of RM0.03 per Share, which was completed on 9 December 2019
Act	:	Companies Act 2016
Board	:	Board of Directors of ICT Zone Asia
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CEO	:	Chief Executive Officer
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of ICT Zone Asia
COVID-19	:	Coronavirus disease 2019
Directors	:	Members of our Board
E-commerce	:	Electronic commerce
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EPS	:	Earnings per Share
FPE	:	Financial period ended
FYE	:	Financial year ended/ending, as the case may be
GDP	:	Gross domestic product
GP	:	Gross profit
ICPS	:	Irredeemable convertible preference shares in ICT Zone Asia
ICT Interest	:	Redeemable interests created under the ICT Zone Ventures Scheme
ICT Interest Holder	:	Holder of ICT Interests
ICT Zone Asia or **Company**	:	ICT Zone Asia Berhad (201901003459 (1312785-X))
ICT Zone Asia Group or **Group**	:	Collectively, ICT Zone Asia and our subsidiaries
ICT Zone Asia Shares or **Shares**	:	Ordinary shares in ICT Zone Asia

ICT Zone Ventures Scheme	:	Collectively, the Interest Scheme 1 and Interest Scheme 2
ICT Zone Ventures Vendors	:	Collectively, ICT Zone Holding, Zafidi Bin Mohamad, Vincent Ng Soon Kiat, Kwan Thean Poh, Choo Chin Thye, Fakhrur Razi Bin Mohamad Unose, Teh Siow Voon, Junaidi Bin Arfandi, Nor Salila Binti Jalil, Lau Yeo Chuan, Mohamad Syahril Bin Wilson, Erzrashazal Binti Mansor and Lau Tiam Wah
ICT Zone Holding	:	ICT Zone Holding Sdn Bhd (200001023404 (526012-D))
IMR Report	:	Independent Market Research Report on ICT solutions industry and e-commerce market in Malaysia
Information Memorandum	:	This Information Memorandum dated 6 November 2020 in relation to our Proposed Listing
Interest Scheme 1	:	First Shariah-compliant interest scheme managed by ICT Zone Ventures under Section 28 of the Interest Schemes Act 2016 and Interest Schemes Regulations 2017
Interest Scheme 2	:	Second Shariah-compliant interest scheme managed by ICT Zone Ventures under Section 28 of the Interest Schemes Act 2016 and Interest Schemes Regulations 2017
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Reference Price	:	Reference price of our Shares and ICPS upon our Proposed Listing on the LEAP Market of Bursa Securities
Listing Requirements	:	LEAP Market Listing Requirements of Bursa Securities
LPD	:	26 October 2020, being the latest practicable date prior to the date of this Information Memorandum
Market Day	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
Mercury Securities	:	Mercury Securities Sdn Bhd (198401000672 (113193-W))
MCMC	:	Malaysian Communications and Multimedia Commission
NA	:	Net assets
Official List	:	The list specifying all securities listed on Bursa Securities
PAT	:	Profit after tax
PBT	:	Profit before tax
Pre-IPO Reorganisations	:	Collectively, the Acquisitions and redemption and termination of ICT Zone Ventures Scheme
Promoters	:	Collectively, the following: (i) ICT Zone Holding; (ii) Datuk Ng Thien Phing; and (iii) Lim Kok Kwang
Proposed Listing	:	Proposed admission to the Official List and the listing and quotation for our entire issued share capital of RM34,156,000 comprising 533,757,500 Shares and 75,320,000 ICPS on the LEAP Market of Bursa Securities
PROVIDENCE	:	Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A)), being the Independent Market Researcher

Public	:	All persons or members of the public but excluding Directors of our Group, our substantial shareholders and persons associated with them (as defined in the Listing Requirements)
RM and **sen**	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
SC	:	Securities Commission Malaysia
SME	:	Small-to-medium size enterprises
Sophisticated Investors	:	Any persons who fall within any of the categories of the investors set out in Part I of Schedule 6 or 7 of the CMSA
USD	:	United States Dollar, being the lawful currency of the United States of America

<u>Subsidiaries of ICT Zone Asia</u>

ICT Zone	:	ICT Zone Sdn Bhd (200101022505 (558263-V))
ICT Zone Ventures	:	ICT Zone Ventures Berhad (201001003516 (888104-M))
Techfin Capital	:	Techfin Capital Sdn Bhd (200701017160 (775169-M))

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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.

Appointed Reseller	:	A term referring to our appointment by Principals to market, distribute and install their products. Appointed Resellers are typically recognised upon maintaining a specified volume of ICT hardware sales, and this specified volume varies from one Principal to another
Artificial intelligence	:	Technology with cognitive ability that can turn data analysis into meaningful solutions
Big data	:	Technology of managing and processing large data sets within a short time frame
Channel Partner	:	Companies which market, distribute and install ICT solutions for our end-user customers
End-user customer	:	Ultimate customers of our Group's solutions and services
GB	:	Gigabyte, a unit of information used, for example, to quantify computer memory of storage capacity
ICT	:	Information and communications technology
ICT solution	:	ICT hardware and software as well as ICT maintenance and technical support services.
IoT	:	Internet of Things
Long-term rental	:	In the context of this Information Memorandum, long-term rental refers to rental of ICT solutions whereby the tenure is between 6 months and 5 years
Principal	:	ICT hardware manufacturers and software developers
Principal's Distributor	:	Companies appointed by the Principals to be their representative in local or regional markets
Short-term rental	:	In the context of this Information Memorandum, short-term rental refers to rental of ICT solutions with a tenure of less than 6 months
Strategic Partner	:	Companies which we have signed strategic partnership agreements with to provide us with the exclusive rights to finance, supply and deliver ICT solutions to their customers
UAT	:	User Acceptance Test is a test carried out with our customer to verify that a particular ICT solution is functioning
ZB	:	Zettabyte, a unit of information used, for example, to quantify computer memory of storage capacity

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Datuk Ng Thien Phing *Non-Independent Non-Executive Chairman* Lim Kok Kwang *Managing Director and CEO* Vincent Ng Soon Kiat *Executive Director and Chief Operating Officer*
REGISTERED OFFICE	:	Suite 10.02, Level 10 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Wilayah Persekutuan Tel No. : +603 2298 0263 Fax No. : +603 2298 0268
HEAD OFFICE	:	Ground Floor, Block H, Excella Business Park Jalan Ampang Putra 55100 Ampang Kuala Lumpur Wilayah Persekutuan Tel No. : +603 4289 5288 Fax No. : +603 4289 5388 Website address : www.ictzone.asia E-mail address : info@ictzone.asia
COMPANY SECRETARIES	:	Tan Tong Lang (MAICSA 7045482) Suite 10.02, Level 10 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Wilayah Persekutuan Tel No. : +603 2298 0263 Fax No. : +603 2298 0268 Eng Khoon Hong (MAICSA 7031959) Ground Floor, Block H, Excella Business Park Jalan Ampang Putra 55100 Ampang Kuala Lumpur Wilayah Persekutuan Tel No. : +603-4289 5200 Fax No. : +603-4289 5300
APPROVED ADVISER AND CONTINUING ADVISER	:	Mercury Securities Sdn Bhd L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan Tel No. : +603 6203 7227 Fax No. : +603 6207 7117

1. CORPORATE DIRECTORY *(cont'd)*

AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs PKF Level 33, Menara 1MK Kompleks 1 Mont' Kiara No. 1, Jalan Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan Tel No. : +603 6203 1888 Fax No. : +603 6201 8880
LEGAL ADVISER	:	Messrs David Lai & Tan 8-3 & 8-4, Wisma Miramas No. 1, Jalan 2/109E Taman Desa Jalan Klang Lama 58100 Kuala Lumpur Wilayah Persekutuan Tel No. : +603 7972 7968 Fax No. : +603 7972 7967
SHARE REGISTRAR	:	Boardroom.com Sdn Bhd Suite 10.02, Level 10 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Wilayah Persekutuan Tel No. : +603 2298 0263 Fax No. : +603 2298 0268
INDEPENDENT MARKET RESEARCHER	:	Providence Strategic Partners Sdn Bhd 67-1, Block D, The Suites, Jaya One No. 72A, Jalan Universiti 46200 Petaling Jaya Selangor Darul Ehsan Tel No. : +603 7625 1769
LISTING SOUGHT	:	LEAP Market of Bursa Securities

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. DETAILS OF OUR PROPOSED LISTING

2.1 Particulars of Our Pre-IPO Reorganisations

To facilitate our Proposed Listing, we have completed and/or are undertaking the following:

(i) Acquisitions; and

(ii) redemption and termination of ICT Zone Ventures Scheme.

2.1.1 Details of the Acquisitions

In preparation for our Proposed Listing, we have undertaken the Acquisitions as follows:

(i) on 22 November 2019, we entered into a share sale agreement with ICT Zone Holding to acquire its entire equity interest in ICT Zone comprising 2,000,000 shares for a purchase consideration of RM7,800,000, which was satisfied *via* the issuance of 260,000,000 new Shares at an issue price of RM0.03 each. The purchase consideration of RM7,800,000 was arrived at after taking into consideration amongst others, ICT Zone's unaudited NA of approximately RM8.3 million as at 31 July 2019 as well as ensuring no odd lots of ICT Zone Asia Shares are issued pursuant to this acquisition. This acquisition was completed on 9 December 2019;

(ii) on 22 November 2019, we entered into a share sale agreement with the ICT Zone Ventures Vendors to acquire the entire equity interest in ICT Zone Ventures comprising 5,000,000 shares for a total purchase consideration of RM7,500,000, which was satisfied *via* the issuance of 250,000,000 new Shares at an issue price of RM0.03 each. The purchase consideration of RM7,500,000 was arrived at after taking into consideration amongst others, ICT Zone Ventures' unaudited NA of approximately RM7.4 million as at 31 July 2019 as well as ensuring no odd lots of ICT Zone Asia Shares are issued pursuant to this acquisition. This acquisition was completed on 9 December 2019.

Further details of the ICT Zone Ventures Vendors and the number of Shares issued are as follow:

ICT Zone Ventures Vendor	Shareholding in ICT Zone Ventures		Purchase consideration (RM)	No. of Shares issued
	No. of shares	%		
ICT Zone Holding	3,350,000	67.0	5,025,000	167,500,000
Vincent Ng Soon Kiat	450,000	9.0	675,000	22,500,000
Kwan Thean Poh	450,000	9.0	675,000	22,500,000
Zafidi Bin Mohamad	444,500	8.9	666,750	22,225,000
Choo Chin Thye	250,000	5.0	375,000	12,500,000
Fakhrur Razi Bin Mohamad Unose	13,500	0.3	20,250	675,000
Teh Siow Voon	12,500	0.2	18,750	625,000
Junaidi Bin Arfandi	10,500	0.2	15,750	525,000
Nor Salila Binti Jalil	6,000	0.1	9,000	300,000
Lau Yeo Chuan	4,000	0.1	6,000	200,000
Mohamad Syahril Bin Wilson	4,000	0.1	6,000	200,000
Erzrashazal Binti Mansor	3,000	0.1	4,500	150,000
Lau Tiam Wah	2,000	(1)	3,000	100,000
Total	**5,000,000**	**100.0**	**7,500,000**	**250,000,000**

Note:

(1) Less than 0.1%

(iii) on 22 November 2019, we entered into a share sale agreement with ICT Zone Holding to acquire its entire equity interest in Techfin Capital comprising 200,000 shares for a purchase consideration of RM6,000, which was satisfied *via* the issuance of 200,000 new Shares at an issue price of RM0.03 each. The purchase consideration of RM6,000 was arrived at after taking into consideration amongst others, Techfin Capital's unaudited NA of RM2,353 as at 31 July 2019 as well as ensuring no odd lots of ICT Zone Asia Shares are issued pursuant to this acquisition. This acquisition was completed on 9 December 2019.

2.1.2 Redemption and Termination of ICT Zone Ventures Scheme

In order to finance and support its business operations, ICT Zone Ventures had established, managed and operated the ICT Zone Ventures Scheme. Under the ICT Zone Ventures Scheme, ICT Zone Ventures offered redeemable ICT Interests to the ICT Interest Holders who subscribed to the ICT Zone Ventures Scheme. Through the ICT Interests, the ICT Interest Holders are entitled to receive the following:

(i) annual interim payment determined based on the annual audited PAT of ICT Zone Ventures during the term of the respective ICT Zone Ventures Scheme. ICT Zone Ventures had been maintaining annual interim payments amounting to at least 8% of the ICT Interests value since the commencement date of the respective ICT Zone Ventures Scheme; and

(ii) final profit share in respect of 30% of the aggregate annual audited PAT of ICT Zone Ventures (after deducting the value of any interim payments received during the term of the respective ICT Zone Ventures Scheme) together with a redemption of the subscription amount of the ICT Interest as at the redemption/maturity date of the respective ICT Zone Ventures Scheme.

For information purposes, the initial launch date and maturity date of the Interest Scheme 1 and Interest Scheme 2 are as follows:

ICT Zone Ventures Scheme	Initial Launch Date	Maturity Date
Interest Scheme 1	28 March 2011	27 March 2020
Interest Scheme 2	20 October 2014	19 October 2029

Prior to our Proposed Listing, our Group had undertaken the following:

(i) on 16 January 2020, we and our wholly-owned subsidiary, ICT Zone Ventures have entered into Deeds of Novation and Settlement with 326 ICT Interest Holders of Interest Scheme 1 to redeem in aggregate RM10.1 million of their investments in Interest Scheme 1 *via* issuance of 12,562,500 Shares at an issue price of RM0.16 each and 40,200,000 ICPS at an issue price of RM0.20 each;

(ii) on 16 January 2020, we and our wholly-owned subsidiary, ICT Zone Ventures have entered into Deeds of Novation and Settlement with 88 ICT Interest Holders of Interest Scheme 2 to redeem in aggregate RM8.0 million of their investments in Interest Scheme 2 *via* issuance of 10,000,000 Shares at an issue price of RM0.16 each and 32,000,000 ICPS at an issue price of RM0.20 each;

(iii) on 27 March 2020, ICT Zone Ventures redeemed its Interest Scheme 1 on its maturity date using its capital reserve fund. For information purposes, the total outstanding value of ICT Interests (excluding the RM0.4 million redemption *via* Deeds of Novation and Settlement dated 8 April 2020 as mentioned in item (iv) below) and the capital reserve fund available in Interest Scheme 1 as at 27 March 2020 was RM17.2 million and RM22.1 million respectively. Thus, every investor in Interest Scheme 1 received their respective redemption from Interest Scheme 1 in full from the capital reserve fund, with the remaining capital reserve fund of RM4.9 million released for our working capital purposes;

(iv) on 8 April 2020, we and our wholly-owned subsidiary, ICT Zone Ventures have entered into Deeds of Novation and Settlement with 23 ICT Interest Holders to redeem in aggregate RM0.4 million of their investments in Interest Scheme 1 *via* issuance of 437,500 Shares at an issue price of RM0.16 each and 1,400,000 ICPS at an issue price of RM0.20 each;

(v) on 8 April 2020, we and our wholly-owned subsidiary, ICT Zone Ventures have entered into Deeds of Novation and Settlement with 9 ICT Interest Holders to redeem in aggregate RM0.4 million of their investments in Interest Scheme 2 *via* issuance of 450,000 Shares at an issue price of RM0.16 each and 1,440,000 ICPS at an issue price of RM0.20 each; and

(vi) on 13 August 2020, ICT Zone Ventures have obtained its ICT Interest Holders' approval for the termination of its Interest Scheme 2. For information purposes, the total outstanding value of ICT Interests and the capital reserve fund available in Interest Scheme 2 as at 13 August 2020 was RM1.3 million and RM1.0 million respectively. Every investor in Interest Scheme 2 received their respective redemption from Interest Scheme 2 in full from the capital reserve fund and ICT Zone Ventures' internally generated funds.

The above redemption and termination of ICT Zone Ventures Scheme are in line with related requirements and/or regulations as governed by the Interest Scheme Act 2016 as well as the trust deeds governing the ICT Zone Ventures Scheme and can be summarised as follows:

ICT Zone Ventures Scheme	Date of Deed/Redemption	Date of Allotment/Completion
Interest Scheme 1		
(i) Phase 1	16 January 2020 (1)	22 January 2020
(ii) Phase 2	8 April 2020 (1)	10 April 2020
(iii) Phase 3	27 March 2020 (2)	23 June 2020 (3)
Interest Scheme 2		
(i) Phase 1	16 January 2020 (1)	22 January 2020
(ii) Phase 2	8 April 2020 (1)	10 April 2020
(iii) Phase 3	13 August 2020 (2)	- (4)

Notes:

(1) Redemption via the following:

- *20% of each ICT Interest Holders' investment via issuance of Shares at an issue price of RM0.16 each.*
- *80% of each ICT Interest Holders' investment via issuance of ICPS at an issue price of RM0.20 each.*

(2) Redemption upon maturity/approval via cash payments of the principals as well as interim payments.

(3) Wind up of Interest Scheme 1 upon permission granted by the Companies Commission Malaysia.

(4) In the process of winding up.

2. DETAILS OF OUR PROPOSED LISTING *(cont'd)*

We had entered into the above Deeds of Novation and Settlement as part of our initiatives to enable those ICT Interest Holders who wish to continue their participation in our Group *via* investment in our Shares and ICPS as well as to tap into the net surplus capital reserve funds which are no longer required to be set aside for such redemptions.

Through the redemption and termination of the ICT Zone Ventures Scheme, our Group is expected to benefit from the following:

(i) additional working capital of approximately RM4.6 million (net surplus capital reserve fund from the redemption and termination of the ICT Zone Ventures Scheme), which can be utilised to further expand our Group's business; and

(ii) 22,612,500 Shares out of the total 23,450,000 Shares issued to ICT Interest Holders pursuant to the redemption of ICT Zone Ventures Scheme are held in the hands of Public shareholders, which would facilitate our Company in complying with the public spread requirement pursuant to our Proposed Listing.

In addition, our Group's PAT is expected to increase as set out in Section 2.3(ii) of this Information Memorandum, attributable to savings in interim yield of at least 8% pursuant to the redemption and termination of the ICT Zone Ventures Scheme.

2.2 Proposed Listing

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.

On 6 November 2020, we have 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 RM34,156,000 comprising 533,757,500 Shares (RM19,092,000) and 75,320,000 ICPS (RM15,064,000) on the LEAP Market of Bursa Securities and we are awaiting Bursa Securities' decision on the same.

Subject to the receipt of the approval-in-principle from Bursa Securities for our Proposed Listing, our Shares and ICPS will be admitted to the Official List of Bursa Securities and official quotation will commence after receipt of confirmation from Bursa Depository that all our Shares and ICPS have been credited into the respective central depository system accounts of our securities holders.

Upon our Proposed Listing, any dealings in our Shares and ICPS will be carried out in accordance with the Rules of Bursa Depository and the provisions of Securities Industry (Central Depositories) Act, 1991.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2.3 Basis of Arriving at the Listing Reference Price

Our Board, together with Mercury Securities, had determined and agree on the Listing Reference Price of RM0.16 per Share and RM0.20 per ICPS after taking into consideration the following factors:

(i) our operating history and financial performance as set out in Sections 8 and 9 of this Information Memorandum, which represents an implied enterprise value to EBITDA of approximately 6.2 times based on our Audited Combined Financial Statements for the FYE 31 January 2020;

(ii) our audited combined PAT for the FYE 31 January 2020 of RM1,048,791. Assuming the redemption and settlement of the ICT Zone Ventures Scheme had been completed on 1 February 2019, the pro forma effects on the PAT of our Group are shown below:

Pro forma audited combined PAT	**RM'000**
Audited combined PAT for the FYE 31 January 2020	1,049
Add: Net interim yield savings (1)	2,881
Less: Finance costs arising from the liability portion of ICPS	(476)
	(2)3,454

Notes:

(1) Attributable to the total savings of net interim yield pursuant to the redemption of the ICT Zone Ventures Scheme via the Deeds of Novation and Settlement dated 16 January 2020 and 8 April 2020 as well as the maturity of Interest Scheme 1 on 27 March 2020, adjusted by the statutory corporate tax rate of 24%.

(2) The implied price-to-earnings ratio is 24.7 times calculated based on our proposed market capitalisation of approximately RM85.4 million.

(iii) 23,450,000 Shares and 75,040,000 ICPS (please refer to salient terms of the ICPS as set out in Appendix I of this Information Memorandum) were issued to our ICT Interest Holders at the issue price of RM0.16 and RM0.20 each respectively as consideration pursuant to the redemption of the ICT Zone Ventures Scheme.

For information purposes, the higher issue price of the ICPS of RM0.20 was arrived at after taking into consideration amongst others, the preference dividend of 10% per annum payable on the ICPS;

(iv) our competitive strengths as set out in Section 4.4 of this Information Memorandum; and

(v) our business strategies and future plans, and prospects as set out in Sections 4.13 and 4.14 of this Information Memorandum.

Prior to our Proposed Listing, there was no public market for our Shares and ICPS within or outside Malaysia. You should note that the market price of our Shares and ICPS subsequent to our Proposed Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares and ICPS being traded. You are reminded to carefully consider the risk factors as set out in Section 6 of this Information Memorandum and form your own views on the valuation of our Shares and ICPS before deciding to invest in them.

2.4 Share Capital

As at the LPD, our Company has two classes of shares, being ordinary shares and ICPS. Our Shares rank *pari passu* in all respects with one another including voting rights and rights to all dividends and other distributions that may be declared.

The ICPS shall rank equally amongst themselves and may rank in priority to, or equally with other preference shares that may be created in future. The ICPS shall rank in priority to the ICT Zone Asia Shares, but shall rank behind all our Company's secured and unsecured obligations. A cumulative preference dividend rate of 10% per annum of the ICPS issue price shall be payable out of the distributable profits of our Company. Please refer to Appendix I of this Information Memorandum for other salient terms of the ICPS.

As at the LPD, our Company has an issued share capital of 533,757,500 Shares and 75,320,000 ICPS. Our proposed market capitalisation is approximately RM85.4 million (based on the Listing Reference Price of RM0.16 per Share). The board lot size of our Shares and ICPS upon our Proposed Listing will be standardised at 100 units per board lot.

Details of the changes in our issued share capital since incorporation up to the LPD are as follows:

Date of allotment	Number of Shares allotted	Number of ICPS allotted	Cumulative No. of Shares	Cumulative No. of ICPS	Cumulative Issued Share Capital (RM)
28 January 2019	10,000	-	10,000	-	10,000
12 November 2019	10,000	-	20,000	-	20,000
9 December 2019[(1)]	510,200,000	-	510,220,000	-	15,326,000
22 January 2020[(2)]	22,562,500	72,200,000	532,782,500	72,200,000	33,376,000
10 April 2020[(3)(4)]	975,000	3,120,000	533,757,500	75,320,000	34,156,000

Notes:

(1) Issued pursuant to the Acquisitions.

(2) Issued pursuant to the redemption of ICT Zone Ventures Scheme on 16 January 2020.

(3) 887,500 Shares and 2,840,000 ICPS were issued pursuant to the redemption of ICT Zone Ventures Scheme on 8 April 2020.

(4) 87,500 Shares and 280,000 ICPS were issued pursuant to the additional cash subscription by ICT Interest Holders via the following:

- *20% of each ICT Interest Holder's subscription amount via issuance of Shares at an issue price of RM0.16 each.*
- *80% of each ICT Interest Holder's subscription amount via issuance of ICPS at an issue price of RM0.20 each.*

We are also able to allot and issue up to 10% of the total number of issued Shares pursuant to the shareholders' mandate under Sections 75 and 76 of the Act obtained at our Company's 1st annual general meeting convened on 27 October 2020. Subject to any special rights attaching to any Shares which our Company may issue in the future, our shareholders shall, in proportion to the capital on our Shares held by them, be entitled to share in whole of the profits paid out by our Company in the form of dividends and other distributions. In the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital at the commencement of the liquidation, in accordance with our Constitution and/or the provisions of the Act.

2. DETAILS OF OUR PROPOSED LISTING *(cont'd)*

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, attorney or any duly authorised representative. Every such shareholder present either in person, by proxy, attorney or any other duly authorised representative shall have 1 vote for each Share held.

As the LEAP Market of Bursa Securities is a qualified market which is meant mainly for Sophisticated Investors, we are required, under Rule 2.24(2) of the Listing Requirements, to ensure that all our Shares and ICPS to be issued and offered (where applicable) in conjunction with our Proposed Listing or post-listing fall within Schedule 6 or 7 of the CMSA and are to our existing shareholders or Sophisticated Investors only ("**Qualified Market Restriction**"). For the avoidance of doubt, upon completion of our Proposed Listing, only Sophisticated Investors are allowed to buy and sell our Shares and ICPS *via* Bursa Securities. On the other hand, our existing securities holders who are not Sophisticated Investors:

(i) will only be able to sell their respective Shares and ICPS *via* Bursa Securities after our Proposed Listing;

(ii) shall not buy or purchase our Shares and ICPS *via* Bursa Securities, unless subsequently he/she becomes a Sophisticated Investor; and

(iii) will only be able to deal with our securities to be offered or issued by our Company (e.g. *via* a rights issue exercise by our Company) *via* Bursa Securities after our Proposed Listing.

Save for the Qualified Market Restriction, there are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by our Constitution.

2.4.1 Shareholding structure

As at the LPD, our shareholding structure is set out below:

	Upon the Proposed Listing				**Upon Full Conversion of ICPS**			
Securities holder	**No. of Shares**	**%**	**No. of ICPS**	**%**	**No. of Shares**	**%**	**No. of ICPS**	**%**
Promoters, Directors and substantial shareholders	450,220,000	84.3	-	-	450,220,000	73.9	-	-
Non-Public holders (1)	15,262,500	2.9	2,840,000	3.8	18,102,500	3.0	-	-
Public holders (2)	68,275,000	12.8	72,480,000	96.2	140,755,000	23.1	-	-
Total	**533,757,500**	**100.0**	**75,320,000**	**100.0**	**609,077,500**	**100.0**	**-**	**-**

Notes:

(1) Comprises a Director of our subsidiaries and persons connected to our Directors.

(2) Comprises 381 public shareholders.

2.5 Purpose of Our Proposed Listing

The purpose of our Proposed Listing is to:

(i) provide a platform for our securities holders to trade their Shares and ICPS;

(ii) enable us to tap into the equity capital market for future fund raising; and

(iii) further enhance our Group's profile and corporate visibility.

2.6 Dividend Policy

As we are an investment holding company, our income and therefore, our ability to pay dividends depends on the dividends we receive from our subsidiaries. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there is no legal, financial, or economic restriction on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. However, the payment of dividends or other distributions by our subsidiaries will depend on their financial performance, distributable profits, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant.

Save for the aforementioned payment of cumulative preference dividend of 10% per annum of the ICPS issue price, we do not have a dividend policy as at the LPD. For information purposes, the cumulative preference dividend of 10% per annum was determined after taking into consideration amongst others, the annual interim payment of at least 8% for the ICT Zone Ventures Scheme and 80% of the redemption *via* issuance of securities in our Company is in the form of ICPS. In accordance with the terms of the ICPS as set out in Appendix I of this Information Memorandum, we have paid the 10% preference dividend on 20 October 2020.

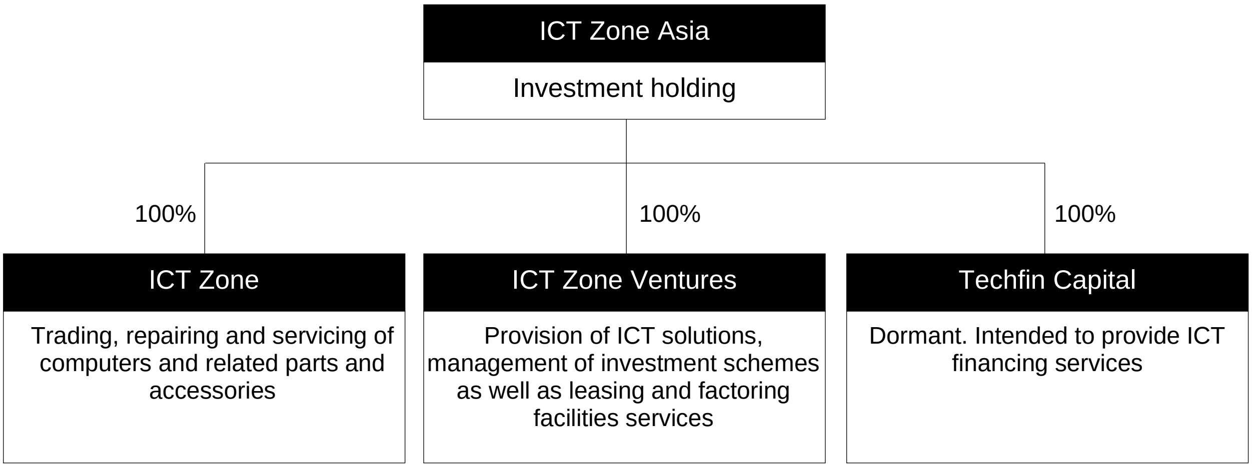
We may declare dividends by ordinary resolution of our shareholders at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. The declaration and payment of dividends will be determined at the sole discretion of our Board, subject to the approval of our shareholders. Our Board may also declare an interim dividend without the approval of our shareholders. In making their recommendations, our Board will consider, amongst other things, our retained earnings, expected future earnings, operations, cash flows, capital requirements, general business and financing conditions as well as other factors which our Board may determine appropriate, subject always to the fulfilment of the solvency test under the Act.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

3. OVERVIEW OF OUR GROUP

3.1 Group Structure

Our Group structure as at the date of this Information Memorandum is as follows:



The details of our subsidiaries as at the LPD are as follows:

Company	Date/Country of Incorporation	Date of Commencement of Business	Issued Share Capital	Effective Equity Interest
			RM	%
ICT Zone	7 September 2001/ Malaysia	26 June 2003	2,000,000	100
ICT Zone Ventures	28 January 2010/ Malaysia	28 January 2010	20,000,000	100
Techfin Capital	29 May 2007/ Malaysia	-[(1)]	200,000	100

Note:

(1) Has not commenced operations and is dormant.

