

INFORMATION MEMORANDUM

FOR RESTRICTED CIRCULATION ONLY



NOVELPLUS TECHNOLOGY BERHAD

(Registration No. 202001024527 (1380847-U))

(Incorporated in Malaysia under the Companies Act 2016)

PROPOSED PLACEMENT OF 40,000,000 NEW ORDINARY SHARES IN NOVELPLUS TECHNOLOGY BERHAD AT AN INDICATIVE ISSUE PRICE OF RM0.25 PER SHARE IN CONJUNCTION WITH OUR PROPOSED LISTING ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Approved Adviser, Placement Agent and Continuing Adviser

 **TA SECURITIES**

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD (14948-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

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 AND MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY US. INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISK OF INVESTING IN US AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

This Information Memorandum is dated 18 February 2021

IMPORTANT NOTICE

All defined terms used in this Information Memorandum are defined under “Definitions”, unless otherwise stated.

RESPONSIBILITY STATEMENTS

OUR DIRECTORS HAVE SEEN AND APPROVED THIS INFORMATION MEMORANDUM. THEY HAVE MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE, INFORMATION AND BELIEF, COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL THE INFORMATION AND STATEMENTS CONTAINED IN THIS INFORMATION MEMORANDUM, AND CONFIRM THAT THIS INFORMATION MEMORANDUM CONTAINS ALL RELEVANT INFORMATION WITH REGARD TO OUR GROUP WHICH IS MATERIAL IN THE CONTEXT OF OUR PROPOSED PLACEMENT AND PROPOSED LISTING. AS AT THE DATE HEREOF, THE INFORMATION CONTAINED IN THIS DOCUMENT IS TRUE AND ACCURATE IN ALL MATERIAL RESPECTS AND IS NOT MISLEADING. AS AT THE DATE HEREOF, THE OPINIONS AND INTENTIONS OF OUR COMPANY EXPRESSED HEREIN ARE HONESTLY HELD, AND THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER MATERIAL FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS INFORMATION MEMORANDUM FALSE OR MISLEADING.

TA SECURITIES, BEING THE APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER TO OUR PROPOSED LISTING, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE, THIS INFORMATION MEMORANDUM CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR PROPOSED PLACEMENT AND PROPOSED LISTING.

STATEMENTS OF DISCLAIMER

THIS INFORMATION MEMORANDUM HAS BEEN DRAWN UP IN ACCORDANCE WITH THE LISTING REQUIREMENTS FOR OUR PROPOSED PLACEMENT AND PROPOSED LISTING AND IS NOT A PROSPECTUS AND HAS NOT BEEN REGISTERED, NOR WILL IT BE REGISTERED AS A PROSPECTUS UNDER THE CMSA. OUR PROPOSED PLACEMENT IS WITHIN THE MEANING OF SECTION 230 OF 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. THIS INFORMATION MEMORANDUM IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

A COPY OF THIS INFORMATION MEMORANDUM HAS BEEN DEPOSITED WITH THE SC.

THE SC AND BURSA SECURITIES TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS INFORMATION MEMORANDUM, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS INFORMATION MEMORANDUM. THE SC AND BURSA SECURITIES DO NOT MAKE ANY ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF OUR GROUP. SOPHISTICATED INVESTORS ARE EXPECTED TO MAKE THEIR OWN ASSESSMENT ON OUR GROUP OR SEEK APPROPRIATE ADVICE BEFORE MAKING THEIR INVESTMENT DECISIONS. TA 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 LISTING REQUIREMENTS.

IMPORTANT NOTICE (CONT'D)

AN APPLICATION HAS BEEN MADE TO BURSA SECURITIES FOR THE ADMISSION OF OUR COMPANY AND THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED SHARE CAPITAL OF OUR COMPANY ON THE LEAP MARKET OF BURSA SECURITIES. NO MONIES SHALL BE COLLECTED FROM SOPHISTICATED INVESTORS FOR THE SUBSCRIPTION OF THE PLACEMENT SHARES, AND NO NEW SHARES SHALL BE ALLOTTED PURSUANT TO OUR PROPOSED PLACEMENT UNTIL BURSA SECURITIES HAS GRANTED ITS APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE LEAP MARKET OF BURSA SECURITIES. APPROVAL FROM BURSA SECURITIES OF THE SAME IS NOT AN INDICATION OF THE MERITS OF OUR PROPOSED PLACEMENT, PROPOSED LISTING, OUR GROUP AND OUR SHARES. THIS INFORMATION MEMORANDUM CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com.

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

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

SOPHISTICATED INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS AND REGULATIONS INCLUDING ANY STATEMENT IN 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 OR ANY DOCUMENT DELIVERED UNDER OR IN RELATION TO THE ISSUE, OFFER AND SALE OF OUR SHARES IS NOT AND SHOULD NOT BE CONSTRUED AS A RECOMMENDATION BY US AND/OR THE APPROVED ADVISER TO SUBSCRIBE FOR OR PURCHASE OUR SHARES.

THE PURPOSE OF THIS INFORMATION MEMORANDUM IS TO PROVIDE INFORMATION ON THE BUSINESS AND AFFAIRS OF OUR GROUP. THIS INFORMATION MEMORANDUM IS NOT A SUBSTITUTE FOR AND SHOULD NOT BE REGARDED AS AN INDEPENDENT EVALUATION AND ANALYSIS AND DOES NOT PURPORT TO BE ALL INCLUSIVE. EACH SOPHISTICATED INVESTOR SHOULD PERFORM AND IS DEEMED TO HAVE MADE ITS OWN INDEPENDENT INVESTIGATION, ASSESS THE MERITS AND RISKS OF THE INVESTMENT AND ANALYSIS OF OUR GROUP AND ALL OTHER RELEVANT MATTERS.

THIS INFORMATION MEMORANDUM IS INTENDED FOR CIRCULATION ONLY TO PERSONS WHOM AN ISSUE OF SECURITIES WOULD CONSTITUTE A PROPOSED PLACEMENT WITHIN THE MEANING OF SECTION 230 OF THE CMSA.

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

WE AND/OR TA SECURITIES DO NOT ASSUME ANY FIDUCIARY RESPONSIBILITIES OR LIABILITY FOR ANY CONSEQUENCES, FINANCIAL OR OTHERWISE, ARISING FROM THE SUBSCRIPTION OR ACQUISITION OF OUR SHARES.

IMPORTANT NOTICE (*CONT'D*)

MODE OF COMMUNICATION

In accordance with our Constitution, we may send notices and documents to our Holders by electronic means to our Holders' registered email address last maintained with Bursa Depository. 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 our Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to our Holders' registered Malaysian address last maintained with Bursa Depository.

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

- (i) ordinary mail; and/or
- (ii) electronic means to our Holders' registered email address.

TERMS AND CONDITIONS BINDING ALL RECIPIENTS

By accepting this Information Memorandum, you 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 TA Securities as our Approved Adviser and Placement Agent. The distribution of this Information Memorandum shall be in paper/printed copy and/or electronic copy upon request by interested recipient, free of charge. This Information Memorandum is distributed to interested recipient for information purposes only and upon the express understanding that such recipients will use it only for the purposes set forth below.
- (ii) The information contains in this Information Memorandum, including any statement or fact or opinion is solely for use by a limited number of prospective Sophisticated Investors for the purpose of evaluating their interest in investing in our Group ("**Proposed Investment**"). Nothing contained herein shall be taken as a recommendation or invitation by us and/or TA Securities to undertake the Proposed Investment or as a commitment on our part to accept your Proposed Investment.
- (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 Shares, the merits of investing in our Shares, 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 TA Securities that our plans and strategies as disclosed herein will be achieved.
- (v) We and TA Securities each reserve the right (without notice or recourse) to alter, amend, terminate or suspend the process in respect of the Proposed Investment ("**Investment Process**") without providing any reason therefor. All costs incurred by you during the Investment Process are for your account only and under no circumstances will we or TA Securities be responsible for any part of such costs, notwithstanding any alteration, amendment, termination or suspension of the Investment Process or the reason thereof.