3.2 Incorporation and History

We are an ICT solutions provider based in Malaysia. We rent, lease and trade ICT solutions to private corporations, as well as our Channel Partners and Strategic Partners for their onward rental, lease or sale of ICT solutions to their customers in the government associations and private corporations. Further, we also provide maintenance and technical support services to our customers to support the use of our ICT solutions.

Our history can be traced back to 2000, when our Managing Director and CEO, Lim Kok Kwang and our Non-Independent Non-Executive Chairman, Datuk Ng Thien Phing incorporated ICT Zone Holding (then known as NTP World Marketing Sdn Bhd). At that time, ICT Zone Holding was involved in the trading of audio-visual equipment to private corporations.

ICT Zone was subsequently incorporated in 2001 by our Non-Independent Non-Executive Chairman, Datuk Ng Thien Phing and another shareholder, Hoo Geok Choong (who is no longer a shareholder of ICT Zone since 2006). ICT Zone remained dormant until 2003, when our Managing Director and CEO, Lim Kok Kwang and ICT Zone Holding became shareholders. ICT Zone commenced its business in the trading and short-term rental of ICT hardware (such as computers, laptops, printers, projectors and related peripheral devices) and software (such as operating system and application software). Our customers at that time were mostly private corporations and retail consumers.

In 2004, we began to secure sales from our Channel Partners for their onward sale or rental to end-user customers in the government sector. We secured our first order from Starza Corporation Sdn Bhd, a Channel Partner to the end-user customer in the government sector in 2004. We later secured sales from other Channel Partners in subsequent years. Since then, we began to focus on expanding our customer base of private corporations and Channel Partners, and ceased selling to retail consumers. As volume from our trading of ICT solutions segment grew, we were recognised as an Appointed Reseller by one of the Principals (whom we obtain our supplies of ICT hardware), Hewlett-Packard (M) Sdn Bhd, in 2009.

Realising the opportunities in the ICT solution long-term rental business, we began to venture into long-term rental of ICT solutions. In order to facilitate this, ICT Zone Ventures was incorporated to establish, manage and operate ICT Zone Ventures Scheme in 2010. The ICT Zone Ventures Scheme provided us with the capital to finance and support our long-term rental of ICT solutions business. In the same year, some of our Channel Partners, namely Starza Corporation Sdn Bhd, Juricco Holding Sdn Bhd (then known as Belia Wawasan Holding Sdn Bhd) and Haynik Holding Sdn Bhd (then known as Haynik Mobile Venture Sdn Bhd), became our Strategic Partners when we signed strategic partnership agreements with them to provide us with the exclusive rights to finance, supply and deliver ICT solutions to end-user customers in the government sector.

Our first interest scheme, i.e. Interest Scheme 1 was launched in 2011 (details of Interest Scheme 1 are set out in Section 2.1.2 of this Information Memorandum). Approximately RM2.1 million of investments were received through Interest Scheme 1 in its first year. In 2012, we converted our Interest Scheme 1 from a conventional interest scheme to a Shariah-compliant interest scheme.

We later began leasing ICT hardware and software when we were registered with Bank Negara Malaysia to offer leasing and factoring services under Section 21(1) of the Financial Institution Act 1989 in 2013. In order to raise more capital to facilitate our leasing business segment, we launched Interest Scheme 2, a Shariah-compliant interest scheme, in 2014 (details of Interest Scheme 2 are set out in Section 2.1.2 of this Information Memorandum). Interest Scheme 2 raised RM70,000 in investments in its first year.

As the volume of ICT hardware and software that we rented, leased and traded increased, we were appointed by other Principals, including Dell Inc. and Lenovo Group Limited as their Appointed Resellers in 2014 and 2015 respectively. Our investments raised from the ICT Zone Ventures Scheme also grew, providing us with greater capital to secure more rental and leasing contracts over the years. The year-to-date cumulative investments raised as at 1 January 2019 was RM27.6 million for Interest Scheme 1 and RM6.5 million for Interest Scheme 2.

To facilitate our Proposed Listing, we set up ICT Zone Asia in 2019 to consolidate our business under the ICT Zone Asia Group. ICT Zone, ICT Zone Ventures and Techfin Capital (currently a dormant company) were acquired on 22 November 2019.

In February 2020, we launched our e-commerce platform, www.komputermurah.my, to expand our customer base to include retail consumers and third-party resellers.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

3.3 Key Milestones

The table below sets out our key milestones since the incorporation of our Group:

Year	Key Milestones / Achievements
2001	ICT Zone was incorporated
2003	ICT Zone commenced business in the trading and short-term rental of ICT solutions to private corporations and retail consumers
2004	ICT Zone began securing sales from Channel Partners, i.e. Starza Corporation Sdn Bhd
2009	We were recognised as Appointed Reseller by Hewlett-Packard (M) Sdn Bhd
2010	• We ventured into long-term rental of ICT solutions • ICT Zone Ventures was incorporated • ICT Zone Ventures signed strategic partnership agreements with Starza Corporation Sdn Bhd, Juricco Holding Sdn Bhd (then known as Belia Wawasan Holding Sdn Bhd) and Haynik Holding Sdn Bhd (then known as Haynik Mobile Venture Sdn Bhd) to become our Strategic Partners
2011	We launched Interest Scheme 1 and raised RM2.1 million of investments in the first year
2012	We converted Interest Scheme 1 from a conventional interest scheme to Shariah-compliant interest scheme
2013	We ventured into leasing of ICT hardware and software when ICT Zone Ventures was registered with Bank Negara Malaysia to offer leasing and factoring services under Section 21(1) of the Financial Institution Act 1989
2014	• We launched Interest Scheme 2 and raised RM70,000 in investments in the first year • We were recognised as Appointed Reseller by Dell Inc.
2015	We were recognised as Appointed Reseller by Lenovo Group Limited
2019	• ICT Zone Asia was formed • Acquisitions of ICT Zone, ICT Zone Ventures and Techfin Capital
2020	We launched our e-commerce platform, www.komputermurah.my

3. OVERVIEW OF OUR GROUP *(cont'd)*

3.4 Awards / Recognition

Since incorporation up to the LPD, we were accorded with the following awards / recognitions mainly from our Principals in recognition of our sales achievements:

Awards / Recognitions	Awarding Party	Year
USD3 million Dollar Achiever Award	Hewlett-Packard Limited	2019, 2018, 2016
Best Growth Commercial Partner	Lenovo Group Limited	2018/2019
Top HPS Printer Commercial Partner	Hewlett-Packard Limited	2018
Top Commercial Desktop Partner – Public Sector	Hewlett-Packard Limited	2018/2019, 2017, 2016
Top PPS Services Commercial Partner	Hewlett-Packard Limited	2017, 2016, 2012
Top Laser Jet Printer Commercial Partner (Public Sector)	Hewlett-Packard Limited	2017
Best of Commercial Partner	Hewlett-Packard Limited	2017
Top Performance Enterprise Partner (PC Group – Commercial)	Lenovo Group Limited	2015/2016
Top Commercial Notebook Partner in Public Sector	Hewlett-Packard Limited	2016
Sin Chew Business Excellence Award	Sin Chew Daily	2014
HP PPS Most Valuable Customer Program Specialist	Hewlett-Packard Limited	2013
HP PPS Managed Print Specialist	Hewlett-Packard Limited	2013
Million Dollar Award (Outstanding PPS Achievement of USD1 million)	Hewlett-Packard Limited	2013
IPG Commercial Partner Platinum	Hewlett-Packard Limited	2012

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

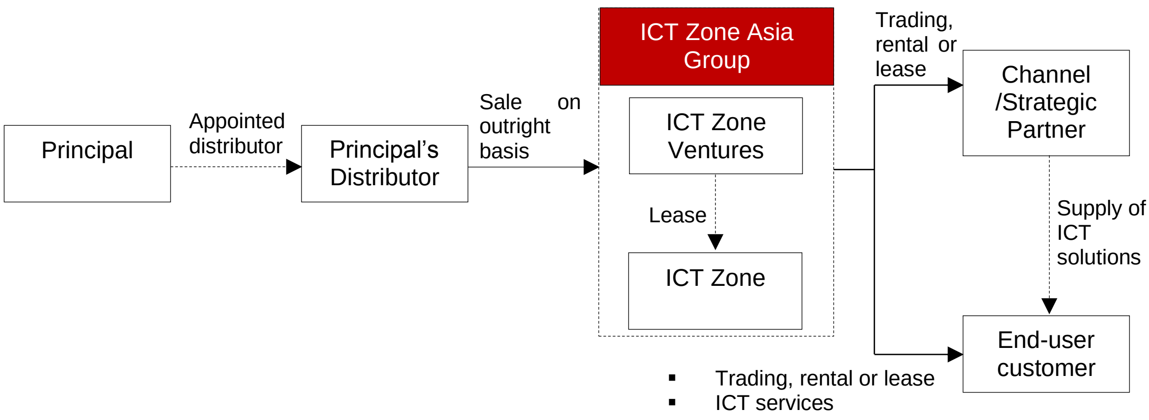
4. OVERVIEW OF OUR BUSINESS

4.1 Overview

ICT solutions generally refer to ICT hardware and software as well as ICT services. In today's technology-enabled world, most if not all corporations and organisations use ICT solutions to carry out daily operational tasks or automate and digitise their operations. Thus, various ICT hardware such as desktops, laptops, printers and projectors, as well as ICT software such as operating system and application software, are essential in business operations. ICT maintenance and technical support services are also important in supporting the use of ICT hardware and software.

We are primarily an ICT solution provider for private corporations and government associations based in Malaysia. We offer our customers the option of renting or leasing ICT solutions, apart from the conventional means of purchasing ICT solutions on an outright basis. Further, we also provide maintenance and technical support services to our customers to support the use of ICT hardware and software.

The diagram below depicts our business value chain and our business activities as an ICT solution provider to private corporations and government associations:



As an ICT solution provider, we are responsible for:

(i) sourcing ICT hardware and software products that suit our customers' needs, specifications and budgets

We source ICT hardware and software for our customers based on their needs and specifications. We typically source ICT hardware and software products that are developed by Principals with established product brands and market reputation, through the Principal's Distributors in Malaysia. We are Appointed Resellers for Hewlett-Packard Company Limited, Dell Inc. and Lenovo Group Limited, which allow us to negotiate product pricing and terms with these Principals directly.

(ii) configuring and integrating ICT hardware and software

Before we deliver ICT solutions to our customers, we usually assist our customers to configure and integrate the ICT hardware and software.

(iii) providing our customers with the option to rent, lease or purchase on an outright sale basis

We rent, lease or sell ICT solutions directly to our customers or our Channel Partners for them to rent, lease or sell to their customers. We have also signed strategic partnership agreements with some Channel Partners (whom we named as "**Strategic Partners**") for us to have the exclusive rights to finance, supply and deliver ICT solutions to their customers. Please refer to Section 4.6 of this Information Memorandum for further information on our sales channels. We also sell ICT solutions *via* our e-commerce platform, www.komputermurah.my.

(iv) providing ICT maintenance and technical support services

We also provide maintenance and technical support services to our customers to support their uses of ICT hardware and software.

4.2 Principal Activities and Revenue Model

Our Group's principal activities can be segmented as follows:

(i) leasing of ICT hardware and software;

(ii) trading of ICT solutions;

(iii) rental of ICT solutions; and

(iv) provision of ICT services.

The following diagram is a summary of our Group's business segments:

Principal activities	Revenue model	Products/services	Customer
Leasing of ICT hardware and software	Leasing fee	• ICT hardware • ICT software	• Private corporations • Channel Partners and Strategic Partners • Retail consumers
Trading of ICT solutions	Transaction-based revenue		
Rental of ICT solutions	Rental fee	• ICT hardware • ICT software • ICT services	
Provision of ICT services	Service fee	• Maintenance • Technical support	

(i) Leasing of ICT hardware and software

We receive a monthly leasing fee from our customers for ICT hardware and software sold on a leasing model whereby these leasing fees do not include provision of ICT services to our end-user customers. The tenure for these contracts is typically between 3 to 5 years. The leasing of ICT solutions does not include any ICT services. This also includes disposal of assets returned upon expiry of the lease.

(ii) Trading of ICT solutions

We record sales from the trading of ICT solutions directly and through our e-commerce platform. These sales are transaction-based in nature and typically do not include ICT maintenance and technical support services. The product warranty for newly procured ICT solutions are provided by the Principals while 1-month product warranty for refurbished ICT solutions are provided by us.

(iii) Rental of ICT solutions

We charge a rental fee for renting ICT hardware and software directly to our customers or to our Channel Partners or Strategic Partners for their onward rental to their customers whereby these rental fees include provision of ICT services to our end-user customers. We provide both short-term rental (i.e. tenure is less than 6 months) and long-term rental (i.e. tenure is between 6 months and 5 years).

(iv) Provision of ICT services

We obtain maintenance and service fees from providing ICT maintenance, including corrective and preventive maintenance as well as technical support services to our customers to support their uses of ICT hardware and software.

4.3 Products and Services

Our ICT solutions comprise ICT hardware and software as well as ICT services. The types of ICT solutions we offer are as illustrated below:

ICT hardware	ICT software	ICT services
We provide ICT hardware such as computers, laptops, printers, projectors and related peripheral devices, sourced from Principals	We provide the following types of software which are normally bundled with ICT hardware and are sourced from Principals: - Operating system - Antivirus and other computer security software - Application software - Device management software	We provide: - periodic and corrective maintenance services - technical support in the case of technical issues

4.4 Our Competitive Strengths

We believe that the following competitive strengths underpin our successes and prospects:

(i) We have an established network of Principals and Principals' Distributors

We source ICT hardware and software from multinational ICT hardware manufacturers and software developers such as Hewlett-Packard Company, Dell Inc. and Lenovo Group Limited. These Principals are highly reputable in the global ICT market and the ICT solutions sourced from them are well-accepted by our customers.

We have been sourcing sizable volumes of ICT hardware and software from these Principals through the Principals' Distributors for the past 17 years. As a result, Hewlett-Packard Company, Dell Inc. and Lenovo Group Limited have appointed us as their Appointed Reseller. These recognitions enable us to negotiate competitive pricing and terms with these Principals directly. Also, our close working relationship with these Principals provide us with insights into the latest ICT trends and thus, facilitate us in meeting market demand.

(ii) We offer a comprehensive range of products and services

We offer a comprehensive range of ICT solutions from various Principals and financing options for the purchase of ICT solutions. We believe this provides our customers with the following benefits:

(a) Options to finance the purchase of ICT solutions

Medium to large corporations and government associations typically have more than 500 employees. As such, the capital investment for ICT solutions for all of its employees can amount to a large sum. For illustrative purposes, a company would have to invest at least RM1.5 million on ICT solutions for 500 employees assuming a budget of RM3,000 per employee. We do not only offer our customers the option of purchasing ICT solutions on an outright sale basis. They may also rent or lease these ICT solutions from us based on their budget, financial resources and needs, which lower their upfront capital investment.

(b) Benefits in dealing with a single solution provider

Customers can procure a range of ICT solutions from us, as opposed to sourcing from separate vendors. We offer our customers the benefit of convenience, particularly in handling orders, delivery, integration and compatibility, maintenance and technical support services. By sourcing ICT services from us, our customers also reduce their operational costs and time dedicated to maintenance or repair of these ICT solutions.

Through our wholly-owned subsidiary, namely ICT Zone Ventures, we provide leasing to our customers for their purchase of ICT hardware and software. As such, our customers are able to source financing and procure ICT solutions from us as a single solution provider. As we are able to offer ICT solutions and provide financing at the same time, we also possess advantage to offer competitive financing rates and shorter processing time.

(c) Sourcing of suitable ICT solutions

As we are not exclusively distributing any particular brand or range of products, we can consult our customers and provide ICT solutions which are ideal for their needs and business size, while taking into account their budget.

(iii) We have the technical know-how and experience in providing ICT solutions

We have the technical know-how and experience in renting, leasing and trading of ICT solutions to our customers, which we have accumulated since the commencement of our business in 2003. We are thus familiar with the ICT needs and requirements of private corporations and government associations. As such, we can propose optimal ICT solutions in terms of product types, brands and specifications and financing requirements. We can also anticipate any ICT services required and can thus respond to our customers' needs promptly.

Over the years, we have also built a network of stakeholders in the ICT industry, including Principals, Principals' distributors, Channel Partners and Strategic Partners, as well as other ICT industry players. This allows us to negotiate pricing and terms with Principals and/or Principals' Distributors, work with our Strategic Partners to develop proposals for their potential customers (who in turn are our end-user customers), as well as gain insights into latest industry trends and challenges and potential customers' track records in the ICT industry.

We believe our technical know-how and experience have enabled us to establish our Group's track record and credentials in Malaysia. We believe our market reputation will support our Group's future growth and expansion plans, thus ensuring our continued sustainability.

(iv) We have an experienced and committed management and technical team

We have been operating our business for the past 17 years, and we are led by an experienced and committed Board and management team. Our management team has extensive experience across a broad spectrum of business activities, from operations to finance to sales and marketing. Their experience, drive and passion for our business have been instrumental to our Group's vision and growth strategies.

Further, our management team is supported by a strong technical team. Our technical team enables us to have a comprehensive understanding of our customers' business and industry requirements, thus facilitating us in adding value to our customers.

4.5 Quality Assurance and Control ("QA/QC")

We acknowledge the importance of providing quality ICT solutions to customers. We generally source our ICT hardware and software from reputable Principals. Reputable Principals generally undertake the necessary QA/QC procedures to maintain their market reputation, and they are generally responsible for providing warranties for any defects relating to their ICT hardware and software.

We also undertake the following QA/QC procedures to minimise any disputes with our customers:

(i) Pre-delivery QA/QC procedures

We undertake quality checks before the delivery of ICT solutions to ensure the ICT hardware and software are in accordance to the specifications and quantity ordered, is supplied with a warranty and that there is no physical damage to the ICT hardware.

(ii) Post-delivery and installation QA/QC procedures

Save for sales to Channel Partners and Strategic Partners, we carry out a UAT together with our customers upon delivery of the ICT solutions and our customers will then sign-off the Certificate of Acceptance.

4.6 Sales Channels and Marketing Strategies

Our sales team is based at our headquarters in Ampang, Kuala Lumpur. Our customers include private corporations as well as Channel Partners and Strategic Partners. These Channel Partners and Strategic Partners serve both government associations and private corporations.

We generate sales through the following 3 approaches:

(i) Direct approach

The direct approach entails sales or marketing activities which are carried out in-house and targeted directly at end-user customers.

Under the direct approach, our sales team has 2 primary objectives, i.e. to promote the sale of our ICT solutions to prospective end-user customers, and to build and maintain business partnerships with Channel Partners as well as end-user customers. As at the LPD, we have 6 sales representatives in our sales team.

(ii) Strategic Partners and Channel Partners

We mainly sell our ICT solutions through Channel Partners as we can leverage on:

(i) their network of customers primarily in the government sector; and

(ii) their resources to provide maintenance and technical support services to their customers for our leasing of ICT hardware and software transactions, thus allowing us to deploy our resources to other customers.

In turn, Channel Partners opt to procure ICT solutions from us due to the benefits we are able to offer as a single solution provider. As we are a single solution provider, they are able to source financing and procure ICT solutions from us, thus allowing them to offer their network of end-user customers the option to rent or lease ICT solutions. We also train all Channel Partners to fully understand the range of ICT solutions we offer to enable them to anticipate, estimate and respond to end-user customers' needs with appropriate and relevant ICT solutions.

We have signed strategic partnership agreements with 3 of the Channel Partners to promote and resell ICT solutions to end-user customers and have thereby named them as Strategic Partners. In addition to the above arrangements, we also work closely with the Strategic Partners to establish pricing arrangements before the Strategic Partners secure contracts with their customers.

The salient terms of the partnership agreements with the Strategic Partners generally include the following:

(i) we are responsible to provide the Strategic Partners with ICT solutions and if required, financing services. Meanwhile, the Strategic Partners are responsible for the marketing and securing of orders from their customers;

(ii) the Strategic Partners will provide us with the exclusive rights to finance, supply and deliver ICT solutions to their customers. Nevertheless, we do not have to exclusively provide our services to the Strategic Partners;

(iii) the Strategic Partners have the responsibility to ensure that the periodic rental or lease payments for the use of ICT solutions are paid directly to us. In certain cases where the Strategic Partners are able to negotiate and secure higher rental or lease payments from their customers, the Strategic Partners will receive and/or retain a mutually agreed percentage of the rental or lease payments paid by their customers; and

(iv) the agreements are in force until terminated by mutual agreement.

(iii) E-commerce platform

Since February 2020, we have begun marketing ICT hardware *via* our e-commerce platform, www.komputermurah.my.

We organise and participate in events to meet new customers and keep abreast with latest market trends. The events that we have participated in 2018 up to the LPD are as follows:

Events	Location
2018	
CIMB Bank Berhad - Sin Chew Business Forum	Kuala Lumpur, Malaysia
Productivity Nexus ICT Round Table Discussion	Kuala Lumpur, Malaysia
HP South East Asia First Forum	Kuala Lumpur, Malaysia
HP APJ Partner Advisory Council Meeting	Kuala Lumpur, Malaysia
HP Worldwide Partner Advisory Board Meeting	Las Vegas, the United States of America
Share Structure Workshop	Kuala Lumpur, Malaysia
Ingram Micro One Forum Asia Pacific 2018	Singapore
HP Worldwide Partner Advisory Board Meeting	Barcelona, Spain
Canalys Channels Forum Asia Pacific 2018	Hong Kong
2019	
HP Reinvent: World Partner Forum 2019	Houston, the United States of America
HP Worldwide Partner Advisory Board Meeting	Houston, the United States of America
HP APJ PC Services Advisory Council (SAC) members Meeting	Houston, the United States of America
Lenovo SMB Core Channel Advisory Event	Kuala Lumpur, Malaysia
Dell Technologies World Forum 2019	Las Vegas, the United States of America
2020	
HP GA Leadership Council Meeting	- (1)
HP Reinvent: Virtual Partner Forum 2020	- (1)
Dell FY21 Partner Business Conference	- (1)

Note:

(1) Attended via virtual platform.

4. OVERVIEW OF OUR BUSINESS *(cont'd)*

4.7 Major Customers

The top 5 customers contributing to our Group's revenue for the FYE 31 January 2019 and FYE 31 January 2020 respectively are as follows:

Customer	FYE 31 Jan 2019	Average Length of Business Relationship	Principal Activity
	%		
Starza Corporation Sdn Bhd	41.5	16	Supplying stationery, supply and rental of computer product and accessories, training programmes, construction and building materials, furniture and fertiliser
Juricco Holding Sdn Bhd	23.1	12	Supplying and renting of computer equipment
Haynik Holding Sdn Bhd	21.2	11	Computer system consultancy and information technology solution provider
Innovation Oilfield Solutions Sdn Bhd	1.8	1	Oil & gas ICT and manpower consultancy company
Malaysia Airline Berhad	1.2	4	Air transportation and the provision of related services
Total contribution	**88.8**		

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Customer	FYE 31 Jan 2020	Average Length of Business Relationship	Principal Activity
	%		
Starza Corporation Sdn Bhd	47.2	16	Supplying stationery, supply and rental of computer product and accessories, training programmes, construction and building materials, furniture and fertiliser
Juricco Holding Sdn Bhd	16.7	12	Supplying and renting of computer equipment
Haynik Holding Sdn Bhd	8.9	11	Computer system consultancy and information technology solution provider
ExportXcel Sdn Bhd	4.6	5	Business as distributor and wholesaler of computer peripheral, parts and accessories
Malaysia Marine & Heavy Engineering Sdn Bhd	2.9	5	Marine repair and conversion oil and gas engineering and construction works
Total contribution	**80.3**		

We have mutually beneficial and interdependent business relationships with our Strategic Partners. Pursuant to the terms of the strategic partnership agreements (as detailed in Section 4.6 of this Information Memorandum), we leverage on Strategic Partners' continued support in distributing and promoting our ICT solutions through our exclusive rights to finance, supply and deliver ICT solutions to their customers. Meanwhile, our Strategic Partners rely on us to provide:

(i) a comprehensive range of ICT solutions with options to finance their purchase through renting or leasing with us;

(ii) leasing and rental of ICT hardware and software to their customers, if required; and

(iii) competitive pricing to their customers as we are able to negotiate pricing and terms directly with the Principals as we are the Appointed Resellers of several established Principals.

As at the LPD, we are serving 58 end-user customers in government associations through our Strategic Partners.

We have built good working relationships with our Strategic Partners, having had more than 11 years of business relationships with them. Our Strategic Partners work closely with us to establish pricing arrangements before securing contracts with their customers in order to take into account any changes in prices of ICT hardware and software provided by the Principals on a timely basis in their quotations to their customers.

4.8 Major Suppliers

The top 5 suppliers contributing to our Group's purchases for the FYE 31 January 2019 and FYE 31 January 2020 respectively are as follows:

Supplier	FYE 31 Jan 2019	Average Length of Business Relationship	Principal Activity
	%		
Innovix Distribution Sdn Bhd	33.6	14	Distribution and marketing of computer and computer related products and the provision of installation and maintenance services
Ingram Micro Malaysia Sdn Bhd	23.2	13	Sales of computer hardware, software and peripherals as well as distribution of wireless devices and provision of outsourced logistic services
M-Link System (M) Sdn Bhd	8.4	16	Dealing in computers and related parts
Hitachi Capital Malaysia Sdn Bhd	3.4	3	Provision of hire purchase financing, leasing, debt factoring and services of an insurance agent
Prestariang Systems Sdn Bhd	3.1	2	Providing ICT training and certification, and software license distribution and management
Total contribution	**71.7**		

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Supplier	FYE 31 Jan 2020	Average Length of Business Relationship	Principal Activity
	%		
Innovix Distribution Sdn Bhd	56.0	14	Distribution and marketing of computer and computer related products and the provision of installation and maintenance services
Ingram Micro Malaysia Sdn Bhd	21.4	13	Sales of computer hardware, software and peripherals as well as distribution of wireless devices and provision of outsourced logistic services
M-Link System (M) Sdn Bhd	6.4	16	Dealing in computers and related parts
SNS Network (M) Sdn Bhd	4.0	2	Trading in computer hardware and software, provision of information technology solutions and computer maintenance services
Hitachi Capital Malaysia Sdn Bhd	3.3	3	Provision of hire purchase financing, leasing, debt factoring and services of an insurance agent
Total contribution	**91.1**		

While we purchase ICT hardware and software from the above suppliers in bulk to obtain relatively competitive prices, we are not materially dependent on any one of them. We can source similar ICT solutions from any supplier other than the major suppliers above.

We also work with Hitachi Capital Malaysia Sdn Bhd, on project basis, to finance the rental and lease of ICT solutions to our end-user customers. We are not reliant on Hitachi Capital Malaysia Sdn Bhd for the provision of financing for rental or leasing of ICT solutions as we are able to secure other external sources of funds as well as rely on our internal sources of funds as detailed in Section 9.11 of this Information Memorandum.

4.9 Seasonality

We do not experience any fluctuations due to seasonality or cyclicality in our business.

4.10 Approvals, Licences and Permits

As at the LPD, our Group has obtained all approvals, licences and permits necessary for our business operations. The details of our approvals, licenses and permits are as follows:

Company	Issuing Authority	Effective Date/ Expiry Date	Type of Licence/ Permit/ Approval/	Salient Conditions	Status of Compliance
ICT Zone Ventures	Majlis Perbandaran Ampang Jaya	23 December 2019/ 31 December 2020	(i) *Pejabat Urusan* (ii) *Iklan sinar* (iii) *Sticker (SR)*	*Lesen ini hendaklah dipamerkan sentiasa di premis yang dilesenkan*	Active and complied with

4.11 Intellectual Property Rights

As at the LPD, there are no intellectual properties or rights registered by our Group.