IMPORTANT NOTICE (CONT'D)

- (vi) Any document in relation to our Proposed Placement and Proposed Listing published or issued from time to time after the date hereof shall be deemed to form part of this Information Memorandum.
- (vii) Subject to the provisions of any law, regulations and guidelines (“**Applicable Laws**”), we and TA Securities each reserve the right to negotiate with one or more prospective Sophisticated Investors at any time. Subject to the Applicable Laws, we and TA Securities each also reserve the rights (without notice or recourse) to terminate, at any time, further participation in the Investment Process by all or any recipients without assigning any reasons thereof.
- (viii) 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 TA Securities. You shall at all times keep confidential all information contained herein or any other information relating to the Proposed Investment, whether written, oral or in a visual or an electronic form, transmitted or made available to you in the course of your evaluation of the Proposed Investment. In the event that you do not undertake the Proposed Investment for any reason whatsoever, you shall upon request return all materials received from us or TA Securities, including this Information Memorandum, without retaining any copy.
- (ix) Neither the receipt of this Information Memorandum by any recipient nor any information made available in connection with the Proposed Investment is to be taken as constituting the giving of investment advice by TA Securities. TA Securities shall not advise you on the merits or risks of the Proposed Investment or potential valuation for the Proposed Investment.
- (x) This Information Memorandum will not be distributed in any jurisdiction outside Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No recipient 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 law of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of our Shares or cash payment upon the sale of our Shares by the recipients, the repatriation of any money by the recipients out of Malaysia, the obtaining of 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 TA Securities shall be entitled to be fully indemnified by such recipients for any tax or payment as the recipients may be required to pay.
- (xi) This Information Memorandum had not been made and will not be made to ensure that our Proposed Placement complies with the laws of any jurisdiction other than Malaysia. We and TA Securities, shall not accept any responsibility or liability in the event that any action taken by any recipients in any jurisdiction outside Malaysia is or shall become illegal, unenforceable, voidable or void in such jurisdiction. Such recipients shall therefore immediately consult their professional advisers in relation to the observance of the relevant legal requirements, and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and shall keep us and TA Securities fully indemnified for the payment of such taxes or payments.

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IMPORTANT NOTICE (CONT'D)

PRESENTATION OF INFORMATION

All references to “our Company” and “NTB” in this Information Memorandum are to NovelPlus Technology Berhad. All references to “our Group” and “NTB Group” in this Information Memorandum are to our Company and our subsidiaries taken as a whole and references to “we”, “us”, “our” and “ourselves” are to our Company and where the context requires, shall include our subsidiaries. Unless the context otherwise requires, references to “management” are to our Executive Directors and key management personnel as disclosed in this Information Memorandum and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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

Unless otherwise stated, any reference to dates and times in this Information Memorandum are references to dates and times in Malaysia.

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

In particular, certain information in this Information Memorandum is extracted or derived from the report prepared by Providence Strategic Partners Sdn Bhd, an independent market researcher. We believe that the statistical data and projections cited in this Information Memorandum are useful in helping you to understand the major trends in the industries in which we operate. Third-party projections cited in this Information Memorandum are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third-party projections cited in this Information Memorandum.

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

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our financial position, business strategies, prospects, plans and objectives of our management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions. Such forward-looking statements involve known or unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Information Memorandum will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 5 of this Information Memorandum. We cannot give any assurance that the forward-looking statements made 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 obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Information Memorandum to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

IMPORTANT NOTICE (CONT'D)

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 Placement and 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 provide services to us, including our Placement Agent. 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 Placement and the 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 to 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 : NovelPlus Technology Berhad
c/o HMC Corporate Services Sdn Bhd
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

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 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.

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INDICATIVE TIMETABLE

The indicative timing of our Proposed Placement and events leading up to the listing of and quotation for our entire enlarged issued share capital on the LEAP Market of Bursa Securities are set out below:

Events	Tentative date
Date of this Information Memorandum	18 February 2021
Price-fixing date for the Placement Shares	Mid-March 2021*
Allotment of Placement Shares to selected Sophisticated Investors	End-March 2021*
Listing of our Company on the LEAP Market of Bursa Securities	Early April 2021*

Note:

* *Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing. An announcement for the key relevant dates will be made after Bursa Securities' approval-in-principle has been obtained for our Proposed Listing.*

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Information Memorandum and the accompanying appendices:

COMPANIES:

“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Clover Green”	:	Clover Green Sdn Bhd, wholly-owned subsidiary of NSB
“Leopard”	:	Leopard Venture Sdn Bhd
“MDEC”	:	Malaysia Digital Economy Corporation Sdn Bhd
“NSB”	:	NovelPlus Sdn Bhd, our wholly-owned subsidiary
“NTB” or “Company”	:	NovelPlus Technology Berhad
“NTB Group” or “Group”	:	Our Company and its subsidiaries, collectively
“TA Securities”	:	TA Securities Holdings Berhad

GENERAL:

“10M-FPE”	:	10-month financial period ended
“Acquisition”	:	Acquisition by our Company of the entire issued share capital of NSB from Leopard for a total purchase consideration of RM3,599,998 satisfied via the issuance of 359,999,998 new NTB Shares to Leopard at an issue price of approximately RM0.01 per Share, which was completed on 27 January 2021
“Act”	:	Companies Act 2016
“Board”	:	Board of Directors of our Company
“CAGR”	:	Compound annual growth rate
“CEO”	:	Chief Executive Officer
“CFO”	:	Chief Financial Officer
“CMSA”	:	Capital Markets and Services Act 2007
“Constitution”	:	Constitution of our Company
“COVID-19”	:	Coronavirus Disease 2019
“Director”	:	A natural person who holds directorship in our Company and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EPS”	:	Earnings per Share
“FYE”	:	Financial year ended / ending 31 December, as the case may be

DEFINITIONS (CONT'D)

“Gbps”	:	Gigabyte per second
“GP”	:	Gross profit
“IMR Report”	:	Independent market research report on the e-book market in Southeast Asia dated 25 January 2021 prepared by Providence Strategic Partners Sdn Bhd
“Indicative Issue Price”	:	RM0.25 per Placement Share
“Information Memorandum”	:	This Information Memorandum dated 18 February 2021 in relation to our Proposed Placement and Proposed Listing
“Listing Requirements”	:	LEAP Market Listing Requirements of Bursa Securities
“LPD”	:	25 January 2021, being the latest practicable date prior to the date of this Information Memorandum
“MCMC”	:	Malaysian Communications and Multimedia Commission
“MCO”	:	Movement Control Order
“MITI”	:	Ministry of International Trade and Industry Malaysia
“MSC”	:	Multimedia Super Corridor
“NA”	:	Net assets
“NTB Share(s)” or “Share(s)”	:	Ordinary share(s) in our Company
“Official List”	:	The list specifying all securities listed on Bursa Securities
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Placement Shares”	:	40,000,000 new Shares to be issued pursuant to the Proposed Placement
“Promoters”	:	Leopard, Dato’ Lim Thean Keong and Lai Chia Yee, collectively
“Proposed Listing”	:	Proposed admission to the Official List and the listing of and quotation for our entire enlarged share capital of RM13,600,000 comprising 400,000,000 Shares on the LEAP Market of Bursa Securities
“Proposed Placement”	:	Proposed issuance of the Placement Shares within the meaning of Section 230 of CMSA, at the Indicative Issue Price to selected Sophisticated Investors in conjunction with our Proposed Listing
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Sophisticated Investors”	:	Any person who falls within any of the categories of investors set out in Part I of Schedule 7 of the CMSA
“SSA”	:	Share sale agreement dated 13 November 2020 entered into between our Company and Leopard for the Acquisition
“USD”	:	United States Dollar

DEFINITIONS (CONT'D)

Glossary of technical terms

Advertisers	:	Companies that intend to advertise or are currently advertising on our platform to target at our writers and readers
Apple Appstore	:	A digital distribution platform which distributes mobile applications for mobile devices operating on Apple iOS operating system. This digital platform is developed, operated and maintained by Apple Inc.
Apple iOS	:	An operating system created by Apple Inc. exclusively for its hardware
ASP class licence	:	A licence for companies to sell functions or capabilities to end-users, which include voice services, data services, Internet access and electronic commerce
Content library	:	In the context of this Information Memorandum, the content library refers to the collection of all of the e-books on our online social reading and writing platform which are made accessible to users. Accessibility to the variety of e-books is dependent on the user's subscription plan(s)
Direct carrier billing services	:	An online mobile payment method that allows users to make purchases by charging the payment to their mobile bill
e-book	:	Digital book comprises both fictional and non-fictional literature
Freemium model	:	A business model which refers to users accessing our online social reading and writing platform for free, but must subscribe to a plan(s) to enjoy an advertisement-free reading experience as well as to have unrestricted access to e-books within the plan
Google Android operating system	:	An operating system created by Google LLC exclusively for its hardware
Google Play Store	:	A digital distribution platform which distributes mobile applications for mobile devices operating on Google Android operating system. This digital platform is developed, operated and maintained by Google LLC
Huawei HarmonyOS	:	An operating system created by Huawei Technologies Co. Ltd. exclusively for its hardware
Mobile application format	:	Refers to a format where the online platform is accessed via a mobile application through mobile devices such as smartphones and tablets
Novel	:	Novels are e-books with fictional literature, where the literature portrays imaginary characters and events
NovelPlus	:	Our online social reading and writing platform which can be accessed via 2 formats, which are mobile application format and web browser format
Online social reading and writing platform	:	An online platform to allow for both reading of e-books as well as writing and self-publishing of e-books
Readers	:	Users who are interested in reading the e-books on our platform

DEFINITIONS (CONT'D)

Subscribers	:	Users who subscribe to our subscription plan(s)
Telecommunication service providers	:	Telecommunication operators who provide mobile services such as mobile telephone calls, mobile data usages, etc (e.g., Celcom Axiata Berhad, Digi.Com Berhad, Maxis Berhad, U-Mobile Sdn Bhd and XOX Berhad)
Users	:	Users comprise writers and readers on our platform
Web browser format	:	Refers to a format where the online platform is accessed via a web browser
Writers	:	Users who have registered on our platform to self-published their literary works

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APPENDIX I AUDITED FINANCIAL STATEMENTS OF NSB FOR THE FYE 2019

APPENDIX II UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NSB AND CLOVER GREEN FOR THE 10M-FPE 31 OCTOBER 2020

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Dato' Lim Thean Keong <i>(Chairman)</i>
		Lai Chia Yee <i>(Executive Director / CEO)</i>
		Tai Kwai Meng <i>(Independent Non-Executive Director)</i>
MANAGEMENT OFFICES / PRINCIPAL PLACE OF BUSINESS	:	B-13-6, Block B, 13 th Floor, Unit 6 Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur
		Website: www.novelplus.co Email: support@novelplus.co
COMPANY SECRETARY	:	Wong Youn Kim (MAICSA 7018778) c/o HMC Corporate Services Sdn Bhd Level 2, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur
REGISTERED OFFICE	:	HMC Corporate Services Sdn Bhd Level 2, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur
APPROVED ADVISER, PLACEMENT AGENT AND CONTINUING ADVISER	:	TA Securities Holdings Berhad 32 nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur
AUDITORS	:	Crowe Malaysia PLT (LLP0018817-LCA) & AF 1018 Suite 50-3, Setia Avenue No. 2, Jalan Setia Prima S U13/S Setia Alam, Seksyen U13 40170 Shah Alam Selangor
DUE DILIGENCE SOLICITOR FOR OUR PROPOSED LISTING	:	Olivia Lim & Co 41-3 Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur
INDEPENDENT MARKET RESEARCHER	:	Providence Strategic Partners Sdn Bhd 67-1, Block D, Jaya One No. 72A, Jalan Universiti 46200 Petaling Jaya Selangor

1. CORPORATE DIRECTORY (CONT'D)

SHARE REGISTRAR	:	One Capital Market Services Sdn Bhd Level 18, Plaza VADS No. 1 Jalan Tun Mohd Fuad Taman Tun Dr. Ismail 60000 Kuala Lumpur
PRINCIPAL BANKERS	:	Public Bank Berhad Ground Floor Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur RHB Bank Berhad Lot LC-C03 Concourse Floor Suria KLCC Kuala Lumpur City Centre 50088 Kuala Lumpur
LISTING SOUGHT	:	LEAP Market of Bursa Securities

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2. DETAILS OF OUR PROPOSED LISTING

2.1 Particulars of our Proposed Listing

Our Group is offering 40,000,000 Shares at the Indicative Issue Price, representing 10.00% of the enlarged issued share capital of our Company, to selected Sophisticated Investors.

In respect of Rule 3.10 of the Listing Requirements:

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

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

2.2 Purposes of our listing

The purposes of our listing are as follows:

- (i) to enable us to tap into the capital market for fund-raising to pursue future growth opportunities;
- (ii) to gain recognition and enhance the stature of our Group with a listing status as well as increase market awareness of our products and services so as to assist us in expanding our customers' base; and
- (iii) to provide an opportunity for Sophisticated Investors to participate in our equity and continuing growth.

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2. DETAILS OF OUR PROPOSED LISTING (CONT'D)**2.3 Share capital**

	No. of Shares	RM
Issued share capital as at the date of this Information Memorandum	360,000,000	3,600,000
Shares to be issued pursuant to the Proposed Placement	40,000,000	10,000,000
Enlarged share capital (upon Proposed Placement)	400,000,000	13,600,000
Indicative Issue Price		0.25
Market capitalisation at the Indicative Issue Price (upon Proposed Listing)		100,000,000

The board lot size of our Shares upon our Proposed Listing will be standardised at 100 units per board lot.

As at the LPD, our Company has a single class of shares, namely ordinary shares.

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.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the capital on the Shares held by them, be entitled to share in the profits paid out by 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 the provisions of the Act.

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

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 the constituent documents of our Company.

2.4 Basis of arriving at the Indicative Issue Price

The Indicative Issue Price was determined after taking into consideration, amongst others, the following factors:

- (i) our competitive strengths as set out in Section 4.7 of this Information Memorandum;
- (ii) our business strategies and future plans as set out in Section 4.18 of this Information Memorandum;
- (iii) the prospects of our Group and the prevailing outlook of the industry which our Group operates in as set out in Sections 4.19 and 6 of this Information Memorandum; and
- (iv) our financial performance and operating history as described in Sections 3, 8 and 9 of this Information Memorandum.

For information purpose, based on our audited PAT of RM1,582,936 for the FYE 2019 and our enlarged issued share capital of 400,000,000 Shares, the indicative issue price of RM0.25 translates to a price-earnings multiple of 62.5 times. The market price of our Shares upon and subsequent to our Proposed Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You are reminded to consider the risk factors as set out in Section 5 of this Information Memorandum and form your own views on the valuation of our Shares before deciding on whether to invest in our Shares.