4.12 Properties

4.12.1 Own properties

As at the LPD, we own the following properties:

Address	Existing Use	Category of Land Use	Tenure
Block B, Excella Business Park, Jalan Ampang Putra, Taman Ampang Hilir, 55100 Ampang, Selangor Darul Ehsan [(1)]	Business premise, currently rented to a third-party and a related party	Commercial building	99 years
4-G & M, Jalan Hentian 1A, Pusat Hentian Kajang, 43000 Kajang, Selangor Darul Ehsan	Currently rented to a third-party	Commercial building	Freehold
5-G & M, Jalan Hentian 1A, Pusat Hentian Kajang, 43000 Kajang, Selangor Darul Ehsan	Currently rented to a third-party	Commercial building	Freehold

Note:

(1) *Has a total built-up area of approximately 27,125 square feet and is currently pledged to a licensed financial institution to secure our banking facilities.*

4.12.2 Rental properties

As at the LPD, we have rented the following properties for our operations:

Landlord	Address	Built-up area	Existing Use	Monthly Rental	Tenancy Period
		sq ft		RM	
Kong Lee Eng Sdn Bhd	Ground Floor, Block H, Excella Business Park, Jalan Ampang Putra, Taman Ampang Hilir, 55100 Ampang, Kuala Lumpur	2,626	Office	4,200	From 1 April 2020 till further notice
Carmine Holdings Sdn Bhd	Ground Floor Block E (Unit E-G), Excella Business Park, Jalan Ampang Putra, Taman Ampang Hilir, 55100 Ampang Kuala Lumpur	2,011	Office	4,900	2 years from 1 November 2020 to 31 October 2022
Splendid Bay Sdn Bhd	Basement Car Park Floor located below Block B, Excella Business Park	800	Storage	1,400	2 years from 1 April 2019 to 31 March 2021
Splendid Bay Sdn Bhd	Basement Car Park Floor located below Block E, Excella Business Park, Jalan Ampang Putra, Taman Ampang Hilir, 55100 Ampang Kuala Lumpur	1,690	Storage	2,000	2 years from 1 April 2019 to 31 March 2021

4.13 Business Strategies and Future Plans

The following strategies illustrate the means to strengthen our position as an ICT solution provider in Malaysia by leveraging on our competitive strengths:

(i) We intend to expand our revenue stream from device management software and computer security software

We recognise the growing need for corporations and associations to monitor the usage and status of ICT solutions to effectively manage their assets and avoid any potential operational disruptions. We also acknowledge the need for customers' assurance of permanent data removal from ICT hardware after the rental period is completed or the device is disposed.

We believe these products, which will be procured from third-party providers, will add value to our existing ICT solutions as they enable us to offer our customers the ability to better manage and monitor the ICT solutions rented, leased or procured from us. As an illustration, device management software can identify any potential technical issues with an ICT hardware and alert users to make the necessary ICT hardware replacement if required.

Meanwhile, the computer security software will assist us to provide our customers with added assurance of permanent data removal of all ICT solutions through a certified and secured data removal process before its usage in a company is terminated as compared to the current process of reformatting all ICT hardware after the expiry of the rental/leasing period.

As such, we have been creating awareness of the benefits of device management software and computer security software to our Channel Partners and Strategic Partners to gauge the market acceptance of these products. Moving forward, we intend to grow our revenue stream from these products by actively marketing to both our existing and potential end-user customers. In particular, we will be marketing these products to private corporations such as SMEs and large corporations.

We also intend to undertake online advertising and set up a dedicated website to promote these products. Further, we plan to organise events and participate in events to create awareness of these products. The cost for these marketing activities over the span of 1 year is expected to be approximately RM50,000, which will be funded *via* internally generated funds. We intend to carry out the abovementioned activities by the first half of 2021.

(ii) We intend to offer our new and existing customers a new option for financing ICT solutions

We presently offer our customers the option to rent, lease or purchase ICT solutions. Moving forward, we intend to enable the purchase of ICT solutions through factoring financing. Factoring financing refers to short-term financing offered by our Group to finance invoices relating to ICT solutions purchases by our customers. Through our past experience in the ICT industry, we understand that our Channel Partners commonly face cash flow constraints when acquiring ICT solutions for their onward sale to their customers. With factoring financing, we will be able to provide capital to our Channel Partners and Strategic Partners for the purchase of ICT solutions. This would also benefit our trading segment as it will ease the outright purchase of ICT solutions.

We are currently finalising our arrangements with stakeholders such as financial institutions as well as our Channel Partners and Strategic Partners to facilitate this new business model. We plan to finalise the arrangements and launch this business model before the end of 2022.

(iii) We intend to grow sales on our e-commerce platform

On 16 February 2020, we launched our e-commerce platform, www.komputermurah.my, and have generated sales of approximately RM0.4 million up to the LPD. Subsequent to the launch, we have optimised our back-end operational activities in terms of payment gateway solutions and logistics to improve customer experience.

We acknowledge e-commerce as an effective means to reach out to the mass market and we believe that we can leverage the potential of the e-commerce industry to expand our business. According to the IMR report by PROVIDENCE, the e-commerce market in Malaysia has illustrated healthy growth. The e-commerce market size in Malaysia, as depicted by e-commerce transaction values in the country, increased from RM195.1 billion in 2015 to RM268.6 billion in 2019 at a CAGR of 8.3%. The e-commerce market is expected to continue to grow in light of growing broadband penetration, proliferation of mobile devices, increased acceptance of digital payments, change in consumer lifestyle trends, rising income levels over the long-term, improved logistics infrastructure and favourable government initiatives.

As such, we intend to grow sales from our e-commerce platform by intensifying our marketing efforts to promote our e-commerce platform. To this end, we will be investing in online advertising activities to increase traffic to our e-commerce platform. We also intend to expand our sales team to include 2 new personnel by the end of 2020, who will be responsible for growing sales from this e-commerce platform. The estimated cost for these online advertising activities over the span of 1 year are approximately RM50,000, which will be funded *via* internally generated funds.

Our e-commerce platform will allow us to capitalise on refurbished ICT hardware after expiry of the leasing and rental contracts. Further, our e-commerce platform will allow us to diversify our end-user customer base not just to include private corporations, government organisations and Channel Partners, but also retail consumers and third-party resellers.

4.14 Prospects

Our Board is of the view that we will continue to enjoy favourable prospects in the long term, providing rental, leasing and trading of ICT solutions in Malaysia on the back of our historical track record, competitive strengths (as detailed in Section 4.4 of this Information Memorandum) and the growing ICT solution industry in Malaysia.

According to the IMR report by PROVIDENCE, the ICT solution trading industry size, as depicted by sales of ICT solutions in the country), grew from RM27.9 billion in 2016 to an estimated RM34.7 billion in 2019 at a CAGR of 7.5%. Meanwhile, the ICT solution rental and leasing industry in Malaysia, as measured by industry revenue of ICT solution providers providing ICT rental and leasing in the country, grew from RM1.5 billion in 2016 to an estimated RM1.6 billion in 2019, at a CAGR of 2.2%. Moving forward, the ICT solution trading industry as well as ICT solution rental and leasing industry in Malaysia is expected to grow at CAGRs of 7.0% and 2.7% respectively, between 2020 and 2022.

The growth of the ICT solution industry in Malaysia is expected to be driven by the:

(i) digitalisation of the economy, where the increasing adoption and utilisation of ICT solutions in carrying out day-to-day operational tasks across various economic sectors will increase demand for ICT solutions;

(ii) rapid pace of technological evolution such as big data, artificial intelligence and IoT will not only lead to an increase in ICT solutions with larger capacities to keep up with the growth in digital data stored as well as ICT solutions with higher processing capabilities;

(iii) adoption of cloud computing will increase the demand for ICT solutions from data centre and cloud computing providers;

(iv) Government initiatives to encourage digitalisation among businesses will drive demand for ICT solutions;

(v) growing number of companies will indicate a constant increase in demand; and

4. OVERVIEW OF OUR BUSINESS *(cont'd)*

(vi) the corporations and organisations' interest to shift from capital expenditure to operational expenditure model which is expected to benefit from the reduced upfront investments for ICT solutions.

(Source: IMR Report by PROVIDENCE)

Our Group intends to leverage on our existing customer base to expand our revenue stream from device management software and computer security software. Further, our Group also intends to capture future growth opportunities by offering corporations and organisations factoring financing of ICT solutions. This will allow potential customers to finance their assets, namely ICT hardware, to purchase newer ICT solutions. We believe this to be an attractive proposition to corporations and organisations seeking to reduce initial upfront investments on ICT solutions. In addition, our Group also intends to grow our e-commerce platform, namely www.komputermurah.my, which would target retail consumers and third-party resellers. In light of the growing e-commerce market in Malaysia, as highlighted in the IMR report by PROVIDENCE, we acknowledge e-commerce as an effective means to reach out to retail consumers and third-party resellers, to expand our business.

The recent COVID-19 pandemic had led to the implementation of national lockdown policies in many countries, including Malaysia. In Malaysia, the Movement Control Order ("**MCO**"), which was implemented in March, entailed the closure of all Government and private premises except those involved in essential services (water, electricity, energy, telecommunications, postal, transportation, irrigation, oil, gas, fuel, lubricants, broadcasting, finance, banking, health, pharmacy, fire, prison, port, airport, safety, defence, cleaning, retail and food supply). The subsequent transition to Conditional MCO in May and Recovery MCO in June provided some relief to corporations as they were allowed to operate, though at a limited capacity. Although Conditional MCO and Enhanced MCO are implemented in October in several states and territories including Kuala Lumpur, Selangor, Putrajaya, Penang and Sabah due to a resurgence in number of new COVID-19 cases, the corporations are still allowed to operate at a limited capacity and are subject to travel restrictions in the relevant areas.

As mentioned in the IMR report by PROVIDENCE, the COVID-19 pandemic played a part in driving the Digital Economy. Many corporations have implemented work-from-home policies during the MCO, Conditional MCO, Recovery MCO and Enhanced MCO periods, which gave rise to the use of digital tools to enable file sharing, virtual video and audio teleconferencing as well as project management tools. Our Group benefitted from the accelerated shift towards the Digital Economy and is expected to continue benefiting as ICT solutions become increasingly essential in carrying out daily operational tasks.

Thus, in the short-term, we do not foresee any material adverse impact from the COVID-19 pandemic on our financial performance, liquidity position and business operations.

Against this backdrop, we seek a listing on the LEAP Market of Bursa Securities to facilitate our future growth and strengthen our position as an ICT solution provider in Malaysia.

(Source: Our Management)

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5. IMR REPORT

PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, The Suites, Jaya One, No. 72A,
Jalan Universiti, 46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 6 November 2020

The Board of Directors
ICT ZONE ASIA BERHAD
Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan

Dear Sirs,

IMR Report on the Information Communication Technology ("ICT") Solution Industry and E-commerce Market in conjunction with the Proposed Listing of ICT ZONE ASIA BERHAD on the LEAP Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this IMR report on the ICT Solution Industry and E-commerce Market for inclusion in the Information Memorandum of ICT Zone Asia Berhad.

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

For and on behalf of PROVIDENCE:

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 more than 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.

1 OVERVIEW OF THE ICT SOLUTION INDUSTRY IN MALAYSIA

INTRODUCTION

ICT solutions refer to a collection of hardware and software as well as maintenance and technical support services.

ICT solutions have become increasingly important in organisations ranging from private businesses to government agencies, as dependency on technology continues to grow. The implementations of these solutions have often been essential for companies to run their day-to-day business operations, as well as perform transactions with customers and suppliers.

The ICT solution industry in Malaysia typically operates on the following business models:

(i) **Trading** – refers to the outright retail sale of ICT solutions or its components; or
(ii) **Rental/leasing** – refers to the rental or lease of ICT solutions or its components.

The ICT solution trading industry consists of solution providers carrying out the outright sale of ICT solutions. These solution providers include manufacturers and developers of ICT brands such as Dell Inc., Hewlett Packard Company, Lenovo Group Limited and Microsoft Corporation, as well as their appointed distributors and third-party resellers.

In contrast, the ICT solution rental and leasing industry consists of solution providers renting or leasing ICT solutions (or its components). Both ICT solution rental and leasing are bound by an agreement, which will stipulate the monthly or periodic payment required. There are 2 types of ICT solution rental agreements, i.e. short-term (where the tenure is less than 6 months) and long-term (where the tenure is more than 6 months). ICT services (such as maintenance and technical support services) are typically provided throughout the tenure of a rental agreement. Meanwhile, ICT solution leasing refers to the lease of ICT solution components (i.e. hardware and/or software), where the customer or lessee uses the ICT hardware and/or software for a specified period without any transfer of ownership rights of the ICT hardware and/or software. Typically, ICT hardware and/or software leasing agreements do not include the provision of ICT services.

ICT solution rental and leasing has been gaining popularity as it eliminates the need for heavy upfront investments. This thus allows corporations and organisations to lower operational risks and free up capital for their business expansion strategies. In addition, ICT solution short-term rental is suitable for businesses and organisations conducting events and meetings on an infrequent basis.

ICT Zone Asia Group is an ICT solution provider involved in the leasing, trading and rental of ICT solutions and its components in Malaysia. This IMR report will thus include ICT solution providers involved in the ICT solution trading as well as ICT solution rental and leasing.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

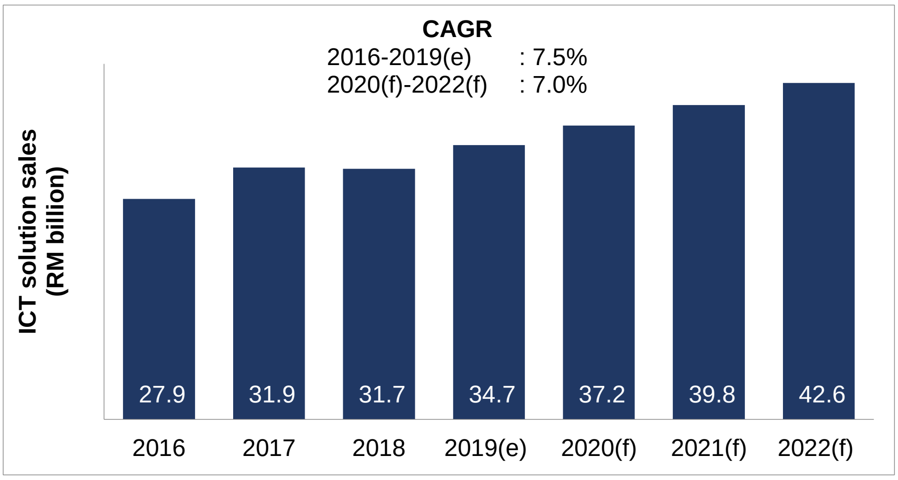
INDUSTRY PERFORMANCE, SIZE AND GROWTH

The overall ICT solution industry comprise both ICT solution trading as well as ICT solution rental and leasing industry sub-segments.

The ICT solution trading industry size in Malaysia is depicted by the sales of ICT solutions in the country. The industry grew from RM27.9 billion in 2016 to an estimated RM34.7 billion in 2019 at a CAGR of 7.5%. Moving forward, the ICT solution trading industry in Malaysia is forecast to grow by a further CAGR of 7.0%, from an estimated RM37.2 billion in 2020 to RM42.6 billion in 2022.

Meanwhile, the ICT solution rental and leasing industry in Malaysia, as measured by industry revenue of ICT solution providers offering ICT rental and leasing in the country, grew from RM1.5 billion in 2016 to an estimated RM1.6 billion in 2019 at a CAGR of 2.2%. Moving forward, the ICT solution rental and leasing industry in Malaysia is forecast to grow by a further CAGR of 2.7% to reach an estimated RM1.9 billion in 2022.

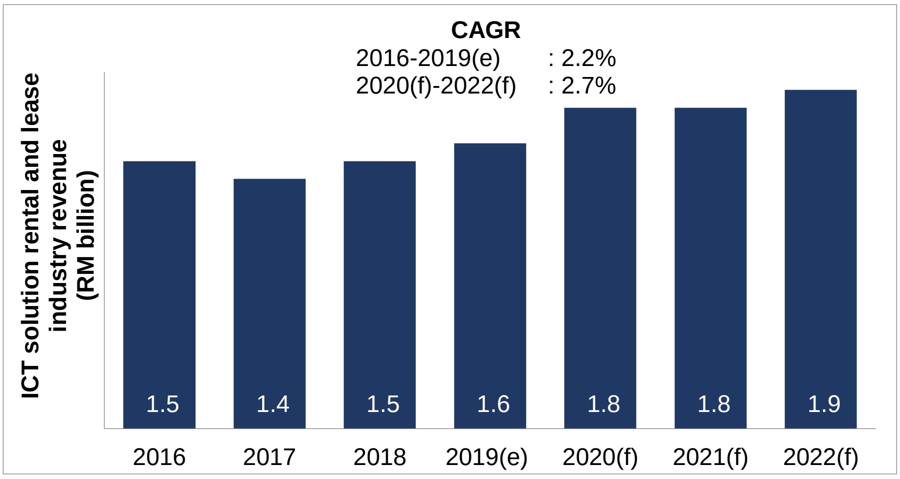
ICT solution trading industry size in Malaysia



Notes:
(i) (e) – estimate
(ii) (f) – Forecast

Source: Gartner Inc., PROVIDENCE analysis

ICT solution rental and lease industry size in Malaysia



Notes:
(i) The industry size is calculated based on revenue of identified industry players and may include revenue from business activities that are not related to ICT solution rental and leasing
(ii) (e) – estimate
(iii) (f) – Forecast

Source: Companies Commission Malaysia, PROVIDENCE analysis

KEY DEMAND DRIVERS

The digitalisation of the economy will drive the need for ICT solutions

The digitalisation of the economy is known as the "Digital Economy", which refers to the increasing adoption and utilisation of ICT solutions in carrying out day-to-day operational tasks across various economic sectors in order to improve efficiency and facilitate globalisation. The pervasive impact of the Digital Economy can be observed throughout various economic sectors including the banking sector (where cash based transactions have shifted to online based transactions), manufacturing sector (where manual operations can now be automated or remotely controlled) and retail sector (where stores are no longer limited to physical outlets but also e-commerce platforms). In Malaysia, the contribution of the Digital Economy to the country's GDP has grown from 18.2% in 2016 to 18.5% in 2018.[1]

The COVID-19 pandemic has also played a part in driving the Digital Economy. In order to curb the spread of COVID-19, national lockdown measures were imposed globally, including in Malaysia, and this forced corporations and organisations to adapt to work-from-home arrangements. Thus, ICT solutions such as file sharing, messaging platforms, video conferencing and project management tools became a necessity in facilitating collaboration.

The Digital Economy is expected to expand in the country and as such, ICT solutions will become increasingly essential in carrying out daily operational tasks.

The rapid pace of technological evolution creates a need for enterprises to upgrade their ICT solutions

The evolution of the ICT sector which has given rise to technological concepts such as big data, artificial intelligence and IoT is leading to a shift in the way businesses are operated today. Big data refers to the technology of managing and processing large data sets within a short time frame. Meanwhile, artificial intelligence describes technology that can turn data analysis into meaningful solutions. The IoT refers to a network of devices and sensors that are able to communicate and transfer data between them and other parties in a seamless manner.

Under the 11th Malaysia Plan, the Government of Malaysia (herein referred to as "**the Government**") has announced several initiatives to grow these technologies within Malaysia. The National IoT Strategic Framework estimates that the market for IoT in Malaysia will reach RM9.8 billion in 2020. Meanwhile, the Government intends to accelerate the adoption of big data through the National Big Data Analytics Framework which would spur demand for big data in all sectors, catalyse adoption of big data in the public sector and build the big data industry in Malaysia. This will be undertaken through data science programmes conducted by local and foreign universities and data science institutes, as well as upskilling talent in Malaysia in this area.

With the use of IoT, big data and artificial intelligence in critical business operations, data recorded digitally is expected to grow accordingly. This illustrates a continuous need for corporations and organisations to obtain ICT solutions with larger capacities in order to keep up with the increasing volume of digital data, especially for storage of backup data. The adoption of these technologies in corporations and organisations will lead to an increase in demand for ICT solutions with higher processing capabilities.

[1] Source: Department of Statistics, Malaysia

Increasing adoption of cloud computing is expected to lead to a growth in demand for ICT solutions from data centres

Cloud computing is the practice of using a network of remote servers hosted in a data centre to store, manage and process data. Cloud computing is expected to gain momentum as it provides corporations and organisations the benefit of reducing high upfront capital investments for ICT solutions through the use of subscription-based hardware (known as infrastructure-as-a-service) and software (known as software-as-a-service).

The lower upfront capital investments for cloud computing increases the affordability of storage space for SMEs as well as large corporations as it operates on a pay-per-use model. As affordability increases, storage space requirements are expected to grow accordingly. As such, demand for ICT solutions from data centre and cloud computing providers is expected to grow.

Government initiatives to encourage digitalisation among businesses, which will drive demand for ICT solutions

The Government also launched the Industry Digitalisation Transformation Fund, offering RM3 billion worth of loans with an interest subsidy of 2% for all Malaysian companies interested to digitalise their businesses, in an effort to transform the country to a preferred location for high tech manufacturing. The fund aims to accelerate adoption of new technology including artificial intelligence, automation, big data and robotics among Malaysian companies.

The National Fiberisation and Connectivity Plan 2019-2023 will provide a favourable environment for the digitalisation of businesses, as it aims to provide higher quality broadband at lower prices and improve connectivity throughout the country. This will have a positive impact on digitalisation, as high-quality digital connectivity is crucial to create and share digital data.

Recognising the high demand for online government services, the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) has launched initiatives that have boosted digital delivery and operations of basic services, with approximately 87.0% of government services available online. To further improve public service delivery, the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) also developed an ICT Strategic Plan (ISP) 2016-2020 that outlines the strategic direction of ICT implementation in the public sector.

Further, in an effort to cushion the headwinds arising from the COVID-19 pandemic, the Government also announced several initiatives including providing grants and loans to eligible enterprises under the SME Digitalisation Matching Grant totalling RM100 million, SME Technology Transformation Fund totalling RM500 million and Smart Automation Grant totalling RM100 million (capped at up to RM1 million per company). The Government also announced tax reliefs and exemptions to sustain work-from-home policies.

These Government initiatives are expected to drive businesses to adopt digitalisation, resulting in increased demand for ICT solutions.

Growing number of companies indicates an increase in demand

Malaysia has seen a steady growth of newly registered companies at an average increase of 3.8% annually between 2016 and 2019. According to latest available data from the Companies Commission of Malaysia, new companies in Malaysia grew from 1.2 million in 2016 to 1.3 million in 2019. This steady growth trend is expected to continue in light of the nation's developing economy over the long-term. The growing number of companies registered each year provides opportunities for greater demand for ICT solutions in Malaysia, either to subscribe to ICT solutions or upgrade their current solutions.

Benefits of reducing upfront investments for ICT solutions for corporations and organisations

The rental or lease of ICT solutions allows customers and end-user customers to shift from capital to operational expenditure, thereby helping their businesses and organisations be more competitive through substantially lower upfront capital costs. ICT solution rental and lease eliminate the need for heavy upfront investments as corporations and organisations are able to obtain new ICT solutions and add computing capabilities without incurring risky large capital expenditures. Thus, the increased affordability is consequently expected to drive demand for ICT solutions. With the lower upfront expenditure, businesses are able to divert the capital to other income-generating activities.

Further, factoring financing of ICT solutions is also expected to increase affordability for ICT solutions. Factoring allows customers to finance their assets, namely ICT hardware, to meet present and immediate cash needs. Thus, purchasing ICT solutions through factoring financing allows customers to obtain short-term financing to purchase newer ICT solutions from solution providers. As the product lifecycle of ICT hardware or software are generally short due to the constant introduction of more advanced ICT hardware and software in the market, factoring of ICT solutions will be more attractive for corporations and organisations.

COMPETITIVE OVERVIEW

The competitive landscape of the ICT solution industry in Malaysia comprises manufacturers and developers of major ICT brands such as Dell Inc., Hewlett Packard Company, Lenovo Group Limited and Microsoft Corporation, as well as their appointed distributors and third-party resellers. As ICT Zone Asia Group is involved in the rental, leasing and trading of ICT solutions, PROVIDENCE has identified industry players that are involved in the provision of ICT solutions not only through outright sale basis but also through rental or lease. The top 10 industry players, in terms of revenue recorded in the latest financial year end, are as follows:

Company name	Service offering			Latest financial year	Revenue (RM 'mil)	Gross profit (RM 'mil)	Profit / (Loss) after tax (RM 'mil)
	Rental	Lease	Trading				
Konica Minolta Business Solutions Sdn Bhd	✓	✓	✓	31 March 2019	203.4	76.2	3.0
CSI Leasing Malaysia Sdn Bhd		✓		31 December 2019	178.7	17.1	6.8

Company name	Service offering			Latest financial year	Revenue (RM 'mil)	Gross profit (RM 'mil)	Profit after tax (RM 'mil)
	Rental	Lease	Trading				
Orix Rentec (Malaysia) Sdn Bhd	✓	✓		31 March 2020	111.6	17.6	16.5
HP Facilities Services (Malaysia) Sdn Bhd		✓		31 October 2019	108.3	34.9	17.5
IBM Capital Malaysia Sdn Bhd		✓		31 December 2019	103.1	25.7	18.2
Hitachi Capital Malaysia Sdn Bhd		✓		31 March 2020	88.4	42.3	14.6
Fuji Xerox Malaysia Sdn Bhd	✓		✓	31 March 2019	72.7	11.5	(5.8)
3Step IT Malaysia Sdn Bhd	✓	✓		31 December 2018	47.9	3.1	0.7
SMFL Leasing (Malaysia) Sdn Bhd		✓		31 December 2019	46.4	45.8	11.6
ICT Zone Asia	✓	✓	✓	31 January 2020	38.9	8.9	1.0

Notes:

(i) The above list refers to the top 10 industry players who have been identified (based on publicly available information) to provide ICT solution rental or leasing and trading. Companies solely involved in the trading of ICT solutions have been excluded to be comparable with ICT Zone Asia Group's business

(ii) The top 10 industry players listed above have been identified based on latest publicly available financial information

(iii) Financial information may include other products/services not related to ICT solutions

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

2 THE E-COMMERCE MARKET IN MALAYSIA

E-commerce refers to the sale and purchase of products and services *via* the Internet. The e-commerce market size in Malaysia, as depicted by e-commerce transaction values in the country, increased from RM195.1 billion in 2015 to RM268.6 billion in 2019[2] at a CAGR of 8.3%. PROVIDENCE estimates that the e-commerce market size in Malaysia will grow from RM296.8 billion in 2020 to reach RM355.5 billion 2022, registering a CAGR of 9.4% during the period.

[2] Source: Department of Statistics Malaysia, PROVIDENCE estimates

The growth of the e-commerce market has been, and is expected to continue to be, driven by the following key demand drivers:

(i) Growing broadband penetration which will encourage e-commerce activities

Subscriptions for broadband in Malaysia grew from 30.6 million subscribers in 2015 to 43.4 million subscribers in 2019[3], depicting an increase of 41.8% more subscribers over the 4-year period. In line with the growing number of broadband subscriptions, the number of Internet users in the country also grew from 24.1 million users in 2015 to 28.7 million users in 2018.[4]

E-commerce activities have increased from 35.3% of internet users in 2015 to 53.3% of internet users in 2018[5].

As Internet connectivity provides a platform for e-commerce activities to take place, the e-commerce market in Malaysia is expected to grow in line with the increasing broadband penetration rate in the country. As an illustration, the percentage of internet users performing e-commerce activities have increased from 35.3% of internet users in 2015 to 53.3% of internet users in 20186.

(ii) Proliferation of mobile devices which will encourage e-commerce activities to take place on an on-the-go basis

Mobile devices, such as smartphones and tablets, not only enables communication, but also allows users to perform various tasks over the Internet, including e-commerce activities, at any time and place. In Malaysia, the smartphone penetration rate grew from 52.3% in 2015 to 78.0% in 2018.[7] In addition, Malaysia's mobile broadband subscription increased from 27.8 million subscriptions in 2015 to 40.4 million subscriptions in 2019[8], recording a CAGR of 9.8%. The proliferation of these mobile devices will lead to higher purchases of products and services over the Internet on an on-the-go basis, as users can access e-commerce mobile applications at any time and place using their mobile devices.

(iii) Increased acceptance of digital payments which will support e-commerce activities

Digital payments, such as using credit cards, debit cards and electronic wallets, are the most common and convenient way of paying for electronic transactions, including products and services purchased over e-commerce platforms. Digital payments offer better security as they are encrypted and there is a lower risk of fraud. As digital payments become more widespread and widely-accepted, they will support the use of e-commerce platforms, which are typically linked to a digital payment gateway.

The number of digital payment transactions in Malaysia increased at a CAGR of 13.6% between 2015 and 2019, from 1.8 billion to 3.0 billion transactions. This growth is attributed to changing consumer behaviour and increasing acceptance, as people with busy lifestyles demand speed and convenience.

[3] Source: MCMC
[4] Source: MCMC. Latest publicly available information is as at 2018
[5] Source: MCMC. Latest publicly available information is as at 2018
[6] Source: MCMC. Latest publicly available information is as at 2018
[7] Source: MCMC. Latest publicly available information is as at 2018
[8] Source: MCMC

To spur the adoption of cashless transactions, the Government introduced the e-Tunai Rakyat programme. Between 15 January and 14 March 2020, the Government gave an incentive of RM30 to eligible applicants through 3 electronic wallet service providers, with a total allocation of RM450 million. As part of the stimulus package to cushion the headwinds arising from COVID-19, the Government also announced that RM50 worth of e-wallet credits and additional RM50 in vouchers, cashback and discounts will be given between July to September 2020 to drive e-wallet usage. These incentives aim to promote digital culture and cashless transactions, in a bid to encourage both customers and merchants to use and accept digital payments. This is in conjunction with the various ongoing discounts, rebates, cashback and other promotions that individual electronic wallet providers are offering in a bid to increase awareness and usage of their respective platforms.

Further, the participation of established e-wallet platforms such as "Boost", "WeChat Pay", "GrabPay" and "Touch n' Go Pay Direct" are expected to drive the acceptance of digital payments amongst the population in Malaysia.