2. DETAILS OF OUR PROPOSED LISTING (CONT'D)**2.5 Utilisation of proceeds**

Based on the Indicative Issue Price, the Proposed Placement is expected to raise gross proceeds of RM10.0 million to be utilised as follows:

Utilisation purposes	Notes	RM'000	% of total gross proceeds	Expected time frame for the utilisation of proceeds (from the date of listing of our Shares)
Acquisition of e-books	(i)	1,000	10.0	Within 36 months
Future business expansion	(ii)	1,200	12.0	Within 36 months
Enhancement of technological capabilities	(iii)	1,500	15.0	Within 36 months
Working capital	(iv)	5,500	55.0	Within 36 months
Estimated expenses in relation to our Proposed Listing	(v)	800	8.0	Immediately
Total estimated proceeds		10,000	100.0	

Notes:

- (i) *Currently, our content library of e-books comprises published novels in 2 languages, namely Bahasa Melayu and Bahasa Indonesia. According to the IMR Report, the e-book market size in Indonesia was USD105.8 million (RM438.3 million) in 2019, which is 27.6% of the total online reading market in Southeast Asia. The e-book market in Indonesia is the fastest growing e-book markets in Southeast Asia, having grown at a CAGR of 10.5% between 2016 and 2019. Therefore, we intend to tap on the potential arising from the growing market in Indonesia to expand our reach to users which are literate in Bahasa Indonesia through the allocation of RM0.6 million to acquire Bahasa Indonesia-based e-books. In addition, we intend to allocate RM0.4 million to purchase e-books published in other languages (e.g. Bahasa Melayu) that are commonly used in countries in Southeast Asia, to strengthen our presence in the region.*
- (ii) *As part of our plan to strengthen our presence in Southeast Asia, we intend to expand and complement our existing business operation (i.e., development, operation and management of an online social reading and writing platform) through potential investments in companies that offer information technology solutions that would enhance and/or complement our platform or extend our reach in Southeast Asia. Any such investment may be carried out via merger and acquisition of businesses and/or company, joint ventures as well as formation of strategic alliances, key partnerships and/or collaboration with suitable companies. As at the LPD, we have not identified any suitable companies. Please refer to Section 4.18 (i) of this Information Memorandum for further details.*

In addition, we intend to leverage on our content library to increase our revenue stream through intellectual property licensing of popular e-book titles across various entertainment media formats such as films, television or web series, online games, print-on demand and animations. In this regard, we may seek strategic alliances, key partnerships and/or collaboration, merger and acquisition of businesses and/or company as well as joint ventures with media entertainment related companies and/or directly invest in the intellectual property licensing of identified e-book titles. Please refer to Section 4.18 (iii) of this Information Memorandum for further details.

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

- (iii) *The proceeds for enhancement of technological capabilities are mainly to enhance user's experience of our online social reading and writing platform. We intend to invest in artificial intelligence ("AI") and big data solutions which would personalise platform experience that we currently offer to our users. The big data solution will allow us to analyse the large volume of data we capture through our platform, and this data analytics will be fed into the AI solution to allow for machine learning to provide automated functions on our platform. In particular, automated functions include an automated recommendation function which will allow us to personalise the recommendation of content to readers based on their preferences. We will also need an advanced software development tool to programme and develop this function on our platform. Further details of the technological capabilities enhancement is set out in Section 4.18 (ii) of this Information Memorandum. As such, we intend to utilise RM1.5 million from the proceeds to secure big data and AI solutions as well as software development tool from third-party service providers.*
- (iv) *Our working capital requirements are expected to increase in line with our intended business expansion as outlined in Section 4.18 of this Information Memorandum. Therefore, we intend to utilise RM5.5 million for the following:*

Working capital	RM'000
<i>Marketing cost (e.g., digital advertising)</i>	<i>2,500</i>
<i>Operating and administrative expenses (e.g., office rental as well as offices related expenses), staff cost (e.g., salaries and statutory contribution), professional fees (e.g., auditors and other professional fees) and cloud computing cost (e.g., fees to cloud hosting providers)</i>	<i>3,000</i>
Total	5,500

- (v) *To defray the following estimated listing expenses:*

Estimated listing expenses	RM'000
<i>Professional and placement fees</i>	<i>668</i>
<i>Regulatory fees</i>	<i>8</i>
<i>Miscellaneous (e.g., services tax, printing, etc)</i>	<i>124</i>
Total	800

In the event that the actual amounts vary from the above estimates, the excess or deficit (as the case may be), will be reallocated to / from the amount earmarked for the working capital of our Group, the breakdown of which cannot be determined at this juncture.

Prior to being utilised, the proceeds from the Proposed Placement will be placed in deposits with licenced financial institutions and/or short-term money market instruments, as our Board may deem fit. The interest income derived from such deposits and/or any gain arising from the short-term money market instruments will be used for working capital purposes of our Group.

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

2.6 Dividend policy

As our Company is an investment holding company, our ability to pay dividends is dependent upon the dividends received from our subsidiaries. The payment of dividends by our subsidiaries is dependent upon their distributable profits, financial performance and cash flow requirements for operations and capital expenditures.

It is the intention of our Board to recommend and distribute dividends to the shareholders of our Company in the future. Any interim dividends declared will be subject to recommendation of our Board and any final dividends declared will be subject to approval of our shareholders at our general meeting.

When recommending the actual dividends for approval by shareholders or when declaring any interim dividends, our Board will consider, amongst others:

- (i) our anticipated future operating conditions as well as future expansion, capital expenditures and investment plans;
- (ii) operating cash flow requirements;
- (iii) our expected financial performance;
- (iv) any restrictive covenants contained in our future financing arrangements;
- (v) the availability of adequate reserves and cash flows; and
- (vi) any material impact of tax laws and regulatory requirements.

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3. INFORMATION OF OUR GROUP

3.1 Incorporation and history of our Group

Our Company was incorporated on 21 August 2020 in Malaysia under the Act as a private limited company under the name of NovelPlus Technology Sdn Bhd. On 7 December 2020, we were converted into a public limited company to facilitate the listing of our Group on the LEAP Market of Bursa Securities. Our Company is principally an investment holding company. Through our subsidiaries, we are involved in the development, operation and management of an online social reading and writing platform (i.e., NovelPlus). As at the LPD, NovelPlus' vast content library of e-books comprises published novels in 2 languages, namely Bahasa Melayu (which is commonly used in Malaysia) and Bahasa Indonesia (which is commonly used in Indonesia), and as such it targets a user base which are primarily located in Southeast Asia that are literate in either one or both of these languages.

Our Group's history can be traced back to the incorporation of NSB in 2011 by Low Joo Hiap and Lim Teng Wei. In 2015, M-Mode Berhad acquired NSB. In the same year, M-Mode Berhad developed NovelPlus as an online reading platform which only allows readers free access to e-books. At that time, the online reading platform was only accessible in mobile application format.

In 2016, M-Mode Berhad disposed NSB to Leopard for a cash consideration of RM1.54 million, of which our Group Chairman, Dato' Lim Thean Keong and our CEO, Lai Chia Yee were shareholders. NovelPlus was then enhanced to improve its user experience (i.e., in terms of interface and functionalities) and expanded its content library. Bahasa Melayu e-books were selected and purchased from writers, thus increasing our content library from approximately 200 e-book titles in 2015 to 992 e-book titles in 2016. In line with the growth in e-book titles, our reader base grew from 12,580 in 2015 to reach 189,641 readers in 2016. At that time, we operated on a freemium model, where readers can access a limited range of e-books on our platform for free but must pay a subscription fee to have access to our entire content library.

In 2017, NovelPlus was converted into an online social reading and writing platform with the addition of a new function to allow writers to write, edit and self-publish their literary works. We then began to build our pool of writers on our platform and as a result, we had 4,352 registered writers in 2017. In the same year, we also begin to purchase Bahasa Indonesia-based e-books. Consequently, the number of e-books titles in our content library grew to 10,606 titles in that year.