(iv) Consumer lifestyle trends which have led to an increase in usage of the Internet for e-commerce activities

Malaysia is a developing nation with an urbanisation rate of 76.0% in 2018.[9] As the country's urbanisation rate continues to increase, more women will typically join the workforce and people generally work longer hours. As such, convenience is increasingly important to Malaysia's population, particularly in urban and sub-urban areas. E-commerce provides convenience to consumers as consumers can purchase various types of products and services online at any time and place. This is suitable for consumers who work long hours and have hectic schedules, as they can purchase these products and services without physically visiting stores and outlets. With the prevalence of fast-paced urban living in Malaysia, consumers are expected to develop a preference towards purchasing products and services online, thereby driving the growth of the e-commerce market in the country.

The recent and on-going COVID-19 pandemic, which led to the implementation of national lockdown policies in many countries including Malaysia, has also driven sales from e-commerce activities worldwide. During this period, restrictions in terms of travel, movement and business activities were imposed on Malaysians to contain the outbreak of COVID-19. As a result, consumers have been spending more time on the Internet and this has led to higher number of e-commerce transactions during this period.

(v) Rising income levels will lead to greater spending power on e-commerce platforms

Malaysia's GDP per capita grew from RM37,739 in 2015 to RM44,682 in 2018. These increases in disposable income will lead to greater spending power, creating demand for products sold on e-commerce platforms.

The recent and on-going COVID-19 pandemic and resulting national lockdown policies have caused a slowdown in economic activities as business activities were restricted to curb the spreading of the pandemic. Nevertheless, the Government has announced stimulus packages, and this is expected to cushion the adverse impacts of the COVID-19 pandemic.

[9] Source: Department of Statistics Malaysia, World Bank. Latest publicly available data is as at 2018.

As such, the disposable income of the population in Malaysia is expected to continue growing in the long-term, and this will support demand for products and services sold via e-commerce platforms.

(vi) Improved logistics infrastructure and last-mile delivery services will support the e-commerce industry

Logistics infrastructure is essential for e-commerce platforms as it supports the delivery of parcels from vendors and distribution hubs to customers. The logistics infrastructure has been improving globally over the last decade. With improved logistics infrastructure, products from international markets can be easily sourced and delivered at lower costs. Last-mile delivery services, which allow parcels to be delivered directly to the customers' location have also been recently growing in Malaysia. These last-mile delivery services meet the demands for convenience of the urban population in Malaysia, as they need not incur time to collect parcels from a designated location.

The improvements in logistics infrastructure and last-mile delivery services have been largely supported by the growing number of industry players. The improved logistics infrastructure has led to increased route networks and reduced delivery costs and time. As such, this allows e-commerce platforms to have a wider reach of potential customers. As existing logistics and last-mile delivery service providers become more established and new service providers are introduced into the industry, the logistics infrastructure is expected to continue to improve and this will, in turn, benefit the e-commerce market in Malaysia.

(vii) Favourable government initiatives will boost the e-commerce industry

The Government has also launched the National e-Commerce Strategic Roadmap in 2016, which aims to double e-commerce contribution to the country's GDP from 6.1% in 2016 to 11.9% in 2020, and have e-commerce industry contribute RM211 billion to the country's economy by 2020.[10] In the following year, the Government also introduced Digital Free Trade Zone (DFTZ), which is the world's first free trade zone for digital services outside of China. DFTZ will facilitate the country's e-commerce industry by providing digital services, such as an integrated system to connect users with the Malaysian Government and other businesses, to enable local companies to expand their geographical footprint globally. With the DFTZ in place, Malaysia aspires to be positioned as the regional electronic commerce hub in Southeast Asia.

Meanwhile, in order to cushion the adverse impact of the COVID-19, the Government has also announced several stimuluses to encourage the adoption of e-commerce platforms amongst micro enterprises and SMEs as well as encourage online consumer consumption through e-commerce vouchers.

The e-commerce market in Malaysia stands to benefit from the abovementioned initiatives and plans driven by the Government.

[10] Source: Malaysia Digital Economy Corporation

6. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER, ALONG WITH OTHER MATTERS IN THIS INFORMATION MEMORANDUM, THE RISKS AND INVESTMENT CONSIDERATIONS BELOW.

6.1 Risks Relating to Our Business and Industry

6.1.1 We face credit risk if our customers do not pay promptly

The collection from our rental and leasing business is dependent on the creditworthiness of our customers. If our customers are unable or unwilling to pay us, we may experience payment delays or we may not be able to recover debt from them. Accordingly, we would have to make an allowance for doubtful debts or write-off bad debts, which may impact our financial performance and financial position adversely. For the FYE 31 January 2019 and FYE 31 January 2020, we have experienced minimal payment delays and there was no occurrence of non-recoverable debt. As mentioned in Section 9.9(i) of this Information Memorandum, our Group managed to keep 98.9% of our trade receivables within the credit period, i.e. neither past due nor impaired, as at 31 January 2020.

Before commencing business with new customers, we will conduct credit analysis and background checks to ensure the creditworthiness and financial ability of the new customers. We also monitor our customers' payments and implement credit control on each customer during the rental or leasing term. When customers' payments are overdue, we will send reminders before taking action. We will impose penalties on customers who failed to make payments on time. Further action such as termination of contracts will be taken if payments are still outstanding after a given timeframe.

6.1.2 We are dependent on our continuous relationship with our Strategic Partners

We have also signed strategic partnership agreements with Strategic Partners to provide us with the exclusive rights to finance, supply and deliver ICT solutions to their customers. These Strategic Partners are Starza Corporation Sdn Bhd, Juricco Holding Sdn Bhd and Haynik Holding Sdn Bhd.

We rent and lease out a substantial volume of ICT solutions to these Strategic Partners for their onward provision of ICT solutions to end-user customers who are typically in the government sector. In the FYE 31 January 2019 and FYE 31 January 2020, revenue contribution from these 3 Strategic Partners amounted to 85.8% and 72.8% respectively.

Our financial performance may be affected by any adverse change in our relationships with these Strategic Partners. Given that our strategic partnership agreements have been in place for more than 10 years, we have established reliable, trusted and mutually beneficial relationships with them. As such, we do not anticipate adverse changes to this relationship. However, if any adverse change occurs, there may be a potential short-term loss of revenue to our Group. Any adverse change in our relationships with the Strategic Partners may also have short-term negative impact on our order book. Nevertheless, we intend to mitigate this risk by expanding our pool of Channel Partners and Strategic Partners as well as diversifying our customer base to include retail consumers and third-party resellers as highlighted in Section 4.13 of this Information Memorandum.

6.1.3 We are dependent on our key management personnel for continued success

Our success and future growth are dependent on the expertise and experience of our key management personnel. Our success also depends on our continuing ability to identify, hire, train and retain other highly qualified personnel. We recognise that any loss of our key management personnel may have a material adverse effect on our business, prospects, financial condition and results of operation. We may not be able to recruit suitable or qualified replacements and we may incur additional expenses to recruit and train new personnel. If we lose any of our key management personnel to our competitors, our competitiveness, operations and our ability to grow may be adversely affected.

Thus, we have put in place a competitive remuneration package to reward our performing personnel to retain their services to our Group. We also believe that our Proposed Listing will enable us to attract more qualified personnel to play an active role in the growth and success of our Group. However, no assurance can be given that these measures would result in the successful recruitment, retention and/or motivation of our personnel.

6.1.4 There is no assurances that our future plans will be successful

We intend to expand our revenue stream, from device management and computer security software, offer a new option for financing ICT solutions and market ICT hardware *via* our e-commerce platform.

Such plans carry inherent risks and uncertainties and requires significant management attention and resources, but may not yield the results we expect. We may not be able to anticipate all the business and operational risks arising from our future plans. Investors should also note that any business expansion plans will typically require time to reach their full potential and full payback of investments. Pending the business expansion plans reaching their targeted business potential levels, they will continue to incur rentals, staff costs, and other operating costs. If our Group fails to generate sufficient revenue to cover such costs and effectively grow our business, our financial performance may be adversely affected.

Further, we may be required to seek additional financing to fund the working capital required in our business expansion strategies. There can be no assurance that the necessary financing will be available in amounts or on terms acceptable to us, if at all. As a result, our business expansion plans could be hampered.

6.1.5 We face competition in our industry

We face competition from established ICT solution providers in Malaysia as well as potential new entrants in the industry. Increased competition has, and will continue to have, an impact on our ability to retain our existing customers and secure new customers, and this may adversely affect our Group's operational results and financial performance.

As such, our Group's future success and competitiveness largely depends on, amongst others, our ability to meet customer requirements. Our competitiveness is also dependent on our ability to maintain our service level and uphold our reputation in the industry.

Therefore, we have been taking active measures to mitigate such risks, including continually reviewing and updating our business strategies in response to the changing market trends. Also, we partner with major ICT brands to provide our customers with the latest ICT products of various reputable brands to keep abreast of ongoing technological advancement.

Over the years, we have built up our reputation and our market presence can be shown in our customer base in private and public sectors. We believe that by upholding our quality of services, we can foster long term business relationships with our customers as this will let us stay competitive.

6.1.6 We are subject to political, economic and regulatory risks

Like all other business entities, changes in the economic and political conditions in Malaysia, may materially and adversely affect the overall profitability of our business. Changes in interest rates, inflation rates, employment regulations, fiscal and monetary policies and regulations relating to taxation, licensing or business permits relating to our Group's business as well as other uncertainties may affect our operations and profitability. Any regulatory changes in relation to the leasing of ICT solutions may also affect our ability to offer these services to our customers.

While we will continue to take measures to undertake careful financial planning and ensure efficient operating procedures, there is no assurance that adverse political and economic conditions will not materially affect our business.

6.2 Risks Relating to an Investment in Our Securities

6.2.1 We may not be able to proceed with or experience a delay for our Proposed Listing

Bursa Securities may not grant an approval-in-principle for our Proposed Listing or if granted, we may not be able to proceed with or experience a delay in our Proposed Listing due to, amongst others, the occurrence of any force majeure events, which are beyond our control, before our Proposed Listing.

Nevertheless, we will endeavour to ensure compliance with the Listing Requirements for our successful listing on the LEAP Market of Bursa Securities.

6.2.2 There has been no prior market for our securities

Before our Proposed Listing, there has been no public market for our Shares and ICPS. Hence, there is no assurance that upon listing, an active market for our Shares and ICPS will develop, or, if developed, that such a market is sustainable. The Listing Reference Price of our Shares and ICPS were determined after taking into consideration of various factors. These factors could cause the market prices of our Shares and ICPS to fluctuate and such fluctuations may adversely affect the market price of our Shares and ICPS.

There is no assurance that the Listing Reference Price of our Shares and ICPS will correspond to the market prices at which our Shares and ICPS will trade on the LEAP Market of Bursa Securities upon our Proposed Listing. Also, there is no assurance that the market prices of our Shares and ICPS will not decline below the Listing Reference Price.

6.2.3 Our Promoters can exercise significant control over us

As at the LPD, our Promoters hold approximately 80.1% of our issued share capital. As a result, they have voting control over our Group and are expected to have a significant influence on the outcome of certain matters, unless they are required to abstain from voting under the Listing Requirements, the Act and/or by the relevant authorities.

6.2.4 Forward-looking statements are subject to uncertainties

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, prospects, plans and objectives of our Group for future operations are 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. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and government initiatives. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements of our Group, or industry results, to be materially different from any future results, performance, achievements or industry results expressed or implied by such forward-looking statements. In light of these uncertainties, the inclusion of such forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by our advisers or us that such plans and objectives will be achieved.

6.2.5 We may not be able to pay dividends

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

7.1 Promoters and Substantial Shareholders

7.1.1 Shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company as at the LPD are as follows:

	As at the LPD				Upon Full Conversion of ICPS			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoter and substantial shareholder								
ICT Zone Holding	427,720,000	80.1	-	-	427,720,000	70.2	-	-
Datuk Ng Thien Phing	-	-	[(1)]427,720,000	80.1	-	-	[(1)]427,720,000	70.2
Lim Kok Kwang	-	-	[(2)]428,020,000	80.2	-	-	[(2)]428,980,000	70.4

Notes:

(1) Deemed interested by virtue of his shareholdings held through ICT Zone Holding pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his shareholdings held through ICT Zone Holding as well as his spouse, Sandra Tioe's shareholdings pursuant to Section 8 and Section 59(11) of the Act.

7.1.2 Profiles

ICT Zone Holding
Promoter and substantial shareholder

ICT Zone Holding was incorporated in Malaysia under the Companies Act, 1965 in 2000 as a private limited company. As at the LPD, its issued share capital is RM7,600,000 comprising 7,600,000 ordinary shares.

ICT Zone Holding is principally an investment holding company. The directors and shareholders of ICT Zone Holding and their shareholdings in the company as at the LPD are as follows:

		Direct		Indirect	
Name	**Designation**	**No. of shares**	**%**	**No. of shares**	**%**
Datuk Ng Thien Phing	Director	4,675,520	61.5	-	-
Lim Kok Kwang	Director	1,656,040	21.8	-	-
Vincent Ng Soon Kiat	Shareholder	590,520	7.8	-	-
Kwan Thean Poh	Director	495,520	6.5	-	-
Ng Peik Fung	Shareholder	182,400	2.4	-	-
Total		**7,600,000**	**100.0**	**-**	**-**

Datuk Ng Thien Phing, Malaysian, aged 45
Promoter, substantial shareholder and Non-Independent Non-Executive Chairman

Datuk Ng Thien Phing is our Promoter and Non-Independent Non-Executive Chairman. He was appointed to our Board as Non-Independent Non-Executive Chairman on 28 January 2019.

He obtained his Diploma Politeknik Kementerian Pendidikan Malaysia from Politeknik Kota Bharu in Kelantan in 1997. He later graduated with a Bachelor of Business Administration from Universiti Kebangsaan Malaysia in 2004.

After he obtained his Diploma in 1997, he joined Strategic Forum Expertise as a Conference Producer, where he was responsible for organising and planning of business conferences and events.

In 1999, he left Strategic Forum Expertise and founded NTP World Forum Sdn Bhd and was appointed as Managing Director in the same year. NTP World Forum Sdn Bhd is presently a corporate training service provider based in Malaysia, serving reputable multinational companies, large corporations and government associations. In 2006, he ventured into property development and founded NTP World Development Sdn Bhd (now known as Skyworld Development Sdn Bhd) and was appointed as Managing Director in the same year.

Datuk Ng Thien Phing co-founded ICT Zone Holding (then known as NTP World Marketing Sdn Bhd) in 2000 with our Managing Director and CEO and ICT Zone in 2001.

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Lim Kok Kwang, Malaysian, aged 45
Promoter, substantial shareholder and Managing Director and CEO

Lim Kok Kwang is our Promoter, Managing Director and CEO. He is responsible for overseeing our Group's strategic business direction and strategies. He was appointed as our Managing Director and CEO on 28 January 2019.

He obtained his Diploma Politeknik Kementerian Pendidikan Malaysia from Politeknik Kota Bharu in Kelantan. He later graduated with a Bachelor of Business Administration from Universiti Kebangsaan Malaysia in 2005.

He began his career in Mobil Oil Malaysia Sdn Bhd as a Business Development Executive in 1997, where he was responsible for the sale of the company's card program to companies.

Lim Kok Kwang left Mobil Oil Malaysia Sdn Bhd in 2000 and since then, he has been pivotal to the growth of our Group. He co-founded ICT Zone Holding (then known as NTP World Marketing Sdn Bhd) with our Chairman in 2000 and was appointed as General Manager. At the time, he was involved in overseeing the business development of the company. He was later appointed as General Manager of ICT Zone when ICT Zone commenced its business in ICT solution trading and short-term rental in 2003. He was later redesignated as CEO of ICT Zone in 2010. In 2010, he was also appointed as CEO of ICT Zone Ventures. Lim Kok Kwang was appointed as Managing Director and CEO of our Group in 2019.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7.2 Directors

7.2.1 Shareholdings

The shareholdings of our Directors as at the LPD are as follows:

		As at the LPD				Upon Full Conversion of ICPS			
		Direct		Indirect		Direct		Indirect	
Name	**Designation**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Datuk Ng Thien Phing	Non-Independent Non-Executive Chairman	-	-	(1)427,720,000	80.1	-	-	(1)427,720,000	70.2
Lim Kok Kwang	Managing Director and CEO	-	-	(2)428,020,000	80.2	-	-	(2)428,980,000	70.4
Vincent Ng Soon Kiat	Executive Director and Chief Operating Officer	22,500,000	4.2	(3)125,000	(4)-	22,500,000	3.7	(3)525,000	0.1

Notes:

(1) Deemed interested by virtue of his shareholdings held through ICT Zone Holding pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his shareholdings held through ICT Zone Holding, as well as his spouse, Sandra Tioe's shareholdings pursuant to Section 8 and Section 59(11) of the Act.

(3) Deemed interested by virtue of his spouse, Loh Huey Shi's shareholdings pursuant to Section 59(11) of the Act.

(4) Less than 0.1%.

7.2.2 Profile

The profiles of Datuk Ng Thien Phing and Lim Kok Kwang are disclosed in Section 7.1.2 of this Information Memorandum.

Vincent Ng Soon Kiat, Malaysian, aged 45
Executive Director and Chief Operating Officer

Vincent Ng Soon Kiat is our Executive Director and Chief Operating Officer. He was appointed to our Board on 13 January 2020 and he is responsible for overseeing the overall operations of our Group.

He obtained his Malaysia Higher School Certificate when he left Sekolah Menengah Gajah Berang in 1995.

He began his career when he joined Oto Bodycare Pte Ltd as a Retail Supervisor in 1996, where he was responsible for leading a team in the sale of fitness and relaxation equipment.

He left Oto Bodycare Pte Ltd in 2001 and joined ICT Zone Holding (then known as NTP World Marketing Sdn Bhd) as a Business Development Manager in the same year, where he was responsible for overseeing the sale of audio-visual equipment. In 2006, he joined ICT Zone as Corporate and Rental Sales Manager and was later promoted to Senior Sales Manager in 2008, Rental and IT Management Senior Manager in 2011, Senior Sales and Commercial Manager in 2012, Sales and Marketing General Manager in 2012 and Sales and Service General Manager in 2014. In 2018, he was promoted to Chief Operating Officer of ICT Zone. He later assumed his present role as Chief Operating Officer of our Group in 2019.

7.2.3 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind *(including any contingent or deferred compensation accrued for the year)* paid to our Directors for services rendered in all capacities to our Group for the FYE 31 January 2019 and FYE 31 January 2020 are as follows:

	FYE 31 Jan 2019	**FYE 31 Jan 2020**
Remuneration band	**No. of Directors**	**No. of Directors**
Executive Directors		
RM50,001 to RM100,000	1	1
RM100,001 to RM300,000	2	2

Our Directors' remuneration includes salaries, bonuses, fees and allowances as well as other benefits, whereby pursuant to our Constitution, the fees and benefits must be approved by our shareholders in a general meeting.

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

7.3 Key Management Personnel

7.3.1 Shareholdings

Our key management personnel and their respective shareholdings in our Company as at the LPD are as follows:

		As at the LPD				Upon Full Conversion of ICPS			
		Direct		Indirect		Direct		Indirect	
Name	**Designation**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Lim Kok Kwang	Managing Director and CEO	-	-	[(1)]428,020,000	80.2	-	-	[(1)]428,980,000	70.4
Vincent Ng Soon Kiat	Executive Director and Chief Operating Officer	22,500,000	4.2	[(2)]125,000	[(4)]-	22,500,000	3.7	[(2)]525,000	0.1
Kwan Thean Poh	General Manager	14,375,000	2.7	[(3)]12,500	[(4)]-	14,375,000	2.4	[(3)]52,500	[(4)]-
Teh Siow Voon	Corporate Finance Senior Manager	631,250	0.1	-	-	651,250	0.1	-	-
Lau Yeo Chuan	Credit Controller	200,000	[(4)]-	-	-	200,000	[(4)]-	-	-

Notes:

(1) Deemed interested by virtue of his shareholdings held through ICT Zone Holding, as well as his spouse, Sandra Tioe's shareholdings pursuant to Section 8 and Section 59(11) of the Act.

(2) Deemed interested by virtue of his spouse, Loh Huey Shi's shareholdings pursuant to Section 59(11) of the Act.

(3) Deemed interested by virtue of his spouse, Lee Choi Yen's shareholdings pursuant to Section 59(11) of the Act.

(4) Less than 0.1%

7.3.2 Profiles

The profiles of Lim Kok Kwang and Vincent Ng Soon Kiat who are also our Promoter and/or Directors are disclosed in Sections 7.1.2 and 7.2.2 of this Information Memorandum.

Kwan Thean Poh, Malaysian, aged 44
General Manager

Kwan Thean Poh is our General Manager, and is responsible for overseeing credit risk assessment for our Group.

He graduated with Bachelor of Arts in Accounting and Finance in 1999 from Oxford Brookes University, United Kingdom. He later obtained Diploma of the Malaysian Insurance Institute from the Malaysian Insurance Institute in 2006 and was admitted as an Associate Member of the Malaysian Insurance Institute in 2008. He is also a Certified Insurance Professional of Australian and New Zealand Institute of Insurance and Finance since 2017.

He began his career when he joined Tan Chuan Hock and Co as an Audit Assistant in 1998, where he was responsible for the preparation of audit reports. He later left Tan Chuan Hock and Co in 2000 and joined Mclaren Toplis (M) Sdn Bhd as an Executive Loss Adjuster in the same year. He subsequently left Mclaren Toplis (M) Sdn Bhd in 2002 and joined Zama Adjusters Sdn Bhd as an Assistant Manager in the same year. He left Zama Adjusters Sdn Bhd in 2003 and joined Maphilindo International Sdn Bhd as a Manager in the same year. During his tenure in these companies, he was responsible for overseeing insurance and claim assessments. In 2008, he founded Risco Consulting Sdn Bhd to handle insurance and claim assessments.

He left Maphilindo International Sdn Bhd and joined ICT Zone and ICT Zone Ventures as General Manager in 2008. In 2019, he assumed his present position as General Manager of our Group.

Teh Siow Voon, Malaysian, aged 39
Corporate Finance Senior Manager

Teh Siow Voon is our Corporate Finance Senior Manager. She is responsible for overseeing our Group's asset management and corporate finance activities.

She obtained her Third Level Group Diploma in Accounting from London Chamber of Commerce and Industry Examinations Boards in 2001 and subsequently obtained her Advanced Diploma in Accounting and Finance from FTMS College (previously known as Institute Latihan FTMS-ICL, Malaysia) in 2003. In 2004, she graduated with Bachelor of Arts in Accounting and Finance from University of East London, United Kingdom.

She began her career when she joined Penerbitan Pelangi Sdn Bhd as an Account Officer in 2004. In 2007, she left Penerbitan Pelangi Sdn Bhd and joined TSM Global Berhad as an Account Executive in the same year. During her tenure in these companies, she was responsible for the preparation of financial statements.

She left TSM Global Berhad and joined ICT Zone as Senior Account Executive in 2011. She was later transferred to ICT Zone Ventures and appointed as Account and Finance Manager in 2011, where she was responsible for the preparation of financial statements, asset management as well as corporate finance activities. She was subsequently promoted to Corporate Finance Senior Manager in 2017. In 2019, she assumed her present position as Corporate Finance Senior Manager of our Group and is responsible overseeing our Finance department.

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Lau Yeo Chuan, Malaysian, aged 50
Credit Controller

Lau Yeo Chuan is our Credit Controller, and is responsible for customer collections, credit control and contract administration for our Group.

He graduated with Master of Business Administration from Universiti Tun Abdul Razak in 2001.

He began his career when he joined Ong Boon Bah & Co in 1995 as an Audit Supervisor, where he was responsible for the preparation of audit reports. He joined Rimbaka Forestry Corporation Sdn Bhd as Finance Manager in 2000, where he was responsible for the finance and business development functions of the company. He later joined Hebat Abadi Sdn Bhd as a Finance and Administration Manager in 2003, Hanna Instruments (M) Sdn Bhd as a Finance Manager in 2005 and Damai Service Hospital (Melawati) Sdn Bhd as a Finance Manager in 2007. He later joined Asian Neuro & Cardiac Center Sdn Bhd as a Finance Manager in 2008 and Acmar International Sdn Bhd as a Finance and Business Development Manager in 2009. In 2012, he worked at Beverly Wilshire Medical Center Sdn Bhd as a Finance Manager on a project basis for 3 months.

He joined ICT Zone as a Credit Controller in 2012 and later joined ICT Zone Holding in 2016. He assumed his present position as Credit Controller of our Group in 2020.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7.4 Involvement of Our Promoters, Substantial Shareholders, Directors and Key Management Personnel in Businesses/Corporations Outside Our Group

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

				Shareholdings	
Name	**Company**	**Involvement (Director/Shareholder)**	**Principal Activities**	**Direct (%)**	**Indirect (%)**
Datuk Ng Thien Phing	Axel Realty Sdn Bhd	Director and shareholder	Assets/ portfolio management, real estate activities with own or leased property	100.0	-
	Legasi Spohra Sdn Bhd	Director	Real estate activities with own or leased property	-	100.0(1)
	Aqua Legacy Sdn Bhd	Director	Real estate activities with own or leased property	-	100.0(1)
	Sentiasa Ceria Sdn Bhd	Director and shareholder	Business of research, survey, collect and prepare statistics and data relating to marine, trading in all kind of marine scientific equipment	51.0	-
	Skyawani 5 Development Sdn Bhd	Director	Residential building	-	100.0(1)
	Risco Consulting Sdn Bhd	Director	Insurance agency	-	55.0(5)
	Skyworld Properties Sdn Bhd	Director	Real estate activities with own or leased properties	-	100.0(1)
	Medan Srijuta Sdn Bhd	Director	Property development	-	60.0(3)
	Skysanctuary Development Sdn Bhd	Director	Property development	-	100.0(1)
	Skyawani 2 Development Sdn Bhd	Director	Property developer	-	100.0(1)

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Name	Company	Involvement (Director/Shareholder)	Principal Activities	Shareholdings Direct (%)	Shareholdings Indirect (%)
Datuk Ng Thien Phing *(cont'd)*	Skyhill Development Sdn Bhd	Director	Property development	-	100.0[(1)]
	Skyvue Development Sdn Bhd	Director	Property development	-	100.0[(1)]
	Rimba Maju Realiti Sdn Bhd	Director	Residential buildings	-	60.0[(3)]
	Desa Imbangan Sdn Bhd	Director	Other management consultancy activities		60.0[(3)]
	Skysierra Development Sdn Bhd	Director	Property developer	-	99.9[(2)]
	Skyworld Land Sdn Bhd	Director	Real estate activities with own or leased properties	-	100.0[(1)]
	Skyworld Venture Sdn Bhd	Director	Real estate activities with own or leased properties	-	100.0[(1)]
	Skyworld Development Sdn Bhd	Director and shareholder	Property development	71.6	-
	Curvo Development Sdn Bhd	Director	Property development	-	100.0[(1)]
	Arena Sports KL Sdn Bhd	Director	Activities of producers or promoters of sports events, with or without facilities	-	100.0[(8)]
	Skyworld Builder Sdn Bhd	Director and shareholder	Property development	50.0	-
	Starza Development Sdn Bhd	Director	General contractors and involved in related construction activities	-	100.0[(1)]
	Skymeridien Development Sdn Bhd	Director	Property development	-	100.0[(1)]

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Name	Company	Involvement (Director/Shareholder)	Principal Activities	Shareholdings Direct (%)	Shareholdings Indirect (%)
Datuk Ng Thien Phing *(cont'd)*	Skyvogue Development Sdn Bhd	Director	Real estate activities with own or leased property	-	100.0[(1)]
	NTP World Forum Sdn Bhd	Director and shareholder	Providing corporate training and education	99.9	-
	Solid Expansion Sdn Bhd	Director and shareholder	Dormant	33.3	
	Hartanah NTP Sdn Bhd	Director and shareholder	Real estate activities with own or leased property	99.9	-
	NTP World Corporation Sdn Bhd	Director	Property development	-	60.0[(3)]
	Lakaran Ceria Sdn Bhd	Director	Property development	-	-
	Citra Amal Sdn Bhd	Director	Property development	-	100.0[(1)]
	Bennington Development Sdn Bhd	Director	Property development	-	100.0[(1)]
	Skyluxe Development Sdn Bhd	Director	Property development	-	100.0[(1)]
	West Victory Sdn Bhd	Director	Residential buildings	-	100.0[(1)]
	Unique Management Approach Sdn Bhd	Shareholder	Dormant	[(9)]	-
	Baiduri International Shipping Sdn Bhd	Shareholder	Shipping services, general trading and investment holding	5.0	65.0[(4)]
Lim Kok Kwang	Risco Consulting Sdn Bhd	Director	Insurance agency	-	55.0[(5)]
	NTP World Corporation Sdn Bhd	Shareholder	Property development	[(9)]	-
	Angkasa Bumijuta Sdn Bhd	Shareholder	Residential buildings	40.0	-

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

				Shareholdings	
Name	**Company**	**Involvement (Director/Shareholder)**	**Principal Activities**	**Direct (%)**	**Indirect (%)**
Lim Kok Kwang (*cont'd*)	Federation of Interest Scheme Operators Malaysia Berhad	Director	To promote proper conduct in the carrying out of the business of promoting, establishing and running interest schemes, to promote and promote the interest and welfare on the members of the federation to provide, regulate, maintain and enforce a code of ethics and by-laws.	-	-
	Vprot MSP Sdn Bhd	Shareholder	To trade, rent for all kinds of information technology products and to provide securities services and manage providers (10)	(9)	50.9(7)
Vincent Ng Soon Kiat	Skyworld Capital Berhad	Director	Treasury management company for its ultimate holding company, Skyworld Development Sdn Bhd	-	-
	Haas Technologies Sdn Bhd	Shareholder	Information technologies and cloud solutions and providers (11)	1.0	51.0(6)
Kwan Thean Poh	Risco Consulting Sdn Bhd	Director and shareholder	Insurance agency	45.0	-
	Skyworld Capital Berhad	Director	Treasury management company for its ultimate holding company, Skyworld Development Sdn Bhd	-	-
	Glispa Marketing Sdn Bhd	Shareholder	Commission agents for advertising and promoting of interest scheme products and related products	50.0	-

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Name	Company	Involvement (Director/Shareholder)	Principal Activities	Shareholdings Direct (%)	Shareholdings Indirect (%)
Kwan Thean Poh (*cont'd*)	Skysierra Development Sdn Bhd	Shareholder	Property developer	(9)	-

Notes:

(1) Deemed interested by virtue of his shareholdings held through Skyworld Development Sdn Bhd, which holds 100.0% equity interest in the company.

(2) Deemed interested by virtue of his shareholdings held through Skyworld Development Sdn Bhd, which holds 99.9% equity interest in the company.

(3) Deemed interested by virtue of his shareholdings held through Skyworld Development Sdn Bhd, which holds 60.0% equity interest in the company.

(4) Deemed interested by virtue of his shareholdings held through ICT Zone Holding, which holds 65.0% equity interest in the company.

(5) Deemed interested by virtue of his shareholdings held through ICT Zone Holding, which holds 55.0% equity interest in the company.

(6) Deemed interested by virtue of his shareholdings held through ICT Zone Holding, which holds 51.0% equity interest in the company.

(7) Deemed interested by virtue of his shareholdings held through ICT Zone Holding, which holds 50.9% equity interest in the company.

(8) Deemed interested by virtue of his shareholdings held through Skyworld Development Sdn Bhd, the holding company of NTP World Corporation Sdn Bhd which holds 100% equity interest in the company.

(9) Less than 0.1%.

(10) Vprot MSP Sdn Bhd is principally involved in the provision of cyber security solutions and services which require pre-consultations and system integration, which differs from our principal business of financing, supplying and delivering ICT solutions to our end-user customers through rental, leasing and trading.

(11) Haas Technologies Sdn Bhd is principally involved in the provision of cloud solutions which require pre-consultations and system integration, which differs from our principal business of financing, supplying and delivering ICT solutions to our end-user customers through rental, leasing and trading.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7.5 Employees

A summary of our Group's total workforce as at 31 January 2020 as well as at the LPD is set out below:

	No. of Employees	
Category	**As at 31 Jan 2020**	**As at the LPD**
Executive Director	2	2
Key management personnel	3	3
Finance and administration	4	4
Sales and marketing	3	3
Operations and asset management	9	10
Credit control	2	2
Total	**23**	**24**

We currently have 24 full-time employees in our employment. None of our employees belong to any trade unions and we enjoy good working relationships with our employees. Thus, we have not experienced any major turnover in our workforce.

7.6 Moratorium

Rule 3.07 of the Listing Requirements stipulated that a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoter as follows:

(i) the moratorium applies to the entire shareholdings of our Promoter for a period of 12 months from the date of our admission to the Official List;

(ii) upon expiry of the 12 months period stated above, we must ensure that our Promoter's aggregate shareholdings amounting to at least 45% of the total number of issued Shares shall remain under moratorium for another period of 36 months;

(iii) thereafter, subject to Rule 3.07(d) of the Listing Requirements, our Promoter may sell, transfer or assign the shares held under moratorium; and

(iv) where our Promoter also own securities which are convertible or exercisable into our Shares, our Promoter's shareholdings to be placed under moratorium must amount to 45% of the enlarged number of issued Shares assuming full conversion or exercise of such securities owned by our Promoter.

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

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

In compliance with Rule 3.07 of the Listing Requirements, the moratorium shall be imposed according to the following:

	Shares under Moratorium for the First 12 Months Upon Proposed Listing		Shares Under Moratorium for the Subsequent 36 Months	
Promoter	**No. of Shares**	**(1) %**	**No. of Shares**	**(1) %**
ICT Zone Holding	427,720,000	70.2	274,084,875	45.0
Total	**427,720,000**	**70.2**	**274,084,875**	**45.0**

Note:

(1) Based on our enlarged issued share capital of 609,077,500 Shares assuming full conversion of the ICPS.

The moratorium, which is fully acknowledged by our Promoter through its written undertaking, is specifically endorsed on our share certificates representing their shareholdings to ensure that our Share Registrar will not register any sale, transfer or assignment that is not in compliance with the above moratorium.

7.7 Relationships and/or Associations

There are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key management personnel as at the LPD.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION

8.1 Audited Combined Statements of Profit or Loss and Other Comprehensive Income

The following table, which has been extracted from our Audited Combined Financial Statements as set out in Appendices II and III of this Information Memorandum, sets out our combined statements of profit or loss and other comprehensive income for the FYE 31 January 2019 and FYE 31 January 2020 as well as our unaudited combined statements of profit or loss and other comprehensive income for the FPE 31 July 2019 and FPE 31 July 2020 and should be read in conjunction with the "Management Discussion and Analysis" in Section 9 of this Information Memorandum.

	Audited		**Unaudited**	
	FYE 31 Jan 2019	**FYE 31 Jan 2020**	**FPE 31 Jul 2019**	**FPE 31 Jul 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	33,738	38,910	12,551	16,362
Cost of sales	(27,322)	(30,022)	(9,543)	(12,376)
GP	**6,416**	**8,888**	**3,008**	**3,986**
Other income	1,248	676	318	1,290
Other operating expenses	(4,281)	(3,695)	(1,932)	(1,941)
Finance costs	(3,497)	(4,488)	(1,799)	(903)
PBT/(LBT)	**(114)**	**1,381**	**(405)**	**2,432**
Tax expense	(192)	(332)	(312)	(544)
PAT/(LAT), representing total comprehensive income/(loss), for the financial year/period	**(306)**	**1,049**	**(717)**	**1,888**
PAT/(LAT), representing total comprehensive income/(loss) attributable to owners of our Company	**(306)**	**1,049**	**(717)**	**1,888**
EPS/(Loss per Share) (sen)				
- Basic [(1)]	(4.25)	0.20	(9.94)	0.35
- Diluted [(2)]	(4.25)	0.17	(9.94)	0.31
GP margin (%)	19.0	22.8	24.0	24.4
PBT/(LBT) margin (%)	(0.3)	3.5	(3.2)	14.9
PAT/(LAT) margin (%)	(0.9)	2.7	(5.7)	11.5
EBITDA [(3)]	19,070	19,549	8,596	10,623

Notes:

(1) Computed based on our number of Shares in issue of 7,210,000 Shares for the FYE 31 January 2019 and FPE 31 July 2019, 532,782,500 Shares for the FYE 31 January 2020 and 533,757,500 Shares for the FPE 31 July 2020.

(2) Computed based on our number of Shares in issue (after adjusting for the diluting effects of ICPS, if any) of 7,210,000 Shares for the FYE 31 January 2019 and FPE 31 July 2019, 604,972,500 Shares for the FYE 31 January 2020 and 609,077,500 Shares for the FPE 31 July 2020.

(3) EBITDA represents earnings before interest, taxation, depreciation and amortisation. The table below sets forth a reconciliation of our PAT/LAT to EBITDA:

	Audited		*Unaudited*	
	FYE 31 Jan 2019	***FYE 31 Jan 2020***	***FPE 31 Jul 2019***	***FPE 31 Jul 2020***
	RM'000	***RM'000***	***RM'000***	***RM'000***
PAT/(LAT)	*(306)*	*1,049*	*(717)*	*1,888*
Add:				
Interest	*3,497*	*4,488*	*1,799*	*903*
Taxation	*192*	*332*	*312*	*544*
Depreciation	*15,687*	*13,680*	*7,202*	*7,288*
Amortisation	*-*	*-*	*-*	*-*
EBITDA	***19,070***	***19,549***	***8,596***	***10,623***

8.2 Audited Combined Statements of Financial Position

The following table, which has been extracted from our Audited Combined Financial Statements as set out in Appendices II and III of this Information Memorandum, sets out our combined statements of financial position as at 31 January 2019 and 31 January 2020 as well as our unaudited combined statements of financial position as at 31 July 2020 and should be read in conjunction with the "Management Discussion and Analysis" in Section 9 of this Information Memorandum.

	Audited		**Unaudited**
	As at 31 Jan 2019	**As at 31 Jan 2020**	**As at 31 Jul 2020**
	RM'000	**RM'000**	**RM'000**
ASSETS			
Non-current assets			
Property, plant and equipment	30,594	38,032	38,196
Investment properties	11,300	11,300	11,300
Capital reserve funds [(1)]	17,092	1,003	-
Right-of-use assets	150	62	21
Net investment in sub-lease [(2)]	513	4	-
	59,649	**50,401**	**49,517**
Current assets			
Capital reserve funds [(1)]	-	22,080	1,003
Trade receivables	7,350	10,965	7,383
Non-trade receivables, deposits and prepayments [(3)]	1,091	1,195	198
Net investment in sub-lease [(2)]	1,201	541	19
Inventories	1,442	434	384
Tax recoverable	33	223	69
Fixed deposits with licensed banks	-	382	740
Cash and bank balances	1,756	843	4,532
	12,873	**36,663**	**14,328**

	Audited		Unaudited
	As at 31 Jan 2019	**As at 31 Jan 2020**	**As at 31 Jul 2020**
	RM'000	**RM'000**	**RM'000**
Total assets	**72,522**	**87,064**	**63,845**
EQUITY			
Share capital	7,210	27,594	28,124
Merger reserve	-	(8,106)	(8,106)
Retained earnings	8,041	9,090	10,978
Total Equity	**15,251**	**28,578**	**30,996**
LIABILITIES			
Non-current liabilities			
ICPS	-	5,782	6,032
Deferred tax liabilities	3,342	3,469	3,675
Borrowings	558	1,656	(7)9,359
ICT Interest Value (4)	29,661	1,351	-
Lease liabilities	535	51	43
	34,096	**12,309**	**19,109**
Current liabilities			
Trade payables	9,031	18,668	5,921
Non-trade payables, deposits received and accruals (5)	10,854	8,284	1,877
ICT Interest Value (4)	-	14,980	1,375
Borrowings (6)	2,138	3,616	4,367
Lease liabilities	1,089	530	57
Tax payable	63	99	143
	23,175	**46,177**	**13,740**
Total liabilities	**57,271**	**58,486**	**32,849**
Total equity and liabilities	**72,522**	**87,064**	**63,845**
NA per Share (RM)	(7)2.12	(8)0.05	(9)0.06

Notes:

(1) Set up for the purpose towards the redemption of each ICT Interests from the ICT Interest Holders after the maturity date of ICT Zone Ventures Scheme.

(2) Sum of the lease payment receivables of our Group under a finance lease discounted at the interest rate implicit in the lease.

8. FINANCIAL INFORMATION *(cont'd)*

(3) The breakdown is as follows:

		Amount (RM'000)		
Item	***Description***	***As at 31 Jan 2019***	***As at 31 Jan 2020***	***As at 31 Jul 2020***
Non-trade receivables	*Mainly comprise the following:* • *Tax refunds* • *Rental income*	*757*	*642*	*75*
Deposits	*Deposits mainly for the following:* • *Rental of properties* • *Human Resource Development Fund (HRDF)*	*104*	*107*	*83*
Prepayments	*Prepayments mainly for the following:* • *Insurance premiums* • *Purchase of ICT equipment*	*230*	*446*	*41*
Total		***1,091***	***1,195***	***199***

(4) Subscription amount under ICT Zone Ventures Scheme after adjusting for the transaction cost incurred up to date.

(5) The breakdown is as follows:

		Amount (RM'000)		
Item	***Description***	***As at 31 Jan 2019***	***As at 31 Jan 2020***	***As at 31 Jul 2020***
Non-trade payables	*Mainly comprise the following:* • *Amount payable to capital reserve funds* • *Instalments payable for purchase of property, plant and equipment* • *Professional and statutory fees*	*6,712*	*4,883*	*756*
Accruals	*Mainly comprise the following:* • *Interim yield of ICT Zone Ventures Scheme* • *Professional and statutory fees*	*3,164*	*2,444*	*112*
Deposits	*Lease and rental deposits received from customers*	*978*	*957*	*1,009*
Total		***10,854***	***8,284***	***1,877***

(6) Comprise mainly borrowings secured through Term Financing Facility based on Shariah principles on Mudarabah managed by a local licensed bank to fund our Group's leasing business.

(7) Computed based on our number of Shares in issue of 7,210,000 Shares.

(8) Computed based on our number of Shares in issue of 532,782,500 Shares.

(9) Computed based on our number of Shares in issue of 533,757,500 Shares.

8.3 Audited Combined Statements of Cash Flows

The following table, which has been extracted from our Audited Combined Financial Statements as set out in Appendices II and III of this Information Memorandum, sets out the summary of our combined statements of cash flows for the FYE 31 January 2019 and FYE 31 January 2020 as well as our unaudited combined statements of cash flows for the FPE 31 July 2019 and FPE 31 July 2020 and should be read in conjunction with the "Management Discussion and Analysis" in Section 9 of this Information Memorandum.

	Audited		**Unaudited**	
	FYE 31 Jan 2019	**FYE 31 Jan 2020**	**FPE 31 Jul 2019**	**FPE 31 Jul 2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash generated from operating activities	16,871	17,045	114	18,409
Net cash used in investing activities	(12,186)	(34,819)	(5,204)	(7,971)
Net cash generated from/(used in) financing activities	(5,291)	17,021	3,545	(6,909)
Net increase/(decrease) in cash and cash equivalents	**(606)**	**(753)**	**(1,545)**	**3,529**
Cash and cash equivalents at beginning of the financial year/period	2,362	1,756	1,756	1,003
Cash and cash equivalents at the end of the financial year/period	**1,756**	**1,003**	**211**	**4,532**
Cash and cash equivalents at the end of the financial year/period comprises of:				
Cash and bank balances	1,756	843	211	4,532
Fixed deposits with original maturity less than 3 months	-	160	-	-
Total cash and cash equivalents	**1,756**	**1,003**	**211**	**4,532**

9. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of our past financial condition and results of operations should be read in conjunction with our Audited and Unaudited Combined Financial Statements as set out in Appendices II and III of this Information Memorandum.

This discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Information Memorandum, particularly in the section entitled "Risk Factors" set out in Section 6 of this Information Memorandum.

9.1 Overview

We are principally involved in the leasing of ICT hardware and software, trading and rental of ICT solutions and provision of ICT services to both corporate and government sector. Please refer to Sections 4.2 and 4.3 of this Information Memorandum for further details of our principal activities and products/services.

Please refer to Section 9.10 of this Information Memorandum for significant factors which affect our financial position and results of operations and Section 6 of this Information Memorandum for the risk factors that may affect our revenue and financial performance.

9.2 Revenue

Our revenue is mainly derived from our 4 main business segments as follows:

Leasing	:	Leasing of ICT hardware and software without ICT services as well as disposal of assets returned at the end of the lease
Trading	:	Outright sales of ICT hardware and software
Rental	:	Rental of ICT hardware and software inclusive of corrective and preventative maintenance
Service	:	Provision of ICT services that comprise corrective and preventative maintenance

The following table sets out a breakdown of our revenue by activities for the FYE 31 January 2019, FYE 31 January 2020, FPE 31 July 2019 and FPE 31 July 2020:

	Audited				**Unaudited**			
	FYE 31 Jan 2019		**FYE 31 Jan 2020**		**FPE 31 Jul 2019**		**FPE 31 Jul 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Leasing								
Leasing	17,740	52.5	16,639	42.8	7,993	63.7	9,452	57.8
Disposal of leased assets	1,574	4.7	4,094	10.5	1,980	15.8	408	2.5
Sub-total	**19,314**	**57.2**	**20,733**	**53.3**	**9,973**	**79.5**	**9,860**	**60.3**
Trading	10,548	31.3	14,404	37.0	782	6.2	4,210	25.7
Rental	3,704	11.0	3,644	9.4	1,734	13.8	2,237	13.7
Service	172	0.5	129	0.3	62	0.5	55	0.3
Total	**33,738**	**100.0**	**38,910**	**100.0**	**12,551**	**100.0**	**16,362**	**100.0**

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our revenue derived from the trading segment increased to RM14.4 million in the FYE 31 January 2020 from RM10.5 million in the previous financial year, representing an increase of RM3.9 million or 37.1%. This increase was mainly attributable to our ability to secure several larger size orders from government associations through our Strategic Partners.

Our revenue from the leasing and rental segment increased to RM24.3 million in the FYE 31 January 2020 from RM23.0 million in the previous financial year, representing an increase of RM1.3 million or 5.7%. This increase in revenue was mainly attributable to our Group being able to secure higher sales from disposal of leased assets.

Comparison between FPE 31 July 2019 and FPE 31 July 2020

Our revenue derived from the trading segment increased to RM4.2 million in the FPE 31 July 2020 from RM0.8 million in the previous corresponding financial period, representing an increase of RM3.4 million or 425.0%. This increase in revenue was mainly attributable to our ability to secure several larger size orders from government associations through our Strategic Partners.

Our revenue from the leasing and rental segment increased to RM12.1 million in the FPE 31 July 2020 from RM11.7 million in the previous corresponding financial period, representing an increase of RM0.4 million or 5.7%. This increase in revenue was mainly attributable to our Group being able secure additional leasing and rental contracts through our Strategic Partners.

9.3 Cost of Sales

Our cost of sales by segment, primarily consists of:

(i) leasing and rental segments, which include the cost of depreciation, cost of disposed assets (comprising marketing cost, logistic cost and net book value of disposed assets), finance cost, insurance and cost of ICT service;

(ii) trading segment, which includes cost of acquisition and finance cost; and

(iii) service segment, which includes mainly manpower cost.

The following table sets out a breakdown of our cost of sales by activities for the FYE 31 January 2019, FYE 31 January 2020, FPE 31 July 2019 and FPE 31 July 2020:

	Audited				**Unaudited**			
	FYE 31 Jan 2019		**FYE 31 Jan 2020**		**FPE 31 Jul 2019**		**FPE 31 Jul 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Leasing and rental								
Leasing and rental	16,283	59.6	14,278	47.6	7,462	78.2	8,157	65.9
Disposal of leased assets	1,070	3.9	2,266	7.5	1,384	14.5	257	2.1
Sub-total	**17,353**	**62.5**	**16,544**	**55.1**	**8,846**	**92.7**	**8,414**	**68.0**
Trading	9,830	36.0	13,406	44.7	660	6.9	3,946	31.9
Service	139	0.5	72	0.2	37	0.4	16	0.1
Total	**27,322**	**100.0**	**30,022**	**100.0**	**9,543**	**100.0**	**12,376**	**100.0**

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our cost of sales derived from the trading segment increased to RM13.4 million in the FYE 31 January 2020 as compared to RM9.8 million in the previous financial year, representing an increase of RM3.6 million or 36.7%. This increase in cost of sales was mainly due to the aforementioned larger size orders secured from government associations through our Strategic Partners.

Our cost of sales from the leasing and rental segment decreased to RM16.5 million in the FYE 31 January 2020 from RM17.4 million in the previous financial year, representing a decrease of RM0.9 million or 5.2%. This decrease in cost of sales was mainly attributable to lower cost of depreciation as our Group were able to secure proportionately higher sales from disposal of leased assets.

Comparison between FPE 31 July 2019 and FPE 31 July 2020

Our cost of sales derived from the trading segment increased to RM3.9 million in the FPE 31 July 2020 as compared to RM0.7 million in the previous corresponding financial period, representing an increase of RM3.2 million or 457.1%. This increase in cost of sales was mainly due to the aforementioned larger size orders secured from government associations through our Strategic Partners.

Our cost of sales from the leasing and rental segment decreased to RM8.4 million in the FPE 31 July 2020 from RM8.8 million in the previous corresponding financial period, representing a decrease of RM0.4 million or 8.0%. This decrease in cost of sales was mainly attributable to the higher proportion of extension of existing leasing and rental contracts, primarily during the MCO and Conditional MCO periods, which incurred lower cost of sales due to the lower net book value of the leased assets.

9.4 GP and GP Margin

The following table set out a breakdown of our GP and GP margin by activities for the FYE 31 January 2019, FYE 31 January 2020, FPE 31 July 2019 and FPE 31 July 2020:

	Audited				**Unaudited**			
	FYE 31 Jan 2019		**FYE 31 Jan 2020**		**FPE 31 Jul 2019**		**FPE 31 Jul 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Leasing and rental								
Leasing and rental	5,161	80.4	6,005	67.6	2,264	75.3	3,533	88.6
Disposal of leased assets	504	7.9	1,828	20.6	596	19.8	151	3.8
Sub-total	**5,665**	**88.3**	**7,833**	**88.2**	**2,860**	**95.1**	**3,684**	**92.4**
Trading	718	11.2	998	11.2	122	4.0	264	6.6
Service	33	0.5	57	0.6	26	0.9	38	1.0
Total GP	**6,416**	**100.0**	**8,888**	**100.0**	**3,008**	**100.0**	**3,986**	**100.0**

9. MANAGEMENT DISCUSSION AND ANALYSIS (*cont'd*)

	Audited		Unaudited	
	FYE 31 Jan 2019	**FYE 31 Jan 2020**	**FPE 31 Jul 2019**	**FPE 31 Jul 2020**
	%	**%**	**%**	**%**
Leasing and rental	24.6	32.1	24.4	30.5
Leasing and rental	24.1	29.6	23.3	30.2
Disposal of leased assets	32.0	44.7	30.1	37.0
Trading	6.8	6.9	15.6	6.3
Service	19.2	44.2	41.3	69.1
Group GP Margin	**19.0**	**22.8**	**24.0**	**24.4**

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our GP increased to approximately RM8.9 million in the FYE 31 January 2020 from RM6.4 million in the previous financial year, representing an increase of RM2.5 million or 39.1%. The higher GP margin was mainly attributable to our Group being able to secure higher sales from disposal of leased assets, which generated higher profit margins following our ability to secure comparatively higher selling prices for refurbished leased assets as well as lower cost of depreciation following such higher disposal of leased assets.

The returned leased assets are generally disposed on a wholesale basis to resellers. For the FYE 31 January 2021, we intend to actively market these returned leased assets on our e-commerce platform as detailed in Section 4.13(iii) of this Information Memorandum.

Comparison between FPE 31 July 2019 and FPE 31 July 2020

Our GP increased to approximately RM4.0 million in the FPE 31 July 2020 from RM3.0 million in the previous corresponding financial period, representing an increase of RM1.0 million or 33.3%. The higher GP margin was mainly attributable to higher proportion of revenue from extensions of existing leasing and rental contracts which generate higher profit margins as a result of the lower net book value of the leased assets.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

9.5 Other Income

The following table sets out a breakdown of our Group's other income for the FYE 31 January 2019, FYE 31 January 2020, FPE 31 July 2019 and FPE 31 July 2020:

	Audited				Unaudited			
	FYE 31 Jan 2019		FYE 31 Jan 2020		FPE 31 Jul 2019		FPE 31 Jul 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Rental income	578	46.3	578	85.5	289	90.8	295	22.9
Fair value gain of investment properties	500	40.1	-	-	-	-	-	-
Insurance claim	65	5.2	7	1.0	2	0.6	15	1.1
Fixed deposit interest	12	1.0	-	-	-	-	975	75.6
Others [(1)]	93	7.4	91	13.5	27	8.6	5	0.4
Total	**1,248**	**100.0**	**676**	**100.0**	**318**	**100.0**	**1,290**	**100.0**

Note:

(1) Comprising mainly interest income from net investment in sub-lease and/or reversal of impairment loss.

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our other income decreased to approximately RM0.7 million in the FYE 31 January 2020 from RM1.2 million in the previous financial year, representing a decrease of RM0.5 million or 41.7%. The lower other income was mainly due to the absence of one-off fair value gain of investment properties of RM0.5 million recorded in the FYE 31 January 2019.

Comparison between FPE 31 July 2019 and FPE 31 July 2020

Our other income increased to approximately RM1.3 million in the FYE 31 July 2020 from RM0.3 million in the previous corresponding financial period, representing an increase of RM1.0 million or 333.3%. The higher other income was mainly attributable to fixed deposit interest recognised upon upliftment of the capital reserve fund from the Islamic fixed deposit placed with a licensed financial institution following the redemption and termination of Interest Scheme 1.

9.6 Other Operating Expenses

The following table sets out a breakdown of our Group's other operating expenses for the FYE 31 January 2019, FYE 31 January 2020, FPE 31 July 2019 and FPE 31 July 2020:

	Audited				**Unaudited**			
	FYE 31 Jan 2019		**FYE 31 Jan 2020**		**FPE 31 Jul 2019**		**FPE 31 Jul 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Staff costs	1,931	45.1	1,868	50.6	986	51.0	829	42.7
Administrative expenses	1,099	25.7	666	18.0	398	20.6	292	15.0
Listing expenses	-	-	-	-	-	-	472	24.3
Office expenses	355	8.3	498	13.5	181	9.4	164	8.5
Amortised cost adjustment	622	14.5	363	9.8	199	10.3	-	-
Depreciation	157	3.7	222	6.0	112	5.8	78	4.0
Others [(1)]	117	2.7	78	2.1	56	2.9	106	5.5
Total	**4,281**	**100.0**	**3,695**	**100.0**	**1,932**	**100.0**	**1,941**	**100.0**

Note:

(1) Comprising marketing expenses and/or loss on impairment.

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our other operating expenses decreased to approximately RM3.7 million in the FYE 31 January 2020 from RM4.3 million in the previous financial year, representing a decrease of RM0.6 million or 14.0%. The decrease was mainly due to:

(i) lower amortised cost adjustment expenses incurred in the FYE 31 January 2020. These expenses relate to the time value of money impact in relation to an interest-free loan secured by our Group which was fully repaid in the FYE 31 January 2020; and

(ii) lower administrative expenses of RM0.4 million in the FYE 31 January 2020 mainly due to the absence of non-recurring shared service management fees incurred in the FYE 31 January 2019 as we have terminated the shared service management agreement in the FYE 31 January 2020. The said agreement was entered into in relation to the outsource of certain human resource, accounting, credit and collection, and contract management functions, which are now fully assumed by our staff.

Comparison between FPE 31 July 2019 and FPE 31 July 2020

Our other operating expenses in the FPE 31 July 2020 comprised of one-off listing expenses, i.e. professional fees, of RM0.5 million incurred in relation to our Proposed Listing.

9.7 Finance Cost

The following table sets out a breakdown of our Group's finance costs for the FYE 31 January 2019, FYE 31 January 2020, FPE 31 July 2019 and FPE 31 July 2020:

	Audited				**Unaudited**			
	FYE 31 Jan 2019		**FYE 31 Jan 2020**		**FPE 31 Jul 2019**		**FPE 31 Jul 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interim yield								
Interim yield paid	2,524	72.2	2,689	59.9	1,394	77.5	257	28.5
Fair value adjustment (1)	530	15.2	1,238	27.6	168	9.3	393	43.5
Sub-total	**3,054**	**87.4**	**3,927**	**87.5**	**1,562**	**86.8**	**650**	**72.0**
Finance charges	372	10.6	337	7.5	213	11.8	249	27.5
Interest expenses	71	2.0	224	5.0	24	1.4	4	0.5
Total	**3,497**	**100.0**	**4,488**	**100.0**	**1,799**	**100.0**	**903**	**100.0**

Note:

(1) The fair value adjustment is in relation to agent commission cost previously incurred for the establishment of the ICT Zone Ventures Scheme, which are charged out over the duration of the ICT Zone Ventures Scheme.

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our finance costs increased to RM4.5 million in the FYE 31 January 2020 from RM3.5 million in the previous financial year, representing an increase of RM1.0 million or approximately 28.6%. The increase was mainly due to higher amount of fair value adjustment as a result of the charge out of the remaining agent commission cost upon redemption of the ICT Zone Ventures Scheme as detailed in Section 2.1.2 of this Information Memorandum.

Comparison between FPE 31 July 2019 and FPE 31 July 2020

Our finance costs decreased to RM0.9 million in the FPE 31 July 2020 from RM1.8 million in the previous corresponding financial period, representing a decrease of RM0.9 million or approximately 50.0%. The decrease was mainly attributable to lower amount of interim yield incurred as a result of the redemption of ICT Zone Ventures Scheme, as detailed in Section 2.1.2 of this Information Memorandum.

9.8 PAT and PAT Margin

The following table sets out a breakdown of our PAT and PAT margin for the FYE 31 January 2019, FYE 31 January 2020, FPE 31 July 2019 and FPE 31 July 2020:

	Audited		Unaudited	
	FYE 31 Jan 2019	**FYE 31 Jan 2020**	**FPE 31 Jul 2019**	**FPE 31 Jul 2020**
Total PAT/(LAT) (RM'000)	(306)	1,049	(717)	1,888
PAT/(LAT) margin (%)	(0.9)	2.7	(5.7)	11.5

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our Group recorded a PAT of approximately RM1.0 million in the FYE 31 January 2020 as compared to a LAT of RM0.3 million in the previous financial year, representing an increase of RM1.3 million or 433.3%. The increase was mainly attributable to the higher GP from higher disposals of leased assets as mentioned in Section 9.4 above.