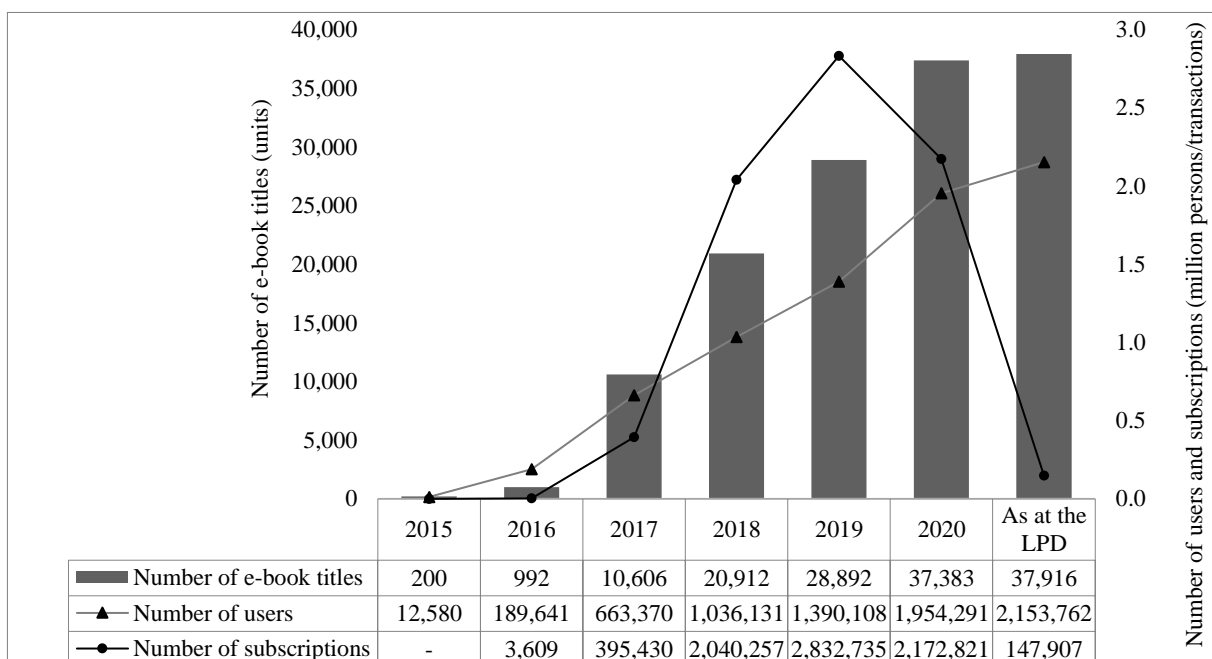
NovelPlus began to be accessible via web-based format in 2017. We also began to offer advertisers advertising spaces on our platform in the same year. We thus changed our freemium model to our present model where users can access e-books for free but must pay a subscription fee to enjoy advertisement-free reading experience and unrestricted access to e-books within their chosen subscription plan. By allowing NovelPlus to be accessible via the web-based format, users need not download the mobile application to use the platform from Apple Appstore or Google Play Store. Instead, users can access NovelPlus in web format for free, or pay a subscription fee to telecommunication service providers (or their appointed agents) based on the present freemium model. By working with telecommunication service providers (or their appointed agents), we are able to extend our reach to their customer base. Thereafter, our user base (comprising readers and writers) began to grow from 1.0 million users in 2018 to 1.4 million users in 2019. Meanwhile, our writers continued to generate new e-book titles, thus expanding our content library from 20,912 published e-book titles in 2018 to 28,892 published e-book titles in 2019. The number of subscriptions grew from 2.0 million transactions in 2018 to 2.8 million transactions in 2019.

In 2020, we are in the midst of introducing print-on-demand publishing services for selected e-books published on NovelPlus, which involves the publishing of physical books on an on-demand basis. We are in the pilot stage and have begun offering print-on-demand services for 4 e-book titles which can be purchased through our platform and/or an established e-commerce platform since August 2020. Please refer to Section 4.18 (iii) of this Information Memorandum for further details.

As at the LPD, NovelPlus' reader and writer base has grown to reach over 2.1 million readers and writers. Since the beginning of 2021 until the LPD, NovelPlus has approximately 147,000 subscription transactions.

3. INFORMATION OF OUR GROUP (CONT'D)

The growth trajectory of our user base, number of subscriptions and number of published e-book titles on our platform are as follows:



Notes:

- (i) Number of subscriptions refer to the number of payment transactions made by subscribers for their respective subscription plan chosen and may not necessarily be the number of subscribers as a single subscriber may pay for more than one subscription plan.
- (ii) Number of subscriptions as at the LPD refers to number of subscriptions during the period of between January 2021 and the LPD.

3.2 Key milestones and achievements

The table below sets out our key milestones / achievements:

Year	Key Milestones / Achievements
2011	<ul style="list-style-type: none"> • NSB was incorporated
2015	<ul style="list-style-type: none"> • M-Mode Berhad acquired NSB • NovelPlus was developed as an online reading platform in mobile application format, which allowed readers free access to e-books
2016	<ul style="list-style-type: none"> • M-Mode Berhad disposed NSB to Leopard • NovelPlus was then enhanced to improve its user experience (i.e., in terms of interface and functionalities) and expanded its content library • NovelPlus began to operate on a freemium model
2017	<ul style="list-style-type: none"> • NovelPlus was converted into an online social reading and writing platform with addition of a new function to allow writers to write, edit and self-publish their literary works • NovelPlus was developed in web-based format • NovelPlus began to work with telecommunication service providers (and their appointed agents), extending its reach to their customer base • Advertisers advertising spaces were offered on NovelPlus • NovelPlus begins to purchase Bahasa Indonesia-based e-books
2020	<ul style="list-style-type: none"> • Clover Green was incorporated and obtained the ASP class licence from MCMC • Begun pilot stage of print-on-demand publishing services for 4 e-book titles published on NovelPlus

3. INFORMATION OF OUR GROUP (CONT'D)

3.3 Acquisition

To facilitate our Proposed Listing, we have undertaken the Acquisition, which were completed on 27 January 2021.

Our Company entered into a share sale agreement to acquire 100% equity interest in NSB for a purchase consideration of RM3,599,998 satisfied via the issuance of 359,999,998 new NTB Shares at an issue price of approximately RM0.01 each.

The purchase consideration of RM3,599,998 for the Acquisition was arrived at after taking into consideration NSB's unaudited net assets of RM3,381,562 as at 30 June 2020.

The vendor of NSB and the number of NTB Shares issued are as follows:

Vendor	No. of NSB shares acquired	% of issued share capital in NSB	Purchase consideration (RM)	No. of NTB Shares issued
Leopard	2,700,000	100.00	3,599,998	359,999,998

3.4 Shareholding structure

Our shareholding structure before and after our Proposed Listing is as follows:

	Before Proposed Listing		After Proposed Listing	
	No. of Shares	%	No. of Shares	%
Promoter / substantial shareholder	360,000,000	100.0	360,000,000	90.0
Sophisticated Investors	-	-	40,000,000	10.0*
Total	360,000,000	100.0	400,000,000	100.0

Note:

* At least 10.0% of our enlarged issued share capital of 400,000,000 Shares will be held by public Sophisticated Investors pursuant to Rule 3.03 of the Listing Requirements.

As at the date of this Information Memorandum, our Group does not have any outstanding warrants, options, convertible securities or uncalled capital.

3.5 Original cost of investment

Details of the original cost of investment of our shareholder in our Company is as follows:

Shareholder	Date ⁽¹⁾	Cost of investment per Share (RM)	No. of Shares	% ⁽³⁾
Leopard	13 November 2020	0.01 ⁽²⁾	359,999,998	100.0

Notes:

(1) Based on the date of the SSA.

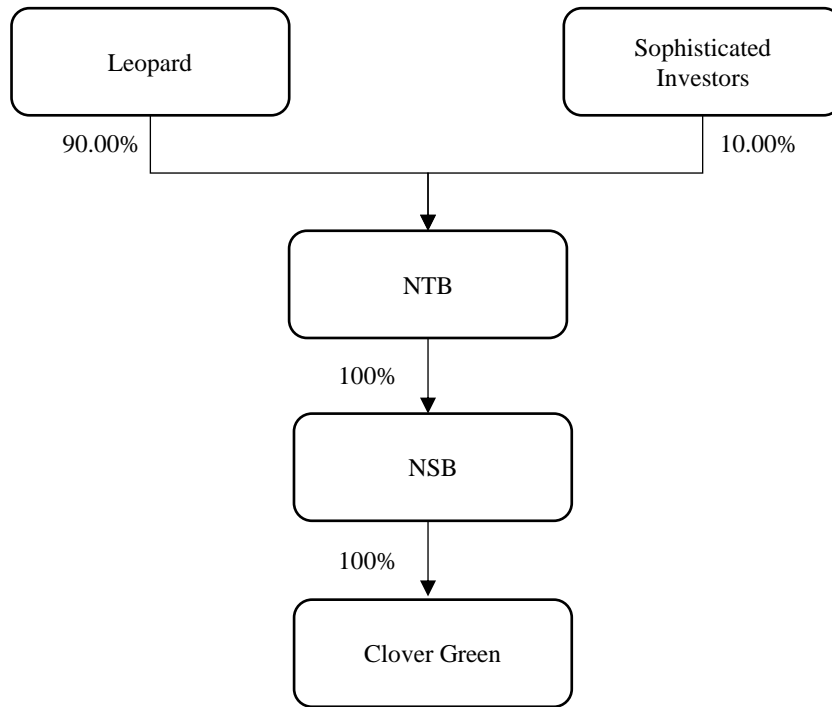
(2) Approximately RM0.01 per Share due to rounding.

(3) Based on our existing issued share capital of 360,000,000 Shares.

3. INFORMATION OF OUR GROUP (CONT'D)

3.6 Subsidiaries and associated companies

The following diagram depicts the corporate structure of our Group:



As at the date of this Information Memorandum, our subsidiaries are as follows:

Subsidiary	Date / Country of Incorporation / registration no.	Date of commencement of business	Issued share capital (RM)	Effective equity interest (%)	Principal activities
NSB	11 November 2011, Malaysia, 201101039517 (967639-A)	18 November 2014	2,700,000	100.00	Development, operation and management of an online novel platform
Clover Green	17 July 2020, Malaysia, 202001019118 (1375438-V)	7 October 2020	2	100.00	Development and marketing of online novel platform

As at the date of this Information Memorandum, we do not have any associated company.

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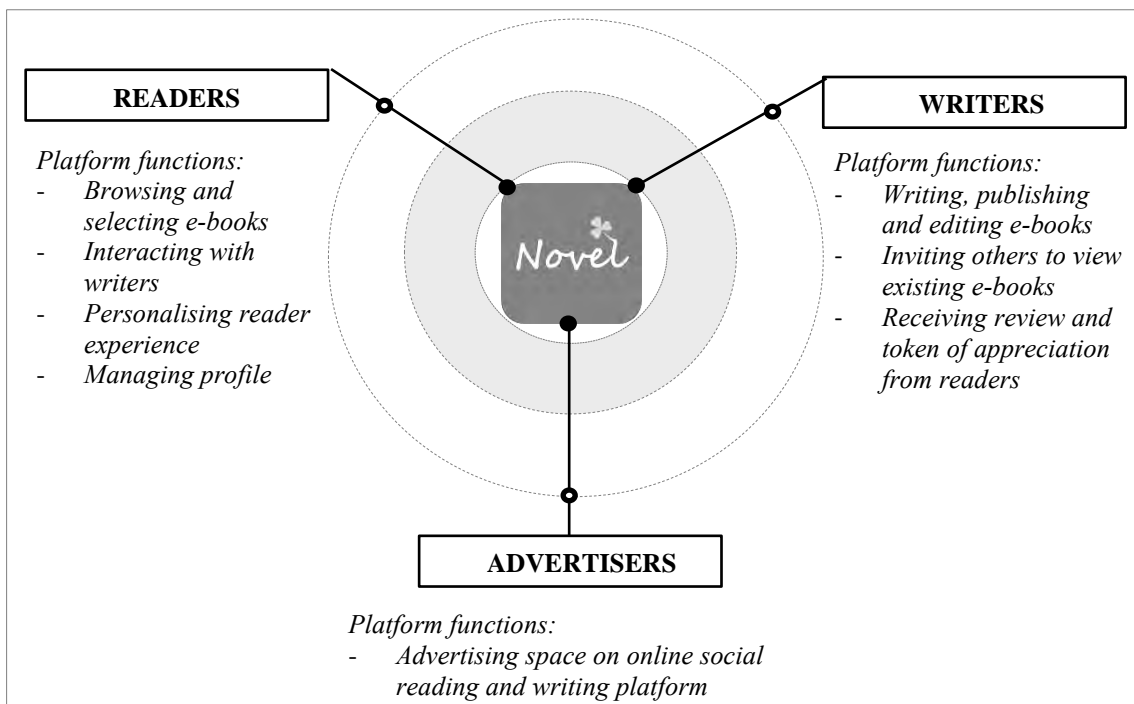
4. BUSINESS OVERVIEW

4.1 Principal activities

We are principally involved in the development, operation and management of an online social reading and writing platform. Our proprietary online social reading and writing platform, NovelPlus, is available in both mobile application and web browser formats. As at the LPD, NovelPlus has a vast content library of e-books comprising over 37,000 published novels in 2 languages, namely Bahasa Melayu (which is commonly used in Malaysia) and Bahasa Indonesia (which is commonly used in Indonesia), and as such it targets a user base which are primarily located in Southeast Asia that are literate in either one or both of these languages.

NovelPlus’ ecosystem include users, which comprise writers and readers. As at the LPD, NovelPlus has over 2.1 million users, of which approximately 10,000 are registered writers. The ecosystem also includes advertisers, who can place their advertisements on our platform to target our user base.

NovelPlus’ ecosystem



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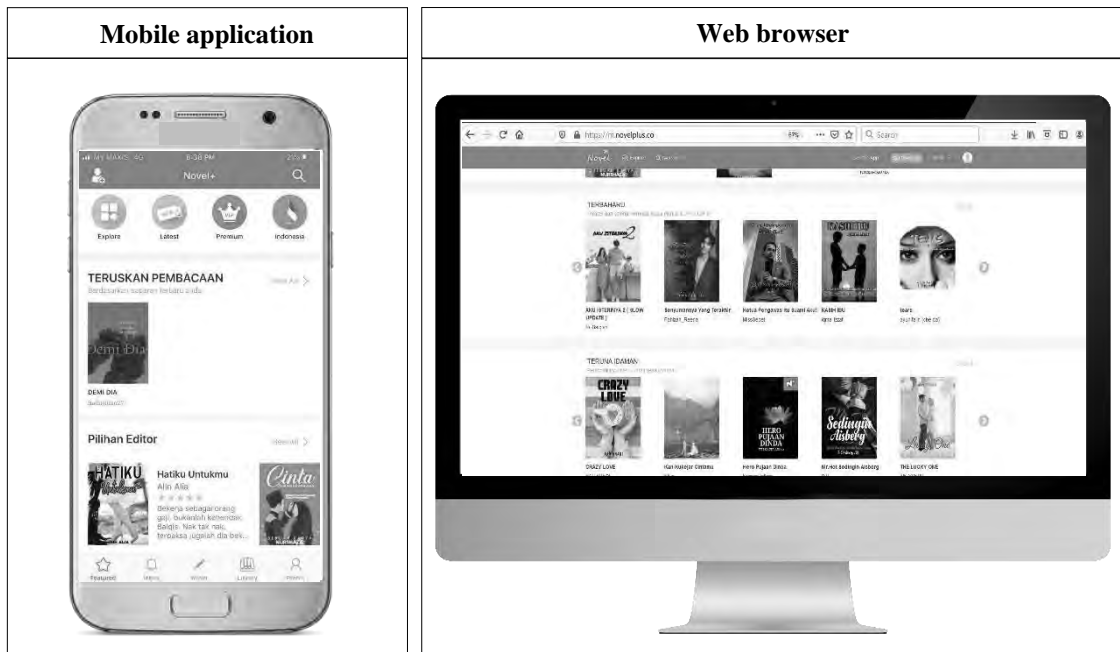
4. BUSINESS OVERVIEW (CONT'D)

4.2 Products and services

Our online social reading and writing platform, NovelPlus, can be accessed via 2 formats:

- (i) **mobile application format** – which is downloadable and installed on mobile devices running on Apple iOS, Google Android or Huawei HarmonyOS operating systems; and
- (ii) **web browser format** – which is compatible with all computers’ and laptops’ web browsers.