Comparison between FPE 31 July 2019 and FPE 31 July 2020

Our Group recorded a PAT of approximately RM1.9 million in the FPE 31 July 2020 as compared to a LAT of RM0.7 million in the previous corresponding financial period, representing an increase of RM2.6 million or 371.4%. The increase was mainly attributable to the higher GP from the extensions of existing leasing and rental contracts and higher fixed deposit interest as well as lower finance cost as a result of the redemption of ICT Zone Ventures Scheme as mentioned above.

For illustrative purposes, assuming the redemption and settlement of the ICT Zone Ventures Scheme had been completed on 1 February 2018, the pro forma effects on the LAT/PAT of our Group for the FYE 31 January 2019 and FYE 31 January 2020 are shown below:

	FYE 31 Jan 2019	**FYE 31 Jan 2020**
	RM'000	**RM'000**
PAT/(LAT)	(306)	1,049
Add: Net interim yield savings [(1)]	2,449	2,881
Less: Finance costs arising from the liability portion of ICPS	(476)	(476)
	1,667	**3,454**

Note:

(1) Attributable to the total savings of net interim yield pursuant to the redemption of the ICT Zone Ventures Scheme via the Deeds of Novation and Settlement dated 16 January 2020 and 8 April 2020 as well as the maturity of Interest Scheme 1 on 27 March 2020, adjusted by the statutory corporate tax rate of 24%.

9.9 Key Financial Ratios

The following table sets out certain key financial ratios of our Group based on our Audited Combined Financial Statements for the FYE 31 January 2019, FYE 31 January 2020 and FPE 31 July 2020:

	Audited		Unaudited
	FYE 31 Jan 2019	**FYE 31 Jan 2020**	**FPE 31 July 2020**
Trade receivables turnover (days) (1)	80	103	81
Trade payables turnover (days) (2)	121	227	86
Current ratio (times) (3)	0.6	0.8	1.0
Gearing ratio (times) (4)	2.1	0.8	0.5

Notes:

(1) Computed as trade receivables over revenue.

(2) Computed as trade payables over cost of sales.

(3) Computed as current assets over current liabilities.

(4) Computed as total borrowings over total equity.

(i) Trade receivables turnover

Our customers are granted credit periods ranging from 30 days to 60 days. For established customers who have maintained good relationship with us, the credit periods may be extended at the discretion of our Management based on length of business relationships, size of the companies and payment track record.

	Trade Receivables as at 31 Jan 2020	
	RM'000	**%**
Not past due	10,843	98.9
Past due:		
- 1 to 30 days	62	0.6
- 31 to 60 days	49	0.4
- More than 60 days	11	0.1
Total	**10,965**	**100.0**

Subsequent receipts up to the LPD (RM'000)	10,941
Outstanding balance as at the LPD (RM'000)	24

As at 31 January 2020, our Group has approximately RM11.0 million trade receivables, of which approximately RM10.9 million or 99.8% of the outstanding trade receivables have been collected as at the LPD. As demonstrated above, our Group managed to keep 98.9% of our trade receivables within the credit period, i.e. is neither past due nor impaired. We assess the recoverable amount for trade receivables that has been past due for more than 60 days. If the trade receivables that our Group expects to receive are less than the total trade receivables that are due to our Group, our Management would consider the need for impairment based on objective evidence, i.e. we would write off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our higher trade receivables turnover period for the FYE 31 January 2020 was mainly due to trading contracts amounting to approximately RM7.2 million secured in January 2020.

Comparison between FYE 31 January 2020 and FPE 31 July 2020

Our lower trade receivables turnover period for the FPE 31 July 2020 was mainly attributable to higher repayment of trade receivables by our customers within the credit period mainly attributable to our Group's improved collection process.

(ii) Trade payables turnover

Our suppliers grant us credit periods ranging from 30 days to 90 days, depending on the length of business relationships.

	Trade Payables as at 31 Jan 2020	
	RM'000	**%**
Not past due	18,664	100.0
Past due:		
- 1 to 30 days	4	(1)
Total	**18,668**	**100.0**

Subsequent payments up to the LPD (RM'000)	18,668
Outstanding balance as at the LPD (RM'000)	-

Note:

(1) Less than 0.1%.

As demonstrated above, our Group managed to keep almost all of our trade payables within the credit period. As at 31 January 2020, our Group has approximately RM18.7 million trade payables, which have been fully settled as at the LPD.

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our trade payables turnover period increased from 121 days to 227 days, mainly due to increase in purchases of RM12.6 million in the last quarter of the FYE 31 January 2020 following the award of leasing contracts through our Strategic Partners as compared to RM6.7 million in the previous year corresponding quarter.

Comparison between FYE 31 January 2020 and FPE 31 July 2020

Our lower trade payables turnover period was mainly attributable to lower purchases made towards the end of FPE 31 July 2020 as well as higher repayment of trade payables by our Group within the credit period following improved collections from our trade receivables as mentioned above.

(iii) Current ratio

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our current ratio has improved from 0.6 times as at 31 January 2019 to 0.8 times as at 31 January 2020. This was mainly attributable to higher amount of capital reserve fund as Interest Scheme 1 was nearing towards its maturity.

Our current ratio of less than 1 time is mainly due to the usage of short-term debt financing (i.e. bankers' acceptances and trust receipts) to support our leasing and rental business segments but the cash flows generated therefrom spanning across the terms of the lease or rental (i.e. from less than 6 months to up to 5 years), as well as our ability to negotiate for longer repayment terms with our suppliers.

Comparison between FYE 31 January 2020 and FPE 31 July 2020

Our current ratio has improved from 0.8 times as at 31 July 2019 to 1.0 times as at 31 July 2020. This was mainly attributable to higher cash and bank balances mainly attributable to the net surplus received from capital reserve fund arising from the redemption of Interest Scheme 1 on its maturity date.

(iv) Gearing ratio

Our Group's borrowings mainly consist of borrowings and the ICT Zone Ventures Scheme.

Comparison between FYE 31 January 2019 and FYE 31 January 2020

Our gearing ratio improved from 2.1 times as at 31 January 2019 to 0.8 times as at 31 January 2020. This was mainly attributable to the partial redemption of ICT Zone Ventures Scheme amounting to approximately RM18.1 million on 16 January 2020, as detailed in Section 2.1.2 of this Information Memorandum.

Comparison between FYE 31 January 2020 and FPE 31 July 2020

Our gearing ratio improved from 0.8 times as at 31 January 2020 to 0.5 times as at 31 July 2020. This was mainly attributable to the partial redemption of ICT Zone Ventures Scheme amounting to approximately RM0.7 million on 8 April 2020, as detailed in Section 2.1.2 of this Information Memorandum.

9.10 Significant Factors Affecting Our Financial Position and Results of Operations

Section 6 "Risk Factors" of this Information Memorandum details a number of risk factors relating to our business and the industries in which we operate in. Some of these risk factors have an impact on our financial position and results of operations. You should carefully consider the risk factors set out therein before making a decision on whether an investment in our securities is suitable for you in light of your circumstances and financial resources.

9.11 Working Capital

Our business is financed by combinations of internal and external sources of funds. The internal sources of funds comprise our share capital and cash generated from our operations. The external sources of funds mainly comprise bankers' acceptances, trust receipts and term loans as well as the ICT Zone Ventures Scheme.

Whilst we redeemed and terminated the ICT Zone Ventures Scheme and through the Deeds of Novation and Settlement entered into as detailed in Section 2.1.2 of this Information Memorandum, we were able to tap into the net surplus capital reserve funds of RM4.6 million which are no longer required to be set aside for redemption of the ICT Zone Ventures Scheme. In addition, we are also well positioned to secure additional borrowings to finance the expansion of our business due to our lower gearing ratio as detailed in Section 9.9(iv) of this Information Memorandum.

Our Group has generated positive operating cash flows for the financial years and periods under review and recorded cash and cash equivalents of RM1.0 million as at 31 January 2020.

Our Board is of the opinion, after taking into account the above and the additional working capital of RM4.6 million (arising from the net surplus capital reserve fund as mentioned above) as well as unutilised credit facilities of approximately RM0.2 million, we will have sufficient working capital to meet our existing business requirements for a period of 12 months from the date of this Information Memorandum.

9.12 Material Capital Commitments

As at the LPD, there is no other material capital commitment incurred or known to be incurred by us or by our subsidiaries, which upon becoming enforceable, may have a material impact on our financial position.

9.13 Order Book

During the FYE 31 January 2020, approximately RM24.3 million or 62.7% of our revenue was contributed by the leasing and rental segments. Our order book attributable to leasing and rental segments as at the LPD is approximately RM45.9 million, of which RM7.1 million is expected to be recognised as revenue in the FYE 31 January 2021 with the remaining amount to be recognised over the following 4 financial years.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

10. OTHER INFORMATION

10.1 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 subsidiaries within the 2 years immediately preceding the date of this Information Memorandum:

(i) share sale agreement dated 22 November 2019 in respect of the Acquisition of ICT Zone;

(ii) share sale agreement dated 22 November 2019 in respect of the Acquisition of ICT Zone Ventures;

(iii) share sale agreement dated 22 November 2019 in respect of the Acquisition of Techfin Capital;

(iv) Deeds of Novation and Settlement dated 16 January 2020 entered by our Company with ICT Zone Ventures and the ICT Interest Holders for the redemption of their investments in ICT Zone Ventures Scheme totalling RM18.1 million for our Shares and ICPS; and

(v) Deeds of Novation and Settlement dated 8 April 2020 entered by our Company with ICT Zone Ventures and the ICT Interest Holders for the redemption of their investments in ICT Zone Ventures Scheme totalling RM0.8 million for our Shares and ICPS.

10.2 Material Litigation and Contingent Liabilities

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

ICT Zone ("**Plaintiff**") has *vide* Case No. WA-A52NCvC-403-05/2018 obtained a judgement in default against Melind Higher Education Sdn Bhd ("**1st Defendant**"), Mahendran Nair A/L Purushothaman and Saravanan A/L Muthi (collectively known as the "**Defendants**") through a writ of summons dated 30 May 2018 claiming for damages of RM108,004.02 in relation to outstanding rental of ICT equipment and an additional proposed settlement amounting to RM91,860.80.

The Plaintiff has since the date of judgement, received a settlement sum of RM50,000.00 on 19 July 2018 and RM58,003.00 on 6 June 2018. On 11 November 2019, the Plaintiff accepted the 1st Defendant's proposal for payment of RM91,860.80 to be paid in 6 instalments *vide* post-dated cheques. The 1st Defendant has defaulted in some of the payment of the instalments, from 25 January 2020 onwards which amounts to RM76,860.80. The Plaintiff has through its solicitors, sent out reminder letters in order to retrieve the defaulted payment.

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

10.3 Related Party Transactions

Under the Listing Requirements, a 'related party transaction' is a transaction entered between the listed corporation or its subsidiaries and a related party. 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 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% or more of the total number of voting shares in a corporation; or

10. OTHER INFORMATION *(cont'd)*

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

10.3.1 Existing and proposed related party transactions

Save as disclosed below, our Board confirms that there are no existing or presently proposed related party transactions entered into between our Group and our Directors, major shareholders and/or persons connected with them for the FYE 31 January 2020 and subsequent period up to the LPD

			Actual	
Transacting Parties	**Nature of Relationship**	**Nature of Transaction**	**FYE 31 Jan 2020**	**Subsequent Period up to the LPD**
			RM'000	**RM'000**
ICT Zone, ICT Zone Ventures and Risco Consulting Sdn Bhd ("**Risco**")	ICT Zone Holding is a major shareholder of Risco holding 55% equity interest of the company. Datuk Ng Thien Phing and Lim Kok Kwang are the directors of Risco. Kwan Thean Poh is the director and major shareholder of Risco, holding equity interest of the company.	ICT Zone and ICT Zone Ventures contracted Risco as insurance agent for their purchase of insurance policies for ICT Zone and ICT Zone Ventures. Our Group has appointed Risco as an insurance agent as it has been providing good service to our Group, including getting quotations from multiple insurance providers for our Group's insurance needs and dealing with any insurance claims that our Group has.	379	394
ICT Zone and Skyworld Development Sdn Bhd ("**Skyworld Development**")	Datuk Ng Thien Phing is a major shareholder of Skyworld Development, holding 71.6% equity interest of the company.	ICT Zone entered into a tenancy agreement to rent a premise known as Ground Floor, Block B, Wisma NTP World, Excella Business Park, Jalan Ampang Putra, 55100 Ampang, Kuala Lumpur to Skyworld Development for a period of 3 years commencing from 1 June 2020 and ending on 31 May 2023. Our Company regularly conducts valuations on the rented premise and the rental price has been consistently adjusted based on these valuations during the renewal of tenancy between Skyworld Development and ICT Zone.	582	454

The above transactions were carried out on an arm's length basis and were on normal commercial terms which are not favourable to the related parties than those generally available to third parties in view that we have procured at least 2 or more quotations from third parties for identical products and/or services as comparison whenever possible to determine whether the prices and terms offered are fair, reasonable and similar to those offered to/from third parties. Our Board, having considered all aspects of the related party transactions, is of the opinion that the related party transactions are not detrimental to our Group.

Upon Proposed Listing, our Board will continue to ensure that any related party transactions are carried out 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. In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors and major shareholders and/or persons connected with them which have any interest, direct or indirect, in the proposed related party transaction will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Director and/or major shareholder will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.4 Interests in Similar Businesses and Other Conflict of Interest

None of our Promoters, substantial shareholders, Directors and key management personnel have 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.

Notwithstanding the above, in the event of a potential conflict of interest situation, such Promoters, substantial shareholders, Directors and/or persons connected with them are obliged, if required by law or regulations, to abstain from voting on the resolutions relating to such matters or transactions that require the approval of our shareholders in respect their direct and indirect interests.

10.5 Other Transactions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party during the FYE 31 January 2020 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 31 January 2020 up to the LPD.

10.6 Declaration by Our Advisers

(i) Mercury Securities confirms that there is no existing or potential conflict of interests in relation to its capacity as the Approved Adviser for our Proposed Listing;

(ii) Messrs David Lai & Tan confirms that there is no existing or potential conflict of interests in its capacity as the Legal Adviser for our Proposed Listing;

(iii) Messrs PKF 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; and

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

APPENDIX I

SALIENT TERMS OF THE ICPS

APPENDIX I – SALIENT TERMS OF THE ICPS

The salient terms of our ICPS are as follows:

Particulars		Features
Issue size	:	Maximum 80,000,000 ICPS.
Form and denomination	:	The ICPS shall be issued in registered form and will be constituted by our Constitution.
Issue Price	:	RM0.20 per ICPS.
Dividend	:	A cumulative preference dividend rate of 10% per annum of the ICPS Issue Price shall be payable out of the distributable profits of our Company. The dividends, when declared, shall be paid annually in arrears after 31 July each calendar year. No dividends shall be paid on the Shares of our Company unless the dividends on the ICPS have first been paid.
Tenure and Maturity Date	:	5 years commencing from and inclusive of the date of issuance of the ICPS ("**Issue Date**") and ending at 5.00 p.m. on the last market day immediately preceding the date which is the 5th anniversary of the Issue Date ("**Maturity Date**").
Conversion Price	:	RM0.20 for each new ICT Zone Asia Share, subject to the Conversion Ratio and adjustments in accordance with our Constitution.
Conversion Ratio	:	The Conversion Ratio has been fixed at 1 ICPS to be converted into 1 new Share.
Conversion Rights	:	Each ICPS carries the entitlement to be converted into new ICT Zone Asia Shares at the Conversion Price and the Conversion Ratio through the surrender of the ICPS at any time during the Conversion Period. No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. If the conversion results in a fractional entitlement of less than one ICT Zone Asia Share, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
Conversion period	:	(i) The ICPS may be converted at any time within 5 years commencing on and including the Issue Date up to and including the Maturity Date. (ii) Any remaining ICPS that are not converted by the Maturity Date shall be automatically converted into new ICT Zone Asia Shares at the conversion ratio of 1 ICPS into 1 new ICT Zone Asia Share.
Redemption	:	The ICPS is not redeemable.

Ranking of the ICPS and liquidation preference	:	The ICPS shall rank *pari passu* amongst themselves and may rank in priority to, or equally with other preference shares that may be created in future. The ICPS shall rank in priority to any other class of shares in the capital of our Company, but shall rank behind all secured and unsecured obligations of our Company. In the event of liquidation, dissolution, winding up, reduction of capital or other repayment of capital: (i) The ICPS shall confer on the holders the rights to receive in priority to the holders of ordinary shares in our Company, cash repayment in full of the amount which is equal to the ICPS Issue Price for each ICPS, provided that there shall be no further right to participate in any surplus capital or surplus profits of our Company. (ii) In the event that our Company has insufficient assets to permit payment of the full ICPS Issue Price to the ICPS holders, the assets of our Company shall be distributed pro rata on an equal priority to the ICPS holders in proportion to the amount that each ICPS holder would otherwise be entitled to receive. (iii) In the event of capital being written off on a reduction of capital due to accumulated losses, the amounts paid or credited on the ordinary shares shall be written off before the amounts paid or credited on the ICPS. (iv) In the event of repayment of capital to the holders of the ordinary shares, the remaining ICPS shall then be automatically converted in the new shares as the conversion ratio of 1 ICPS for 1 new Share prior to any distribution to be made to the holders of the ordinary shares.
Ranking of new Shares to be issued pursuant to the conversion of the ICPS	:	All new Shares to be issued upon the conversion of the ICPS shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares except that such new shares shall not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date of which is prior to the date of allotment and the issuance of the new Shares arising from the conversion of the ICPS.
Board lot (1)	:	For the purpose of trading on the LEAP Market of Bursa Securities, a board lot of ICPS will consist of 100 units of ICPS or such other number of units as may be prescribed by Bursa Securities from time to time.
Rights of the holders of the ICPS	:	The ICPS holders have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings. ICPS holders are however not entitled to any voting rights or participation in any rights, allotments and/or other distribution in our Company until and unless such holders convert their ICPS into new shares except in the following circumstances: (i) on a proposal to reduce our Company's share capital; (ii) on a proposal for the disposal of the whole of our Company's property, business and undertaking; (iii) on a proposal that affects their rights and privileges attached to the ICPS; (iv) on a proposal to wind up our Company; and (v) during the winding up of our Company.

Adjustment to the Conversion Price and/or Conversion Ratio	:	The Conversion Price and/or Conversion Ratio will be adjusted at the determination of our Company, in all or any of the following events: (i) an alteration to the number of shares by reason of consolidation or subdivision; or (ii) a bonus issue of ordinary shares by our Company or any other capitalisation issue for accounting purposes; or (iii) a capital distribution to shareholders made by our Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or (iv) a rights issue of ordinary shares by our Company; or (v) any other circumstances that our Board deems necessary, including circumstances such as the issuance of shares credited as fully paid by way of capitalisation of profits or reserves by our Company to the shareholders or an offer or invitation to shareholders made by our Company by way of rights whereby shareholders acquire or subscribe for securities convertible into shares, or rights to acquire or subscribe for shares. In any event, our Board would consult its approved principal adviser and/or auditors before deciding whether such adjustments are required, provided that any adjustment to the Conversion Price will be rounded down to the nearest RM0.01. No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the auditors of our Company.
Transferability [(1)]	:	The ICPS shall be transferable in the manner provided under the rules of Bursa Depository pursuant to the Securities Industry (Central Depositories) Act, 1991 ("**Rules**"). The ICPS will be transferable only by instrument in writing in the usual or common form or such other form as our Directors and the relevant authorities may approve. As the ICPS will be listed on and traded on the LEAP Market of Bursa Securities, they will be deposited in a central depository system and will be subject to the Rules.
Listing [(1)]	:	The ICPS will be listed and traded on the LEAP Market of Bursa Securities.

Variation of right and further issues	:	Unless otherwise required by the applicable laws and notwithstanding any other provision of these presents, any variation or abrogation of the rights, preferences and privileges of the ICPS holders by way of amendment of these presents or otherwise (including, without limitation, the authorisation or creation of any shares in the capital of our Company ranking, as to participation in the profits or assets of our Company, senior to the ICPS holders) shall require: (i) the consent in writing of the ICPS holders of at least 75% of the outstanding ICPS; or (ii) the sanction of a special resolution passed at a separate class meeting of the ICPS holders (the quorum at such class meeting to be such number of the ICPS holders holding or representing not less than two-thirds of the outstanding ICPS), provided that: (a) no such consent or sanction shall be required if the change is solely formal, minor or technical nature or is to correct an error or cure an ambiguity (but such change shall not reduce the amounts payable to ICPS holders, impose any material obligation on ICPS holders or materially adversely affect their voting rights); and (b) no such consent or sanction shall be required for the creation or issue of further shares ranking junior to the ICPS (the creation or issue of such other shares, regardless of the dividends and other amounts payable in respect of such shares and whether and when such dividends and other amounts may be so payable, shall not be deemed to be a variation or abrogation of the rights, preferences and privileges of the ICPS).
Governing law	:	The laws of Malaysia.
Payment: No further rights to participate in Distributable Profits	:	The ICPS shall not confer any right or claim as regards to participation in the Distributable Profits of our Company. "Distributable Profits" means the amount (comprising current profits and/or accumulated revenue reserves) certified by the auditors to be the profits available to our Company for distribution as a dividend in compliance with the Act.
Class meetings	:	ICPS holders shall be entitled to attend class meetings of ICPS holders. Every ICPS holder who is present in person at such class meetings shall have on a poll one vote for every ICPS of which he is the ICPS holder. Notice of such class meetings shall be given in accordance with the procedures in respect of notice of General Meetings as set out in these presents.
Purchase and cancellation	:	Subject to the prevailing laws and the approval by the shareholders of our Company, our Company may at any time purchase the ICPS from the ICPS holders at any price. The ICPS so purchased must be cancelled. Any such purchase and cancellation of an ICPS by our Company shall constitute an absolute discharge by our Company.
Prescription	:	Any liquidation distribution or any other amount in respect of the ICPS unclaimed for 7 years after the relevant date of declaration shall be forfeited and revert to our Company and after such forfeiture no ICPS holder or other person shall have any right to or claim in respect of any such payments. No other moneys payable on or in respect of an ICPS shall bear interest against our Company.
Notice or other documents	:	Any notice or other documents may be served by our Company upon any ICPS holder and vice versa in the manner provided in these presents. Any such notice or document shall be deemed to be served and delivered in accordance with these presents.

Conflicts	:	In the event of any conflict or inconsistency between the provisions of this Article and the other provisions of these presents, the provisions of this Article shall prevail and the prevailing law shall be the laws of Malaysia.

Note:

(1) Applicable only if ICT Zone Asia is successfully listed on the LEAP Market of Bursa Securities

APPENDIX II

AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

ICT ZONE ASIA BERHAD

Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

31 JANUARY 2019 AND 31 JANUARY 2020
(In Ringgit Malaysia)

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

Contents **Pages**

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 5 to 75 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standard so as to give a true and fair view of the financial position of the Group as at 31 January 2019 and 31 January 2020, and of its financial performance and its cash flows for the financial years then ended.

Signed in accordance with a resolution of the Board,

DATUK NG THIEN PHING

LIM KOK KWANG

Kuala Lumpur

30 JUN 2020

Accountants &
business advisers

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

Opinion

We have audited the combined financial statements of ICT ZONE ASIA BERHAD ("the Group"), which comprise the combined statements of financial position as at 31 January 2019 and 31 January 2020 of the Group, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years then ended, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 5 to 75. This historical financial information has been prepared for inclusion in the information memorandum to shareholders of ICT Zone Asia Berhad.

This report is prepared solely for inclusion in the Information Memorandum of ICT Zone Asia Berhad in connection with the initial public offering of ordinary shares of ICT Zone Asia Berhad on the Leap Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 January 2019 and 31 January 2020, and of its financial performance and its cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report.

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Tel: +603 6203 1888• Fax: +603 6201 8880• Email: general@pkfmalaysia.com• Web: www.pkfmalaysia.com
Level 33• Menara 1MK• Kompleks 1 Mont' Kiara• No. 1, Jalan Kiara• Mont' Kiara• 50480 Kuala Lumpur• Malaysia

PKF
Accountants &
business advisers

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

(continued)

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Group are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatements, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Accountants &
business advisers

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

(continued)

Reporting Accountant's Responsibility for the Audit of the Combined Financial Statements (continued)

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the Directors of the Group, as a body, for inclusion in the information memorandum of ICT ZONE ASIA BERHAD in connection with the proposed listing of and quotation of the enlarged issued and paid-up share capital of ICT ZONE ASIA BERHAD on the Leading Entrepreneur Accelerator Platform Market ("LEAP Market") of Bursa Malaysia Securities Berhad. This report is given for the purposes of complying with the LEAP Market Listing Requirements issued by the Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PKF	NGU SIOW PING
AF 0911	03033/11/2021 J
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur

30 JUN 2020

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2020 and 2019

	Note	2020 RM	2019 RM
Revenue	4	38,910,078	33,737,614
Cost of sales		(30,021,874)	(27,321,449)
Gross profit		8,888,204	6,416,165
Other income	5	628,259	1,248,417
Other operating expenses		(3,695,464)	(4,233,811)
Net gain/(loss) on impairment of financial assets measured at amortised cost		47,697	(47,697)
Profit from operations		5,868,696	3,383,074
Finance costs	7	(4,488,137)	(3,496,992)
Profit/(Loss) before tax		1,380,559	(113,918)
Tax expense	8	(331,588)	(192,188)
Profit/(Loss), representing total comprehensive income/(loss), for the financial year		1,048,971	(306,106)
Basic earnings/(loss) attributable to owners of the parent per share (sen)	9	1.05	(4.25)
Diluted earnings/(loss) attributable to owners of the parent per share (sen)	9	0.61	(4.25)

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2020 AND 2019

	Note	2020 RM	2019 RM
ASSETS			
Non-current assets			
Property, plant and equipment	10	38,032,003	30,593,628
Right-of-use assets	11	61,773	149,810
Investment properties	12	11,300,000	11,300,000
Net investment in sub-lease	13	4,786	513,320
Capital reserve funds	14	1,003,000	17,092,500
		50,401,562	59,649,258
Current assets			
Inventories	15	433,755	1,441,679
Trade receivables	16	10,965,490	7,349,961
Non-trade receivables, deposit and prepayments	17	1,194,553	1,090,925
Tax recoverable		222,569	33,169
Fixed deposits with licensed banks	18	382,206	-
Net investment in sub-lease	13	540,935	1,201,049
Capital reserve funds	14	22,080,000	-
Cash and bank balances		843,015	1,756,455
		36,662,523	12,873,238
TOTAL ASSETS		87,064,085	72,522,496
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	19	27,593,773	7,210,000
Retained earnings	20	9,090,477	8,041,506
Merger reserve	21	(8,106,000)	-
Total equity		28,578,250	15,251,506

The accompanying notes form an integral part of the financial statements.

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2020 AND 2019 (CONTINUED)

	Note	2020 RM	2019 RM
Non-current liabilities			
Irredeemable Convertible Preference Shares ("ICPS")	19	5,782,227	-
Borrowings	22	1,656,162	557,728
Lease liabilities	23	51,191	535,285
ICT Interest Value	24	1,350,609	29,661,400
Deferred tax liabilities	25	3,468,366	3,341,438
		12,308,555	34,095,851
Current liabilities			
Trade payables	26	18,668,150	9,031,187
Non-trade payables, deposit received and accruals	27	8,284,059	10,853,888
ICT Interest Value	24	14,979,818	-
Borrowings	22	3,616,250	2,138,081
Lease liabilities	23	529,769	1,089,136
Tax payable		99,234	62,847
		46,177,280	23,175,139
Total liabilities		58,485,835	57,270,990
TOTAL EQUITY AND LIABILITIES		87,064,085	72,522,496

The accompanying notes form an integral part of the financial statements.

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020 AND 2019

	Share capital RM	Retained earnings RM	Merger reserve RM	Total RM
At 1 February 2018	7,200,000	8,347,612	-	15,547,612
Transaction with owners of the Group:				
Issuance of shares	10,000	-	-	10,000
Total transaction with owners of the Group	10,000	-	-	10,000
Total comprehensive loss for the financial year	-	(306,106)	-	(306,106)
At 31 January 2019	7,210,000	8,041,506	-	15,251,506
Acquisition of interests in common interests	(7,200,000)	-	(8,106,000)	(15,306,000)
Transactions with owners of the Group:				
Issuance of ordinary shares	18,926,000	-	-	18,926,000
Issuance of ICPS	8,657,773	-	-	8,657,773
Total transactions with owners of the Group	27,583,773	-	-	27,583,773
Total comprehensive income for the financial year	-	1,048,971	-	1,048,971
At 31 January 2020	27,593,773	9,090,477	(8,106,000)	28,578,250

The accompanying notes form an integral part of the financial statements.