Our platform’s functionality, features and interface are similar across both formats, as shown below:



Note: The above pictures are for illustration purposes only.

NovelPlus provides the following features to its user base and advertiser:

(i) Readers

Readers have access to our vast content library of e-books consisting of novels published in Bahasa Melayu and Bahasa Indonesia. We operate on a freemium model where readers can access a limited range of e-books available in NovelPlus for free, but must pay a subscription fee to enjoy advertisement-free and unrestricted access to a wider range of published e-books available within their chosen subscription plan. Readers under our subscription plans are referred to in this Information Memorandum as “subscribers”.

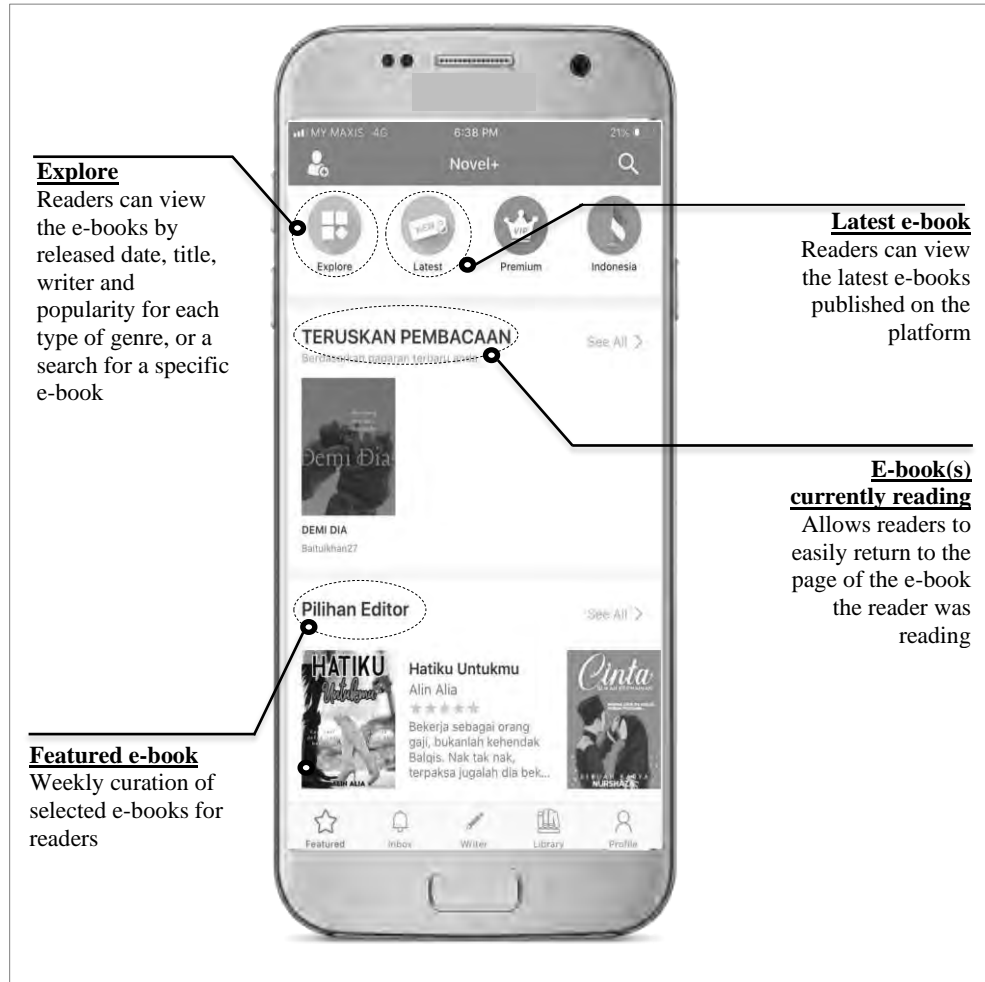
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4. BUSINESS OVERVIEW (CONT'D)

NovelPlus allows its readers to perform the following functions:

(a) Browsing and selecting e-books

The interface for this function is as illustrated below:



Note: The above picture is for illustration purposes only.

Upon selecting an e-book, the reader will be able to view more details regarding the e-book, including genre, type (whether it is part of a series), number of views, comments, ratings and writer's profile.

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4. BUSINESS OVERVIEW (CONT'D)

(b) Interacting with writers

The interface for this function is as illustrated below:

Share
Readers can share the link to the e-book through social media platforms (such as Facebook and Twitter), messaging applications (such as WhatsApp and WeChat) and email platforms (such as Yahoo, Gmail and Hotmail). This will attract more readers to our platform

Follow
When the Reader clicks on the writer's name, they are led to the writer's profile page. Readers can follow the writer to be kept informed of their e-books

Rate
Readers can rate the e-book to contribute to the e-book's overall rating and rank in the chart listings, and view the e-book's ratings

Support
Readers may show their support to a specific writer by giving a token of appreciation in the form of monetary value

Comment
Readers can view and write public comments

Read
Readers can choose to start reading the e-book immediately, or add the e-book to their collection to read later

Note: The above picture is for illustration purposes only.

(c) Personalising reader experience

While reading an e-book, readers may personalise their reading experience. The interface for this function is as illustrated below:

Selection of content
Readers can easily navigate the chapters or parts of an e-book via contents

Bookmark
Readers can bookmark a page for later

Settings
Readers can adjust features such as font type, font size, page colour and reading style

Note: The above picture is for illustration purposes only.

4. BUSINESS OVERVIEW (CONT'D)

(d) Managing profile

Readers who have registered as users of NovelPlus can manage their profile through:

- Library – Readers can manage pages that they have bookmarked, e-books added to their collection or recently viewed e-books;
- Inbox – Readers can view platform notifications; and
- My Wallet – Readers can purchase and store token of appreciations purchased from us to reward writers