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020 AND 2019

	Note	2020 RM	2019 RM
Cash flows from operating activities			
Profit/(Loss) before tax		1,380,559	(113,918)
Adjustments for:			
Impairment loss on financial asset measured at amortised cost		-	47,697
Reversal of impairment loss on:			
- trade receivables		(24,050)	-
- related party		(23,647)	-
Depreciation of property, plant and equipment		13,680,447	15,686,533
Depreciation of right-of-use assets		110,551	52,531
Fair value gain on investment property		-	(500,000)
Property, plant and equipment written off		-	22,771
Gain on disposal of property, plant and equipment		(1,828,469)	(499,118)
Interest income from net investment in sub-lease		(40,680)	(80,717)
Interest expense		544,228	442,714
Effective interim nett yield on ICT Interest Value		3,926,999	3,054,278
Operating profit before working capital changes		17,725,938	18,112,771
Decrease in inventories		1,007,924	414,329
Decrease/(Increase) in amount due from related parties		84,468	(251,741)
Decrease in net investment in sub-lease		1,222,681	1,158,644
Increase in capital reserve fund		(5,990,500)	(4,273,250)
Increase in receivables		(3,548,694)	(10,223)
Increase in payables		6,656,850	1,728,292
Cash generated from operations		17,158,667	16,878,822
Interest received from net investment in sub-lease		40,680	80,717
Tax paid		(168,273)	(94,614)
Tax refunded		13,650	6,353
Net cash from operating activities		17,044,724	16,871,278
Cash flows from investing activity			
Acquisition of property, plant and equipment		(23,384,789)	(14,385,000)
Net cash outflows on acquisition of subsidiaries		(15,306,000)	-
Net changes in fixed deposits		(222,536)	624,680
Proceeds from disposal of property, plant and equipment		4,094,436	1,573,886
Net cash used in investing activities		(34,818,889)	(12,186,434)

The accompanying notes form an integral part of the financial statements.

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020 AND 2019 (CONTINUED)

	Note	2020 RM	2019 RM
Cash flows from financing activities			
Drawdown of term loan		4,600,000	-
Interim nett yield on ICT Interest Value		(3,926,999)	(2,523,747)
Interest paid - others		(498,048)	(355,772)
Interest paid - lease liabilities		(46,180)	(86,942)
Net changes in short-term borrowings		(530,981)	(2,013,797)
Repayment to a director		-	(250,000)
Repayment of lease liabilities		(1,120,008)	(992,746)
Repayment of term loan		(1,492,416)	(2,252,472)
Proceeds from issuance/(Withdrawal of) of ICT Interest Value		(13,330,973)	3,175,000
Proceeds from issuance of ordinary shares		18,926,000	10,000
Proceeds from issuance of ICPS		14,440,000	-
Net cash from/(used in) financing activities		17,020,395	(5,290,476)
Net decrease in cash and cash equivalents		(753,770)	(605,632)
Cash and cash equivalents at 1 February 2019/2018		1,756,455	2,362,087
Cash and cash equivalents at 31 January	(i)	1,002,685	1,756,455

Notes:

(i) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2020 RM	2019 RM
Cash and bank balances	843,015	1,756,455
Fixed deposits with original maturity less than 3 months	159,670	-
Total cash and cash equivalents	1,002,685	1,756,455

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020 AND 2019 (CONTINUED)

Notes: (continued)

(ii) Reconciliation of liabilities arising from financing activities:

	1 February 2019 RM	Initial recognition of lease liabilities RM	Cash flows RM	31 January 2020 RM
Bankers' acceptance and trust receipts	1,670,238	-	(530,981)	1,139,257
Lease liabilities	1,646,936	54,032	(1,120,008)	580,960
Term loan	1,025,571	-	3,107,584	4,133,155
ICT Interest Value	29,661,400	-	(13,330,973)	16,330,427

	1 February 2018 RM	Initial recognition of lease liabilities RM	Cash flows RM	31 January 2019 RM
Amount due to director	250,000	-	(250,000)	-
Bankers' acceptance and trust receipts	3,684,035	-	(2,013,797)	1,670,238
Lease liabilities	2,414,825	202,342	(992,746)	1,624,421
Term loan	3,278,043	-	(2,252,472)	1,025,571
ICT Interest Value	26,486,400	-	3,175,000	29,661,400

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. Introduction

The combined financial statements of ICT Zone Asia Berhad ("the Company") and its subsidiaries ("the combining entities") have been prepared by the Directors for inclusion in the Information Memorandum in connection with the listing and quotation of the enlarged issued and paid-up share capital of the Company ("Proposed Listing") on the Leading Entrepreneur Accelerator Platform ("LEAP Market") of Bursa Malaysia Securities Berhad ("Bursa Securities") and shall not be relied on for any other purposes.

2. Basis of preparation

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of the common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the combining entities for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the combining entities were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of the entities within the combining entities, if later. Such manner of presentation reflects the economic substance of the combining entities, which were under common control throughout the relevant period.

The combined financial statements of ICT Zone Asia Berhad consist of the financial statements of the following entities under common control which is accounted for using the merger method of accounting (collectively hereinafter referred to as the "Group") for each of the financial years:

	FYE 31 January	
Entities Under Common Control	**2020**	**2019**
ICT Zone Asia Berhad	✓	*
ICT Zone Ventures Berhad	✓	✓
ICT Zone Sdn. Bhd.	✓	✓
Techfin Capital Sdn. Bhd.	✓	✓

✓ The combined financial statements of the Company include the financial statements of these combining entities prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") for the respective financial years.

* No financial statements were available for ICT Zone Asia Berhad as the Company was incorporated on 28 January 2019.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. Basis of preparation (continued)

The combined financial statements have been prepared as if the combining entities have operated as a single economic entity throughout financial years ended 31 January 2019 and 31 January 2020 and have been prepared using financial information obtained from the records of the combining entities during the reporting years.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of the Company, as the combined financial statements reflect business combinations under common control for the purpose of the Proposed Listing. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting years.

(a) Statement of compliance

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

Standards issued and effective

On 1 February 2018, the Group has adopted the following MFRSs, amendments to MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") which are mandatory for annual financial periods beginning on or after 1 January 2018.

Financial year 2019

Description

- Annual improvements to MFRSs 2014-2016 cycle
  - Amendments to MFRS 1, First-time Adoptions of Malaysian Financial Reporting Standards
  - Amendments to MFRS 128, Investment in Associates and Joint Ventures
- Amendments to MFRS 2, Share-based Payment: Classification and Measurements of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts: Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contracts
- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contract with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- Amendments to MFRS 140, Investment Property: Transfer of Investment property
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Standards issued and effective (continued)

Financial year 2020

Description

- MFRS 16 *Leases*
- Annual improvements to MFRSs 2015 - 2017 cycle
- Amendments to MFRS 3 *Business Combinations*
- Amendments to MFRS 11 *Joint Arrangements*
- Amendments to MFRS 112 *Income Taxes*
- Amendments to MFRS 123 *Borrowing Costs*
- Amendments to MFRS 119 *Employee Benefits: Plan Amendment, Curtailment and Settlement*
- Amendments to MFRS 9 *Financial Instruments: Prepayment Features with Negative Compensation*
- Amendments to MFRS 128 *Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Adoption of the above MFRSs, amendments to MFRSs and IC Interpretation did not have any significant impact on the combined financial statements of the Group other than those disclosed below:

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Explanation on change in accounting policy

MFRS 9 Financial Instruments

In the financial year 2019, the Group has adopted MFRS 9 *Financial Instruments* ("MFRS 9") effective for the annual financial period beginning on or after 1 January 2018. The date of initial application is as of the beginning of the first MFRS reporting period i.e. 1 February 2018.

(i) Under adoption of MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held to collects its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

(ii) New expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognised expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

The adoption of MFRS 9 did not have any significant effect on the combined financial statements of the Group.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Explanation on change in accounting policy (continued)

MFRS 15 Revenue from Contracts with Customers

In the financial year 2019, the Group has adopted MFRS *15 Revenue from Contracts with Customers* ("MFRS 15") effective for the annual financial period beginning on or after 1 January 2018. The date of initial application is as of the beginning of the MFRS reporting period in which the Group first applies MFRS 15, i.e. 1 February 2018.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of (or prevent other entities from directing the use of), and obtain substantially all of the remaining benefits (or prevent other entities from obtaining the benefits) from the goods and services.

The Group elects to retrospectively apply MFRS 15 to contracts that are not complete at the date of initial application and recognise the cumulative effect of initially applying MFRS 15 as an adjustment to the opening balance of the retained earnings (or other component or equity, as appropriate) of the annual reporting period that includes the date at initial application.

MFRS 16 *Leases*

In the current financial year, the Group have adopted MFRS 16 Leases ("MFRS 16") effective for the annual financial period beginning on or after 1 January 2019.

The Group has elected not to reassess whether a contract is, or contains, a lease at 1 February 2019 (date of initial application). Instead, the Group relied on their assessment made applying MFRS 117 Leases ("MFRS 117") and IC Interpretation 4 Determining whether an Arrangement contains a Lease for contracts entered into (or changed) before the date of initial application.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Explanation on change in accounting policy (continued)

As a lessee

At the date of initial application, for leases previously classified as an operating lease applying MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

The right-of-use assets are measured at their carrying amount as if MFRS 16 has been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application

The following practical expedients have been applied to leases previously classified as operating leases applying MFRS 117:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessment on whether leases are onerous as an alternative to perform impairment review – there were no onerous contracts as at 1 February 2019;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 February 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

For leases previously classified as finance leases applying MFRS 117, the carrying amount of the right-of-use assets and the lease liabilities as at 1 February 2019 are determined to be the same

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to References to the Conceptual Framework in MFRS Standards	
- Amendments to MFRS 2, Share-Based Payment	1 January 2020
- Amendments to MFRS 3, Business Combinations	1 January 2020
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
- Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
- Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
- Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
- Amendments to MFRS 138, Intangible Assets	1 January 2020
- Amendments to IC Interpretation 12, Service Concession Arrangements	1 January 2020
- Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
- Amendments to IC interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
- Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2020
- Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs	1 January 2020

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

Standards issued but not yet effective (continued)

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
• MFRS 17, Insurance Contracts	1 January 2021
• Amendments to MFRS 3, Business Combinations: Definition of a Business	1 January 2020
• Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	1 January 2020

(b) Basis of measurement

The combined financial statements have been prepared on the historical cost basis unless otherwise indicated in the summary of significant accounting policies.

(c) Functional and presentation currency

Items included in the financial statements of each of the combining entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the combining entities is Ringgit Malaysia ("RM"). The combined financial statements are presented in RM which is the functional and presentation currency of the combining entities. All financial information is presented in RM and all values are rounded to the nearest RM except when otherwise stated.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. Basis of preparation (continued)

(d) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. Basis of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

(v) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies

(a) Basis of combination

Common control business combination

A business combination involving entities under common control is a business combination in which all the Group or business are ultimately controlled by the same party or parties both before or after the business combination, and that control is not transitory.

For such common control business combinations, the merger accounting principles are used to account for assets, liabilities, results, equity changes and cash flows of the Group in the combined financial statements.

Under the merger method of accounting, the results of combining entities are presented as it the merger had been affected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the end of transfer. On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference are classified and presented as movement in other capital reserves.

The effect of all transactions and balances between the Group, whether occurring before or after the combination, are eliminated in preparing the combined financial statements.

(b) Revenue and other income

Revenue from contracts with customers are recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for these goods or services.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(b) Revenue and other income (continued)

(i) Sale of goods

The Group sells a range of computer hardware to local customers. Revenue are recognised at a point in time when control of the asset is transferred, being when the products are delivered to the customer. The contract price is variable for different contracts as the revenue is recognised based on the assets price. The normal credit term is 60 days upon delivery.

Trade receivables are recognised when the goods are delivered as this is the point in time that consideration is unconditional because only the passage of time required before the payment is due.

To determine the point in time at which the customer obtain control of a promised asset and satisfies the performance obligation, the Group has considered indicators of the transfer of control, which include, but are not limited to, the following:

(a) The Group has present right to payment for the asset,
(b) The customer had legal title to the assets,
(c) The Group has transferred physical possession of the asset,
(d) The customer has the significant risks and rewards of ownership of the asset; and
(e) The customer has accepted the asset.

(ii) *Rendering of services*

The Group provides technical, support services for repairing computer hardware and computer software. The Group recognises the revenue at a point in time when the Group completed rendering services to customer. The contract price is variable for different contracts as the revenue is recognised based on the usage rate of the hardware.

Some contracts include multiple deliverable, such as sales of computer hardware. Revenue for the computer hardware is recognised at a point in time when the hardware is delivered.

(iii) Rental income

Rental income from the rental asset is recognised in profit or loss on a straight-line basis over the term of the lease.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(c) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's contribution to defined contribution plans is charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(d) Tax expense

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

3. Summary of significant accounting policies (continued)

(d) Tax expense (continued)

(ii) Deferred tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(e) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-month after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(e) Impairment (continued)

(i) Financial assets (continued)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

(ii) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

3. Summary of significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Office equipment	20%
Furniture and fittings	10%
Computer and software	20%
Renovation	20%
Signboard	10%
Motor vehicle	20%
Rental equipment	20% - 33%

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(g) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both, but not use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost including transaction costs. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure.

Subsequent to recognition, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

The gain or loss arising from derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in profit or loss in the year the asset is derecognised.

3. Summary of significant accounting policies (continued)

(h) Capital reserve fund

The capital reserve fund is set up for the purpose towards the refund of the ICT Interest Value to, and redemption of each ICT interest from, the holders of ICT interest ("ICT Interest Holders") after the maturity date.

Upon each anniversary of the initial launch date of the ICT Zone Ventures Scheme 1 ("the Scheme 1") and the ICT Zone Ventures Scheme 2 ("the Scheme 2", and collectively, "the Schemes"), ICT Zone Ventures Berhad ("ICT Zone Ventures") is obliged to make an annual contribution to the capital reserve fund from the net annual revenue received by ICT Zone Ventures from the ICT equipment rental operations and the amount of such contribution shall be calculated based on the following table where the monetary value of the annual contribution is shown as percentage of the ICT Interest Value received by the Schemes from the ICT Interest Holders:

Year	Annual contribution to capital reserve fund by ICT Zone Ventures as a percentage of the ICT Interest Value received by the Schemes from the ICT Interest Holder
1	5%
2	5%
3	5%
4	10%
5	10%
6	10%
7	15%
8	20%
9	20%

ICT Zone Ventures shall within seven (7) days from the date of receipt of any ICT Interest Value remit such ICT Interest Value to the Trustee and, upon receipt of such ICT Interest Value the Trustee shall forthwith deposit such ICT Interest Value into the Trust Account.

Upon expiry of the Cooling-Off Period, which is ten (10) working days (from the day the application for the subscription of an ICT interest is lodged with the Company), the Trustee shall release to ICT Zone Ventures all and any ICT Interest Value received and deposited in the Trust Account.

Any ICT Interest Value deposited into the Trust Account by the Management Company prior to the expiry of the Cooling-Off Period shall be held in trust by the Trustee for the Applicant until the expiry of the Cooling-Off Period and in the event that any Applicant is withdrawn by an Applicant during the Cooling-Off Period, the Trustee shall release such ICT Interest Value to the Applicant.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis and comprises the purchase price and incidental incurred bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes party to the contractual provision of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Subsequent measurement

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassified debt investments when and only when its business model for managing those asset changes.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

(ii) Subsequent measurement (continued)

- *Amortised cost*

  Financial asset is measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Interest income from financial asset measured at amortised cost is recognised in profit or loss using the effective interest method. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gain and losses.

- *Fair value through other comprehensive income ("FVOCI") – debt investment*

  Debt investment, which is not designated as at fair value through profit or loss, is measured at FVOCI when the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments to principal and interest on the principal amount outstanding.

  Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income calculated using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Impairment expenses are presented as a separate line item in the statement of profit or loss.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

(ii) Subsequent measurement (continued)

- *FVOCI – equity investments*

  Equity investment is measured at FVOCI when the Group made an irrevocable election to present changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

  Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

  Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

- *Fair value through profit or loss ("FVTPL")*

  All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

  Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

(iii) Derecognition (continued)

Any cumulative gain or loss arising from fair value changes in equity investment that had been recognised in other comprehensive income is transferred within equity when the equity investment is derecognised whereas any cumulative gain or loss arise from fair value changes in debt investment that had been recognised in other comprehensive income is transferred to profit or loss when the debt investment is derecognised.

(k) Borrowing cost

All borrowing cost are recognised as an expense in profit or loss in the period in which they are incurred.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits with financial institution, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(m) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes party to the contractual provision of the instrument.

At initial recognition, the Group measures a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

3. Summary of significant accounting policies (continued)

(m) Financial liabilities (continued)

(ii) Subsequent measurement

The categories of financial liabilities at initial recognition are as follows:

- *Amortised cost*

  All financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities where it is designated as FVTPL.

  Interest expense and foreign exchange gains and losses are recognised in profit or loss.

- *FVTPL*

  Financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition are measured at FVTPL.

  Financial liabilities may be designated upon initial recognition at FVTPL only if the criteria in MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)* are satisfied. The Group has not designated any financial liability as at FVTPL.

  Financial liabilities categorised at FVTPL are subsequently carried at fair value with the gain or losses recognised in profit or loss.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liability assumed, is recognised in profit or loss.

3. Summary of significant accounting policies (continued)

(n) Leases

(i) Initial recognition and measurement

(a) As a lessee

The Group recognises right-of-use asset and lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises as follows:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Variable lease payments that do not depends on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(n) Leases (continued)

(i) Initial recognition and measurement (continued)

(b) As a lessor

Leases for which the Group is a lessor are classified as finance or operating leases.

Leases which transfer substantially all of the risks and rewards incidental to ownership of the underlying asset is a finance lease; if not, then it is an operating lease.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

3. Summary of significant accounting policies (continued)

(n) Leases (continued)

(ii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses determined in accordance with Note 3(e)(i) to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

The carrying amount of lease liability is subsequently increased by interest on the lease liability and reduced by lease payments made. It is remeasured when there is a change in lease term, assessment of an option to purchase the underlying asset, future lease payments arising from the change in an index or rate, the Group's estimate of the amount expected to be payable under a residual value guarantee or in-substance fixed lease payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability outflow of economic benefits is remote.

(ii) Contingent assets

Where an inflow of economic benefits of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is disclosed as a contingent asset. When the inflow of benefit is virtually certain, then the related asset is recognised.

(q) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised from equity in the period in which they are distributed.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. Revenue

The revenue of the Group consists of the following:

	2020 RM	2019 RM
Revenue from contract customers:		
Sale of IT products	15,829,646	14,124,684
IT services	134,219	173,097
	15,963,865	12,723,895
Revenue from other sources:		
Rental income from:		
- Computer hardware	3,638,866	3,706,496
- ICT Equipment	19,307,347	15,733,337
	22,946,213	19,439,833
	38,910,078	32,163,728

5. Other income

	2020 RM	2019 RM
Gain on disposal of property, plant and equipment	109	-
Fair value gain on investment property	-	500,000
Interest income from fixed deposits	-	12,290
Interest income from net investment in sub-lease	40,680	80,717
Lease income	578,040	578,040
Others	9,430	77,370
	628,259	1,248,417

6. Employee benefits expense

	2020 RM	2019 RM
(a) Staff cost:		
Salaries, allowances and bonus	1,207,149	1,227,369
Contributions to defined contribution plan	133,943	142,841
Social Security Contributions	14,206	10,625
Other short-term employee benefits expense	70,741	80,178
	1,426,039	1,461,013

NOTES TO THE COMBINED FINANCIAL STATEMENTS

6. Employee benefits expense (continued)

	2020 RM	2019 RM
(b) Directors' remuneration:		
Salaries, allowances and bonus	364,600	429,622
Contributions to defined contribution plan	36,000	39,600
Social Security Contributions	923	945
	401,523	470,167
	1,827,562	1,931,180

7. Finance costs

	2020 RM	2019 RM
Interest expenses on:		
- ICT Interest Value	3,926,999	3,054,278
- term loans	203,292	67,861
- bankers' acceptance and trust receipts	287,998	280,717
- lease liabilities	46,180	86,942
- Bank overdraft	6,758	7,194
Others	16,910	-
	4,488,137	3,496,992

8. Tax (income)/expense

	2020 RM	2019 RM
Current tax		
- current year	238,698	(423,105)
- (Over)/Underprovision of tax expense in prior year	(34,038)	23,653
	204,660	(399,452)
Deferred tax (Note 25)		
- current year	126,928	591,640
	331,588	192,188

8. Tax (income)/expense (continued)

	2020 RM	2019 RM
Reconciliation of tax expense		
Profit before tax	1,380,559	(113,918)
Tax calculated using Malaysian tax rate at 24%	331,334	(27,340)
Reduction in statutory tax rate on first RM500,000	(30,000)	(4,682)
Non-deductible expenses	136,957	442,760
Non-taxable income	(72,665)	(242,203)
	365,626	168,535
(Over)/Underprovision of current tax expense in prior year	(34,038)	23,653
	331,588	192,188

The Group has unutilised tax losses and unabsorbed capital allowances amounting to RM Nil and RM3,224,183 (2019: RM405,730 and RM1,485,845) respectively for set off against future taxable profits.

9. Earnings per share

Basic earnings/(loss) per ordinary share

The basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

	2020 RM	2019 RM
Profit/(Loss) attributable to owners of the parent	1,048,971	(306,106)
Weighted average number of ordinary shares in issue	99,805,827	7,210,000
Basic earnings/(loss) attributable to owners of the parent per ordinary share (sen)	1.05	(4.25)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

9. Earnings per share (continued)

Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share was based on profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2020 RM	**2019 RM**
Profit/(Loss) attributable to owners of the parent	1,048,971	(306,106)
Weighted average number of ordinary shares at 31 January (basic)	99,805,827	7,210,000
Effect of conversion of ICPS	72,200,000	-
Weighted average number of ordinary shares at 31 January (diluted)	172,005,827	7,210,000
Basic earnings/(loss) attributable to owners of the parent per share (sen)	0.61	(4.25)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

10. Property, plant and equipment

	Motor vehicles RM	Office equipment RM	Furniture and fittings* RM	Computer and software RM	Signboard RM	Renovation RM	Rental equipment RM	Total RM
2020								
Cost								
At 1 February 2019	526,287	741,218	457,126	423,548	72,000	163,273	71,712,140	74,095,592
Additions	-	1,620	245	1,940	-	-	23,380,984	23,384,789
Disposal/Written off	-	(39,235)	(380)	(223)	-	-	(23,917,930)	(23,957,768)
At 31 January	526,287	703,603	456,991	425,265	72,000	163,273	71,175,194	73,522,613
Accumulated depreciation								
At 1 February 2019	438,287	734,504	389,786	381,219	56,671	99,298	41,402,199	43,501,964
Charge for the financial year	56,000	2,327	24,639	15,892	3,365	9,408	13,568,816	13,680,447
Disposal/Written off	-	(39,234)	(218)	(217)	-	-	(21,652,132)	(21,691,801)
At 31 January	494,287	697,597	414,207	396,894	60,036	108,706	33,318,883	35,490,610
Carrying amount								
At 31 January	32,000	6,006	42,784	28,371	11,964	54,567	37,856,311	38,032,003

NOTES TO THE COMBINED FINANCIAL STATEMENTS

10. Property, plant and equipment (continued)

	Motor vehicles RM	Office equipment RM	Furniture and fittings* RM	Computer and software RM	Signboard RM	Renovation RM	Rental equipment RM	Total RM
2019								
Cost								
At 1 February 2018	486,287	765,685	487,880	423,548	72,000	165,339	66,587,200	68,987,939
Additions	40,000	560	-	-	-	-	14,344,440	14,385,000
Disposal/Written off	-	(25,027)	(30,754)	-	-	(2,066)	(9,219,500)	(9,277,347)
At 31 January	526,287	741,218	457,126	423,548	72,000	163,273	71,712,140	74,095,592
Accumulated depreciation								
At 1 February 2018	382,287	756,802	384,273	362,221	50,454	91,956	33,967,246	35,995,239
Charge for the financial year	56,000	2,729	35,827	18,998	6,217	9,408	15,557,354	15,686,533
Disposal/Written off	-	(25,027)	(30,314)	-	-	(2,066)	(8,122,401)	(8,179,808)
At 31 January	438,287	734,504	389,786	381,219	56,671	99,298	41,402,199	43,501,964
Carrying amount								
At 31 January	88,000	6,714	67,340	42,329	15,329	63,975	30,309,941	30,593,628

* Furniture and fittings comprise of furniture and fittings, electrical fittings and air conditioner.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

11 Right-of-use assets

	2020 RM	2019 RM
Carrying amount		
At 1 February 2019/2018	149,810	-
Addition	22,514	202,341
Depreciation charge	(110,551)	(52,531)
At 31 January	61,773	149,810

12. Investment properties

	Freehold properties RM	Leasehold properties RM	Total RM
2020			
Fair value			
At 1 February 2019/31 January	1,800,000	9,500,000	11,300,000
2019			
Fair value			
At 1 February 2018	1,800,000	9,000,000	10,800,000
Fair value gain recognised in profit of loss	-	500,000	500,000
At 31 January 2019	1,800,000	9,500,000	11,300,000

	2020 RM	2019 RM
Recognised in profit or loss:		
Lease income	578,040	578,040
Direct operating expenses arising from investment property that generated rental income during the financial year	25,079	22,792

The fair values of the investment properties of the Group at 31 January 2020 and 31 January 2019 are determined by a valuation carried out by Messrs. Knight Frank Malaysia Sdn. Bhd., an independent professional valuer, based on the open market values on comparison method.

ICT Zone Sdn Bhd ("ICTZ") has pledged investment properties with carrying amount of RM9,500,000 (2019: RM9,500,000) to a licensed bank to secure banking facilities granted to ICTZ as disclosed in Note 22 to the financial statements.

Fair value of the investment properties is categorised under level 2 fair value hierarchy.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

13. Net investment in sub-lease

	2020 RM	2019 RM
At 1 February 2019/2018	1,714,369	2,873,013
Addition	54,032	-
Finance income	40,680	80,717
Lease payment received	(1,263,360)	(1,239,361)
At 31 January	545,721	1,714,369
Minimum lease payments receivable:		
Within one (1) year	545,199	1,201,049
Between one (1) to two (2) years	4,800	554,710
Undiscounted lease payments	549,999	1,755,759
Unearned finance income	(4,278)	(41,390)
At 31 January	545,721	1,714,369
Recognised in profit or loss:		
Finance income	40,680	80,717

14. Capital reserve fund

Capital reserve funds is set up for the purpose towards the refund of the ICT Interest Value to, and redemption of each ICT interest from, the ICT Interest Holders after the maturity date.

15. Inventories

Inventories comprised IT equipment and hardware to be consumed in the rendering for leasing services.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

16. Trade receivables

	2020 RM	2019 RM
Related parties	-	2,606,339
Third parties	10,965,490	4,767,672
Less: Impairment		
At 1 February 2019/2018	(24,050)	-
Addition	-	(24,050)
Reversal	24,050	-
At 31 January	-	(24,050)
	10,965,490	4,743,622
	10,965,490	7,349,961

17. Non-trade receivables, deposits and prepayments

	2020 RM	2019 RM
Amount due from related parties	-	96,805
Non-trade receivables	642,330	660,475
Deposits	106,692	103,634
Prepayments	445,531	230,011
	1,194,553	1,090,925

The amount due from related parties comprised of rental receivables, which was subject to credit term of 30 days.

18. Fixed deposits with licensed banks

The amount was deposited with a licensed bank as the Islamic fixed deposit for interest income purpose. The effective profit rate of the Islamic fixed deposit is between 3.05% to 3.25% (2019: Nil%) per annum. The maturity of Islamic deposit as at the end of the financial year is between 3 months to 11 months (2019: Nil).

NOTES TO THE COMBINED FINANCIAL STATEMENTS

19. Share capital

	Note	2020 Number of shares	2019 Number of shares	2020 RM	2019 RM
Issued and fully paid:					
- ordinary shares	(a)	532,782,500	7,210,000	18,936,000	7,210,000
- ICPS	(b)	72,200,000	-	8,657,773	-
At 31 January		604,982,500	7,210,000	27,593,773	7,210,000

(a) Issued ordinary shares

	2020 Number of shares	2019 Number of shares	2020 RM	2019 RM
At 1 February 2019/2018	7,210,000	7,200,000	7,210,000	7,200,000
Acquisition of interests in common interests	(7,200,000)	-	(7,200,000)	-
Issuance of shares	532,772,500	10,000	18,926,000	10,000
At 31 January	532,782,500	7,210,000	18,936,000	7,210,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Group. All ordinary shares carry one (1) vote per share without restriction and rank equally with regards to the Group's residual interests.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

19. Share capital (continued)

(b) ICPS

	2020 Number of ICPS	2019 Number of ICPS	2020 RM	2019 RM
At 1 February 2019/2018	-	-	-	-
Issuance of ICPS	72,200,000	-	8,657,773	-
At 31 January	72,200,000	-	8,657,773	-

The salient features of the ICPS are as follows:

(i) A cumulative preference dividend rate of 10% per annum of the ICPS issue price shall be paid annually in arrears after 31 July each calendar year out of the distributable profits of the Company.

(ii) One (1) ICPS can be converted into one (1) new ordinary share of the Company at a price of RM0.20.

(iii) The ICPS may be converted at any time within 5 years commencing on and including 22 January 2020 ("Issue Date") up to and including 22 January 2025 ("Maturity Date"). Any remaining ICPS that are not converted by Maturity Date shall be automatically converted into new ordinary shares of the Company.

(iv) The ICPS holders have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings. They are however not entitled to any voting rights or participation in any rights, allotments and/or other distribution in the Company until and unless such holders convert their ICPS into new shares of the Company except in the following circumstances:

- On a proposal to reduce the Company's share capital;
- On a proposal for the disposal of the whole of the Company's property, business and undertaking;
- On a proposal that affects their rights and privileges attached to the ICPS;
- On a proposal to wind up the Company; and
- During the winding up of the Company.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

20. Retained earnings

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained profits may be distributed to shareholders as tax exempt dividends.

21. Merger reserve

This arose from the merger of ICT Zone Ventures, ICT Zone Sdn. Bhd. ("ICT Zone") and Techfin Capital Sdn. Bhd. ("Techfin") and is based on the difference between the amounts recorded as cost of merger, which comprised the share capitals issued by the Company and the nominal value of ICT Zone Venture's, ICT Zone's and Techfin's share capitals that merged under pooling of interest method of accounting.

22. Borrowings

	Note	2020 RM	2019 RM
Non-current			
Term loan	(a)	1,656,162	557,728
Current			
Bankers' acceptance and trust receipts	(b)	1,139,257	1,670,238
Term loan	(a)	2,476,993	467,843
		3,616,250	2,138,081
		5,272,412	2,694,809

(a) Bankers' acceptance and trust receipt

The facilities bear interest ranging from 8.07% (2019: 8.32%) per annum and are secured by the following:

(i) Fixed charge for RM1,300,000 over an 8-storey office block, and two 4 ½ storey shop lot property as disclosed in Note 12 to the financial statements;

(ii) Jointly and severally guaranteed by all directors of the ICT Zone Sdn. Bhd.; and

(iii) Corporate guarantee from its related party, ICT Zone Holding Sdn. Bhd..

NOTES TO THE COMBINED FINANCIAL STATEMENTS

22. Borrowings (continued)

(b) Term loan

	2019 RM	2018 RM
Repayable:		
Within 1 year	2,476,993	467,843
Later than 1 year but not later than 5 years	1,656,162	557,728
	4,133,155	1,025,571

The term loan facility is secured by the following:

(i) Legal charges over the investment properties as disclosed in Note 12 to the financial statement;

(ii) Jointly and severally guaranteed by all directors of ICT Zone Sdn. Bhd.; and

(iii) Upfront three (3) months instalments are maintained with the Bank at all times.

The effective interest rate of the term loans at reporting date is ranging from 5.36% to 8.06% (2019: 6.80% to 8.10%) per annum.

23. Lease liabilities

	2020 RM	2019 RM
Representing:		
Non-current liabilities	51,191	535,285
Current liabilities	529,769	1,089,136
	580,960	1,624,421
Recognised in profit or loss:		
Interest expense on lease liabilities	46,180	85,942

24. ICT Interest Value

	2020 RM	2019 RM
ICT Interest Value		
- Scheme 1	17,510,000	27,600,000
- Scheme 2	1,370,000	6,450,000
ICT Interest Value	18,880,000	34,050,000
Less: Transaction cost up incurred to date	(2,549,573)	(4,388,600)
	16,330,427	29,661,400

ICT Zone Ventures is the management company intended to establish, manage, and operate based on its rental operations for software, personal computers, laptops, printers, scanners and projections and peripheral equipment to support ICT functions of rental customers under the Schemes either directly or by way of ICT equipment rental partners.

During the financial year, ICT Zone Ventures redeemed the following ICT interest value:

	2020 RM
ICT Interest Value	
- Scheme 1	645,000
- Scheme 2	1,620,000
	2,265,000

(i) ICT Zone Ventures Scheme 1

The ICT interest offered for subscription under the ICT Zone Ventures Scheme 1 are based on a scheme where, under the terms and conditions of the Management Agreement, the ICT Interest Holders have the right to receive the Interim Nett Yield of 8% during the period commencing on the commencement date and expiring on the maturity date.

ICT Interest Value refers to the redeemable consideration by whatever name used in the Management Agreement and payable by each ICT Interest Holder to subscribe for one (1) ICT interest.

ICT Zone Ventures offered the ICT interest at 28 March 2011 ("Initial Launch Date") to the public subscription at ICT Interest Value of RM5,000 for each ICT interest.

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

24. ICT Interest Value (continued)

(i) ICT Zone Ventures Scheme 1 (continued)

There are 22,000 ICT interests under the Scheme of which 15,400 ICT interests are intended for public subscription and the remaining 6,600 ICT interests are designated as Reserved ICT Interest not for sale and may be released for sale only upon the approval of the Registrar of Companies.

ICT Interest

	Total number	**Number sold or assigned**	**Number of redemption**	**Balance of ICT interest**
Intended for sale to the public	15,400	(5,641)	129	9,888
Reserved ICT Interest	6,600	-	-	6,600
Total	22,000	(5,641)	129	16,488

ICT Zone Ventures is exempted from the requirement of Section 88(1)(b)(iii) of the Companies Act 2016 in Malaysia which relates to the obligation of ICT Zone Ventures to accept the return of any ICT interests at the request of the ICT Interest Holders.

The period of exemption shall commence on the Initial Launch Date 1 and shall expire on the third (3rd) anniversary date from the Initial Launch Date 1.

After the expiry of the period of exemption, ICT Zone Ventures is obliged to accept the return of ICT interests from any ICT Interest Holder(s) based on the following calculation.

Amount to be refunded to ICT Interest Holder is the ICT Interest Value paid by the ICT Interest Holder after deducting the Interim Nett Yield received by the ICT Interest Holder and after deducting an agreed compensation being operational expenses incurred by the Scheme arising from the return of ICT interest from ICT Interest Holder. Such operational expenses must be approved by a Shariah Adviser and such refund shall be drawn from the ICT Interest Value contributed by ICT Interest Holders.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

24. ICT Interest Value (continued)

(ii) ICT Zone Ventures Scheme 2

The ICT interest offered for subscription under the ICT Zone Ventures Scheme 2 is based on a scheme where, under the terms and conditions of the management agreement, the ICT Interest Holders have the rights to receive the Interim Nett Yield of 8% during the period commencing on the commencement date and expiring on the maturity date.

ICT Interest Value refers to the redeemable consideration by whatever name used in the Management Agreement and payable by each ICT Interest Holder to subscribe for one (1) ICT interest.

ICT Zone Ventures offered the ICT interest at the 20 October 2014 ("Initial Launch Date 2") to the public subscription at ICT Interest Value of RM10,000 for each ICT interest.

There are 5,000 ICT interests under the Scheme of which 3,500 ICT interests are intended for public subscription and the remaining 1,500 ICT interests are designated as Reserved ICT Interest not for sale and may be released for sale only upon the approval of the Registrar of Companies.

ICT Interest

	Total number	**Number sold or assigned**	**Number of redemption**	**Balance of ICT interest**
Intended for sale to the public	3,500	(1,099)	162	2,563
Reserved ICT Interest	1,500	-	-	1,500
Total	5,000	(1,099)	162	4,063

NOTES TO THE COMBINED FINANCIAL STATEMENTS

24. ICT Interest Value (continued)

(ii) ICT Zone Ventures Scheme 2 (continued)

ICT Zone Ventures is obliged to accept the return of the ICT interest prior to the maturity date from any ICT Interest Holder based on the following valuations:

a) Where the request for return of an ICT interest is made before the first anniversary from the relevant prospectus period start date as specified in the Management Agreement, the amount to be refunded to ICT Interest Holder is one hundred percent (100%) of the ICT Interest Value paid by the ICT Interest Holder after deducting an administrative charge equal to five percent (5%) of the ICT Interest Value paid by the ICT Interest Holder being Scheme 2 establishment and marketing expenses together with operational expenses arising from the return of ICT interest from such ICT Interest Holder. Such operational expenses must be approved by the Shariah Adviser and such refund shall be drawn from the ICT Interest Value contributed by the ICT Interest Holder; and

b) Where the request for return of an ICT interest is made after the first anniversary from the relevant prospectus period start date as specified in the Management Agreement, the amount to be refunded to ICT Interest Holder is one hundred percent (100%) of the ICT Interest Value paid by the ICT Interest Holder after deducting an amount equivalent in value to fifty percent (50%) of the Interim Net Yield received by the ICT Interest Holder as at the date when the request for return of the ICT interests is made and after deducting an administrative charge equal to one percent (1%) of the ICT Interest Value paid by the ICT Interest Holder being operational expenses incurred by the Scheme 2 arising from the return of ICT interest from such ICT Interest Holder. Such operational expenses must be approved by the Shariah Adviser and such refund shall be drawn from the ICT Interest Value contributed by the ICT Interest Holder; and

c) Subject to that in each calendar year commencing from the Initial Launch Date 2, ICT Zone Ventures obligation to accept the return of any ICT interest shall be limited to five percent (5%) of the value of the total number of ICT interests subscribed or to accept the return of ICT interests to an aggregate value up to the limit of RM1,500,000, whichever is higher.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

25. Deferred tax liabilities

	Group 2020 RM	2019 RM
At 1 February 2019/2018	3,341,438	2,749,798
Recognised in profit or loss (Note 8)	126,928	591,640
At 31 January	3,468,366	3,341,438

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

	Right-of-use asset RM	Property, plant and equipment RM	Net investment in sub-lease RM	Total RM
Deferred tax liabilities				
At 1 February 2019	35,955	3,196,356	1,491,310	4,723,621
Recognised in profit or loss	(21,130)	808,728	(482,119)	305,479
At 31 January 2020	14,825	4,005,084	1,009,191	5,029,100
At 1 February 2018	-	2,749,798	-	2,749,798
Recognised in profit or loss	35,955	446,558	1,491,310	1,973,823
At 31 January 2019	35,955	3,196,356	1,491,310	4,723,621

NOTES TO THE COMBINED FINANCIAL STATEMENTS

25. Deferred tax liabilities (continued)

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows: (continued)

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Lease liabilities RM	Total RM
Deferred tax assets				
At 1 February 2019	(77,587)	(123,090)	(1,181,506)	(1,382,183)
Recognised in profit or loss	77,587	(649,514)	393,376	(178,551)
At 31 January 2020	-	(772,604)	(788,130)	(1,560,734)
At 1 February 2018	-	-	-	-
Recognised in profit or loss	(77,587)	(123,090)	(1,181,506)	(1,382,183)
At 31 January 2019	(77,587)	(123,090)	(1,181,506)	(1,382,183)

26. Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2019: 30 to 90 days).

27. Non-trade payables and accruals

	2020 RM	2019 RM
Current:		
Amount due to related parties	-	61,558
Amount due to third parties	4,882,965	7,014,102
Less: Amortisation		
At 1 February	(363,037)	(546,123)
Unwinding of discount	363,037	183,086
	-	(363,037)
At 31 January	4,882,965	6,651,065
Accruals	2,428,691	3,163,628
Deposits received	957,403	977,637
	8,269,059	10,853,888

The amount due to related parties represented management fees and advances were unsecured, interest free and repayable on demand.

28. Related party disclosures

Related party transactions

The Group's related party transactions for the financial years ended 31 January 2020 and 31 January 2019 are as follows:

		Transaction value	
		2020 RM	2019 RM
Name of company With related parties	**Type of transaction**		
Haas Technology Sdn. Bhd.	Rental received	-	157,266
Skyworld development Sdn. Bhd.	Rental received	581,537	589,667
Asian World Summit Sdn. Bhd.	Sales	-	1,353

28. Related party disclosures (continued)

Related party transactions (continued)

		Transaction value	
		2020	**2019**
		RM	**RM**
Name of company With related parties	**Type of transaction**		
Risco Consulting Sdn. Bhd.	Purchase	-	(355,730)
	Insurance premium	(378,946)	(383,591)
	Reimbursement	(487)	-
	Subscription fee	(652)	-
ICT Zone Holding Sdn. Bhd.	Management fee	-	(202,066)

29. Operating segments

Operating segments are presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment transactions were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

(a) Business segments

The Group comprises the following main business segments:

(i) Leasing	- Leasing of ICT hardward and software without ICT services as well as disposal of assets returned at the end of the lease
(ii) Trading	- Outright sales of IT hardware and software
(iii) Service	- Provision of ICT services that comprise of corrective and preventative maintenance
(iv) Rental	- Rental of ICT hardware and software inclusive of corrective and preventative maintenance

NOTES TO THE COMBINED FINANCIAL STATEMENTS

29. Operating segments (continued)

Business segments (continued)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss for the financial year, in certain respects as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

	Leasing and rental RM	Trading RM	Service RM	Others RM	Total RM
Group					
2020					
Revenue					
Revenue	24,689,460	23,920,624	134,219	-	48,744,303
Combination adjustments					(9,834,225)
Combined revenue					38,910,078
Results					
Segment profit/(loss) before interest and taxation	4,433,995	1,358,770	63,152	(177,241)	5,678,676
Interest expense					(4,712,374)
Tax expense					(331,588)
Combination adjustments					414,257
Combined profit for the financial year					1,048,971

29. Operating segments (continued)

Segment loss before interest and taxation includes the following expenses/(income):

	Leasing and rental RM	Trading RM	Service RM	Others RM	Total RM
Group					
2020					
Reversal of impairment loss	-	(47,697)	-	-	(47,697)
Depreciation of property, plant and equipment	13,596,604	83,375	468	-	13,680,447
Depreciation of right-of-use assets	101,646	8,855	50	-	110,551
Gain on disposal of property, plant and equipment	-	(109)	-	-	(109)
ASSETS					
Segment assets	67,966,077	23,142,449	130,507	33,375,541	124,614,574
Combination adjustments					(37,550,489)
Combined total assets					87,064,085
LIABILITIES					
Segment liabilities	44,264,969	14,232,792	82,431	5,951,682	64,531,874
Combination adjustments					(6,046,039)
Combined total liabilities					58,485,835

NOTES TO THE COMBINED FINANCIAL STATEMENTS

29. Operating segments (continued)

Business segments (continued)

	Leasing RM	Trading RM	Service RM	Others RM	Total RM
2019					
Revenue					
Revenue	23,921,294	23,065,984	173,097	-	47,160,375
Combination adjustments					(13,422,761)
Combined revenue					33,737,614
Results					
Segment (loss)/profit before interest and taxation	2,500,192	1,871,285	39,776	(5,917)	4,405,336
Interest expense					(3,729,589)
Income tax expense					(192,188)
Combination adjustments					(789,665)
Combined loss for the financial year					(306,106)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

29. Operating segments (continued)

Business segments (continued)

Segment loss before interest and taxation includes the following expenses/(income):

Group	Leasing RM	Trading RM	Service RM	Others RM	Total RM
2019					
Impairment loss	-	47,697	-	-	47,697
Depreciation of property, plant and equipment	15,573,101	112,336	1,096	-	15,686,533
Fair value gain on investment property	-	500,000	-	-	500,000
ASSETS					
Segment assets	59,277,334	21,484,047	170,047	10,000	80,941,428
Combination adjustments					(8,419,412)
Combined total assets					72,522,016
LIABILITIES					
Segment liabilities	49,816,363	14,151,700	109,152	-	64,077,215
Combination adjustments					(6,806,705)
Combined total liabilities					57,270,510

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

30. Financial Instruments

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC").

	Carrying amount RM	AC RM
2020		
Financial assets		
Trade receivables	10,965,490	10,965,490
Non-trade receivables and deposit	749,022	749,022
Fixed deposit with licensed banks	382,206	382,206
Cash and bank balances	843,015	843,015
	12,939,733	12,939,733
Financial liabilities		
ICPS	5,782,227	5,782,227
Trade payables	18,668,150	18,668,150
Non-trade payables, deposit received and accruals	8,284,059	8,284,059
Bankers' acceptance and trust receipts	1,139,257	1,139,257
Term loans	4,133,155	4,133,155
ICT Interest Value	16,330,427	16,330,427
	54,337,275	54,337,275
2019		
Financial assets		
Trade receivables	7,348,598	7,348,598
Non-trade receivables and deposit	764,109	764,109
Amount due from related parties	97,688	97,688
Cash and bank balances	1,756,455	1,756,455
	9,966,850	9,966,850
Financial liabilities		
Trade payables	9,031,187	9,031,187
Non-trade payables, deposit received and accruals	10,794,612	10,794,612
Amount due to related parties	58,796	58,796
Bankers' acceptance and trust receipts	1,670,238	1,670,238
Term loans	1,025,571	1,025,571
ICT Interest Value	29,661,400	29,661,400
	52,241,804	52,241,804

30. Financial Instruments (continued)

Net gains and losses arising from financial instruments

	2020 RM	2019 RM
Net gains/(losses) arising from:		
Financial assets at amortised cost		
Fixed deposits interest income	-	12,290
Reversal of impairment loss	47,697	-
Impairment loss	-	(47,697)
	47,697	(35,407)
Financial liabilities at amortised cost		
Interest expense		
- ICT Interest Value	(3,926,999)	(3,054,278)
- term loans	(203,292)	(67,861)
- bankers' acceptance and trust receipts	(287,998)	(280,717)
- bank overdraft	(6,758)	(7,914)
	(4,425,047)	(3,410,770)

Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its credit risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and institutions, as well as credit exposures to the Group's customers, including outstanding receivables.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

30. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Risk management

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2019: 2) major customers which constituted approximately 73% (2019: 89%) of its trade receivables for the trade in nature transaction as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Impairment of financial assets

The Group's trade receivables are subject to expected credit loss model.

While cash and cash equivalents and refundable deposits are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

30. Financial Instruments (continued)

(a) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables

On the basis as disclosed in Note 2(d)(iv) to the financial statements, the loss allowance as at 31 January 2020 and 31 January 2019 was determined as follows for trade receivables:

	Gross amount RM	Loss allowances RM	Carrying amount RM
2020			
Not past due	10,843,598	-	10,843,598
Past due:			
- 1 to 30 days	61,873	-	61,873
- 31 to 60 days	48,937	-	48,937
- More than 60 days	11,082	-	11,082
	10,965,490	-	10,965,490
2019			
Not past due	4,560,453	-	4,560,453
Past due:			
- 1 to 30 days	850,324	-	850,324
- 31 to 60 days	490	-	490
- More than 60 days	1,961,381	(24,050)	1,937,331
	7,372,648	(24,050)	7,348,598

(b) Interest risk

The Group's fixed deposits with licensed banks are exposed to fair value interest rate risk. The Group's variable rate borrowings are exposed to cash flows interest rate risk.

Risk management

The Group's policy is to obtain the most favourable rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

30. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

(b) Interest risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2020 RM	2019 RM
Fixed rate instruments		
Fixed deposits with licensed banks	382,206	-
Floating rate instruments		
Borrowings		
- term loans	4,133,155	1,025,571

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of debt investments at FVOCI. This analysis assumes that all other variables remain constant.

	2020 (Decrease)/ Increase RM	2019 Increase/ (Decrease) RM
Effects on profit after tax		
Increase of 100 basis points	(31,412)	(2,461)
Decrease of 100 basis points	31,412	2,461

ICT ZONE ASIA BERHAD
Registration No.: 201901003459 (1312785-X)
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

30. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management

The Group and the Company practice prudent risk management by maintaining sufficient cash balances.

Maturity analysis

The table below analyse the Company' financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

30. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Maturity analysis (continued)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Between 2 to 5 years RM
2020				
ICT Interest Value	16,330,427	18,880,000	17,510,000	1,370,000
Lease liabilities	580,960	602,154	597,954	4,200
Bankers' acceptance and trust receipts	1,139,257	1,151,387	1,151,387	-
Term loan	4,133,155	4,313,057	2,656,532	1,656,525
Trade payables	18,668,150	18,668,150	18,668,150	-
Non-trade payables and accruals	8,284,059	8,284,059	8,284,059	-
	49,136,008	51,898,807	48,868,082	3,030,725

NOTES TO THE COMBINED FINANCIAL STATEMENTS

30. Financial Instruments (continued)

Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	Between 2 to 5 years RM
2019				
ICT Interest Value	29,661,400	34,050,000	-	34,050,000
Lease liabilities	1,624,421	1,704,491	1,164,888	539,603
Bankers' acceptance and trust receipts	1,670,238	1,715,748	1,715,748	-
Term loan	1,025,571	1,088,115	511,920	576,195
Trade payables	9,031,187	9,031,187	9,031,187	-
Non-trade payables and accruals	10,794,612	10,794,612	10,794,612	-
	53,807,429	58,384,153	23,218,355	35,165,798

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. Fair values

The following summaries the methods used to determine the fair values of the financial instruments:

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The carrying amounts of term loan approximated their fair values as these financial instruments bear interest at variable rates.

(iii) The fair value of ICT Interest Value is determined using discounted cash flows using the implicit interest rate.

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Input for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial liabilities				
Term loans	-	-	4,133,155	4,133,155
ICT Interest Value	-	-	16,330,427	16,330,427
2019				
Financial liabilities				
Term loans	-	-	1,025,571	1,025,571
ICT Interest value	-	-	29,661,400	29,661,400

NOTES TO THE COMBINED FINANCIAL STATEMENTS

32. Capital management

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support its business and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

There is no external capital requirement imposed on the Company.

33. Combining entities

Details of the combining entities are as follows:

Name of combining entities	Country of incorporation	Date of incorporation	Principal activities
ICT Zone Asia Berhad	Malaysia	28 January 2019	Investment holding company
ICT Zone Venture Berhad	Malaysia	28 January 2010	Information and communication technology, investment schemes and leasing and factoring facilities services.
ICT Zone Sdn. Bhd.	Malaysia	7 September 2001	Trading, repairing and servicing of computers and related parts and accessories.
Techfin Capital Sdn. Bhd.	Malaysia	29 May 2017	Yet to commence its operation.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. General information

ICT Zone Asia Sdn. Bhd. was a private limited liability company, incorporated on 28 January 2019 and domiciled in Malaysia. On 21 May 2019, it was converted into a public limited company and assumed its present name of ICT Zone Asia Berhad.

The principal activity of the Company is investment holding. The principal activities of the combining entities are disclosed in Note 34 to the combined financial statements.

There have been no significant changes in the nature of these activities during the financial years ended 31 January 2019 and 31 January 2020.

The registered office of the Company is located at Level 3, Block E, Excella Business Park, Jalan Ampang Putra, 55100 Kuala Lumpur.

The principal place of business of the Company is located at Ground Floor, Block H, Excella Business Park, Jalan Ampang Putra, 55100 Kuala Lumpur.

APPENDIX III

UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

ICT ZONE ASIA BERHAD
(Registration No. 201901003459 (1312785-X))

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2020

	Unaudited As at 31 Jul 2020 RM'000	**Audited As at 31 Jan 2020 RM'000**
ASSETS		
Non-current assets		
Property, plant and equipment	38,196	38,032
Investment properties	11,300	11,300
Net investment in sub-lease	-	4
Capital reserve funds	-	1,003
Right-of-use assets	21	62
Total non-current assets	49,517	50,401
Current assets		
Inventories	384	434
Trade receivables	7,383	10,965
Non-trade receivables, deposit and prepayments	198	1,195
Fixed deposits with licensed banks	740	382
Net investment in sub-lease	19	541
Tax recoverable	69	223
Capital reserve funds	1,003	22,080
Cash and bank balances	4,532	843
Total current assets	14,328	36,663
Total assets	**63,845**	**87,064**
EQUITY AND LIABILITIES		
Equity attributable to the owners of the Company		
Share capital	28,124	27,594
Retained earnings	10,978	9,090
Merger reserve	(8,106)	(8,106)
Total equity	**30,996**	**28,578**
Non-current liabilities		
Irredeemable Convertible Preference Shares (**"ICPS"**)	6,032	5,782
Borrowings	9,359	1,656
Lease liabilities	43	51
ICT Interest Value	-	1,351
Deferred tax liabilities	3,675	3,469
Total non-current liabilities	19,109	12,309

ICT ZONE ASIA BERHAD
(Registration No. 201901003459 (1312785-X))

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2020

	Unaudited As at 31 Jul 2020 RM'000	**Audited As at 31 Jan 2020 RM'000**
Current liabilities		
Trade payables	5,921	18,668
Non-trade payables, deposit received and accruals	1,877	8,284
ICT Interest Value	1,375	14,980
Borrowings	4,367	3,616
Lease liabilities	57	530
Tax payable	143	99
Total current liabilities	13,740	46,177
Total liabilities	**32,849**	**58,486**
Total equity and liabilities	**63,845**	**87,064**

ICT ZONE ASIA BERHAD
(Registration No. 201901003459 (1312785-X))

UNAUDITED COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

	6 months ended	
	31 Jul 2019	**31 Jul 2020**
	RM'000	**RM'000**
Revenue	12,551	16,362
Cost of sales	(9,543)	(12,376)
Gross profit	3,008	3,986
Other income	318	1,290
Other operating expenses	(1,932)	(1,941)
Finance costs	(1,799)	(903)
Profit/(loss) before taxation	(405)	2,432
Taxation	(312)	(544)
Profit/(loss) for the financial period, representing total comprehensive income/(loss) for the financial period	(717)	1,888

ICT ZONE ASIA BERHAD
(Registration No. 201901003459 (1312785-X))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

	← Non-distributable	→	Distributable	
	Share capital	**Merger reserve**	**Retained earnings**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 February 2019	7,210	-	8,042	15,252
Loss for the financial period, representing total comprehensive loss for the financial period	-	-	(717)	(717)
At 31 July 2019	7,210	-	7,325	14,535
At 1 February 2020	27,594	(8,106)	9,090	28,578
Profit for the financial period, representing total comprehensive profit for the financial period	-	-	1,888	1,888
Transactions with owners:				
Issuance of ordinary shares	156	-	-	156
Issuance of ICPS	374	-	-	374
Total transactions with owners	530	-	-	530
At 31 July 2020	28,124	(8,106)	10,978	30,996

ICT ZONE ASIA BERHAD
(Registration No. 201901003459 (1312785-X))

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

	6 months ended	
	31 Jul 2019	**31 Jul 2020**
	RM'000	**RM'000**
Cash Flows From Operating Activities		
Profit before taxation	(405)	2,432
Adjustments for:		
Amortised cost adjustment	199	-
Depreciation of right-of-use assets	54	41
Depreciation of property, plant and equipment	7,202	7,288
Gain on disposal of property, plant and equipment	(597)	-
Interest expense	126	130
Interest income from net investment in sub-lease	(26)	(4)
Effective interim nett yield on ICT Interest Value	1,562	650
Operating profit before working capital changes	8,115	10,537
Decrease/(increase) in inventories	(1,158)	50
Decrease in net investment in sub-lease	604	527
Decrease in payables	(1,114)	(19,228)
(Increase)/Decrease in receivables	(759)	4,579
(Increase)/Decrease in capital reserve fund	(5,557)	22,080
Cash generated from operations	131	18,545
Tax paid	(43)	(140)
Interest received from net investment in sub-lease	26	4
Net cash from operating activities	114	18,409
Cash Flows From Investing activities		
Acquisition of property, plant and equipment	(7,011)	(7,583)
Proceeds from disposal of property, plant and equipment	2,031	130
Net changes in fixed deposits	(224)	(518)
Net cash used in investing activities	(5,204)	(7,971)
Cash Flows From Financing activities		
Advance from related parties	(62)	-
Drawdown of term loan	2,750	7,710
Repayment of lease liabilities	(551)	(481)
Interest paid – others	(100)	(123)
Interest paid – lease liabilities	(26)	(7)
Proceeds from issuance of ordinary shares	-	156
Proceeds from issuance of ICPS	-	624
Interim nett yield on ICT Interest Value	(1,394)	(576)
Repayment of term loan	(610)	(1,057)
Net changes in short-term borrowing	1,998	1,801
Withdrawal of ICT Interest Value	-	(14,956)
Proceeds from issuance of ICT Interest Value	1,540	-
Net cash from/(used in) financing activities	3,545	(6,909)

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020 (CONT'D)

	6 months ended	
	31 July 2019	**31 July 2020**
	RM'000	**RM'000**
Net increase/(decrease) in cash and cash equivalents	(1,545)	3,529
Cash and cash equivalents at beginning of the financial period	1,756	1,003
Cash and cash equivalents at end of the financial period	211	4,532
Cash and cash equivalent at the end of the financial period comprises:		
Cash and bank balances	211	4,532
	211	4,532
Less: Pledged fixed deposits with licensed banks	-	-
	211	4,532

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

A1. BASIS OF PREPARATION

The interim financial statements of ICT Zone Asia Berhad ("**ICT Zone Asia**" or the "**Company**") and its subsidiaries (the "**Group**") are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("**MFRS**") 134: Interim Financial Reporting and in compliance with the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**").

This interim financial report should be read in conjunction with the Audited Combined Financial Statements for the financial year ended 31 January 2020 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Combined Financial Statements as disclosed in Appendix II of the Information Memorandum dated 6 November 2020.

A3. SEASONAL AND CYCLICAL FACTORS

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in the current financial period under review that have not been reflected in this interim financial report.

A6. DEBT AND EQUITY SECURITIES

Save as disclosed in Section 2.1.2 of the Information Memorandum, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period.

A7. SEGMENTAL INFORMATION

The Group's revenue is derived from 4 segments which are the leasing of ICT hardware and software, trading and rental of ICT solutions and provision of ICT services.

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial period.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period ended 31 July 2020.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020 (CONT'D)

A11. CAPITAL COMMITMENTS

There is no other material capital commitment in respect of property, plant and equipment as at 31 July 2020.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group recorded a revenue of approximately RM16.4 million and a profit after tax of approximately RM1.9 million for the financial period ended 31 July 2020. Please refer to Section 9 of the Information Memorandum for details of the review of the Group's performance.

B2. COMMENTARY ON PROSPECTS

The Group is positive towards its prospects with the future plans set out in Section 4.13 of the Information Memorandum. Please refer to Section 4.14 of the Information Memorandum for details of the commentary of the Group's prospect.

C3. DIVIDENDS

Save as disclosed below, the Board does not recommend any dividend for the financial period ended 31 July 2020.

In accordance with the terms of the ICPS as set out in Appendix I of the Information Memorandum, the Company has paid the preference dividend of RM0.02 per ICPS on 20 October 2020.