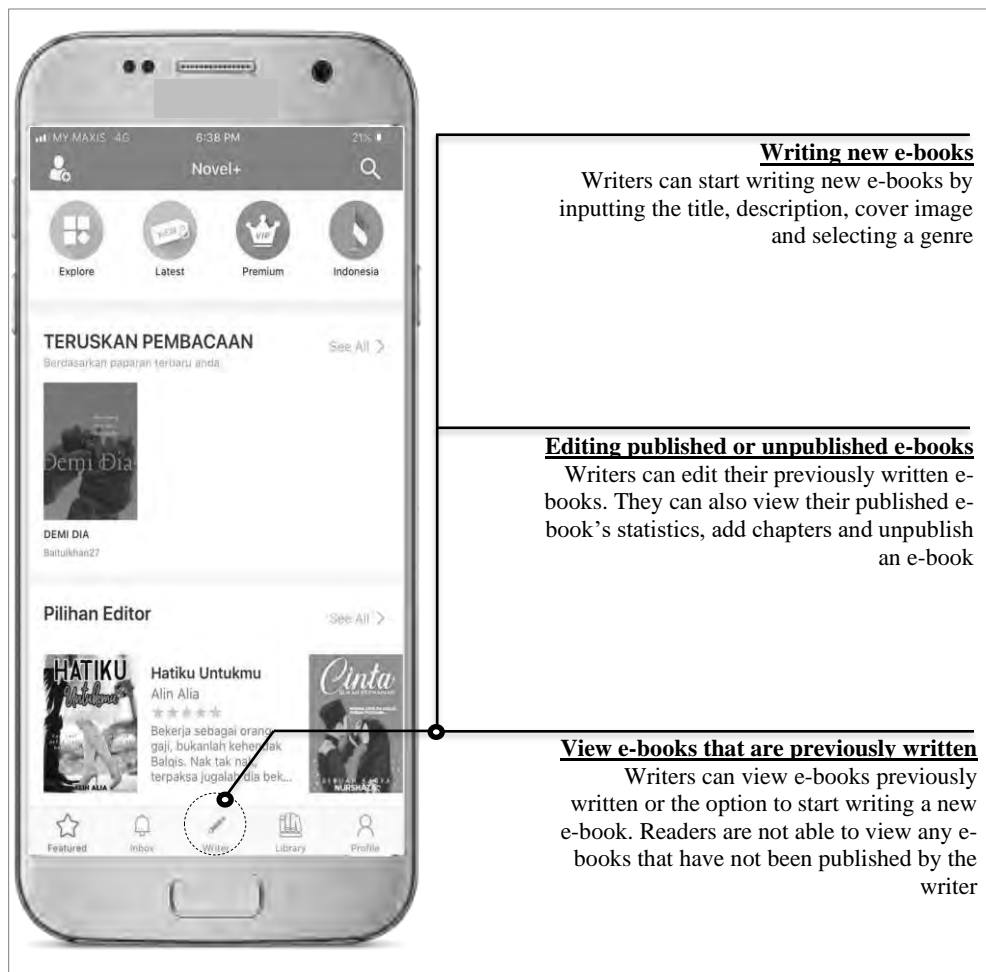
(ii) Writers

Writers are able to self-publish their e-books through NovelPlus. Writers' work may be monetised when they receive tokens of appreciation from readers and redeem in the form of monetary value from us. Additionally, our platform's interaction features allow writers to receive feedbacks on their work from readers through comments and ratings on e-books.

Writers must register as users of NovelPlus to enjoy the following functions:

(a) Writing, publishing and editing e-books

The interface for this function is as illustrated below:

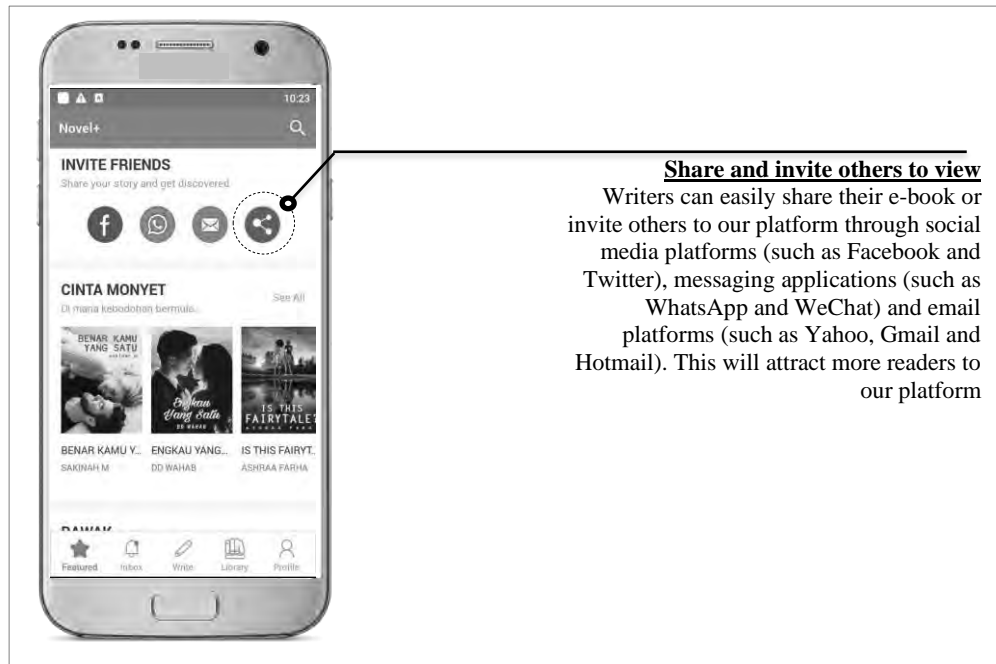


Note: The above picture is for illustration purposes only.

4. BUSINESS OVERVIEW (CONT'D)

(b) Inviting others to view existing e-books

The interface for this function is as illustrated below:



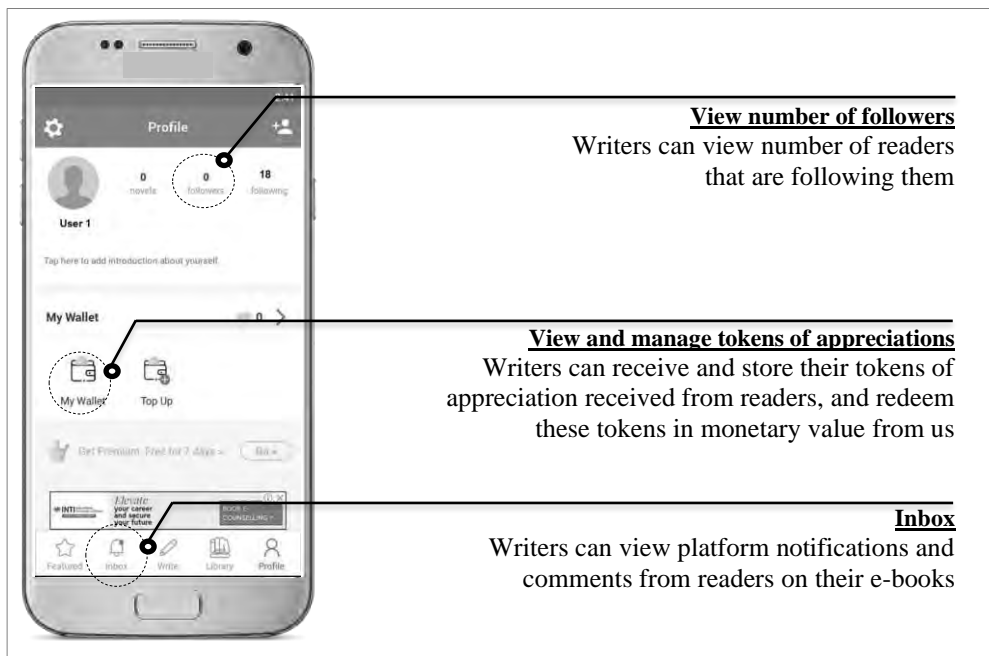
Share and invite others to view

Writers can easily share their e-book or invite others to our platform through social media platforms (such as Facebook and Twitter), messaging applications (such as WhatsApp and WeChat) and email platforms (such as Yahoo, Gmail and Hotmail). This will attract more readers to our platform

Note: The above picture is for illustration purposes only.

(c) Receiving reviews and token of appreciation from readers

The interface for this function is as illustrated below:



View number of followers

Writers can view number of readers that are following them

View and manage tokens of appreciations

Writers can receive and store their tokens of appreciation received from readers, and redeem these tokens in monetary value from us

Inbox

Writers can view platform notifications and comments from readers on their e-books

Note: The above picture is for illustration purposes only.

4. BUSINESS OVERVIEW (CONT'D)

(iii) Advertisers

Our platform has advertising spaces on both our mobile application and web browser. Advertisements are targeted towards users that have not subscribed to our subscription plans when they browse through our platform and/or while reading an e-book. We work with an appointed digital marketing service provider to promote our platform as an advertising space to advertisers.

The following illustrations are examples of these advertisement spaces:



Note: The above picture is for illustration purposes only.

4.3 Content library

Presently, our content library is focused on 2 languages, namely Bahasa Melayu and Bahasa Indonesia. In addition, our content library presently only comprises novels. As at the LPD, our platform has over 37,000 published novels in our content library. As at the LPD, we own 19.2% of these novels as we previously selectively purchased novels from writers or novice authors. For novels which we own, we have the exclusive rights to publish, edit and adapt the novels into various entertainment media formats such as films and earn from royalties and/or intellectual property licensing. Please refer to Section 4.18(iii) of this Information Memorandum for further information.

Our content library also comprise more than 20 genres of novels. The novel genre is selected by the writers themselves. As at the LPD, examples of genres available are action, adventure, crime and mystery, drama, family, fantasy, horror, humor, poetry, romance, spiritual, superhero, vampire and zombie.

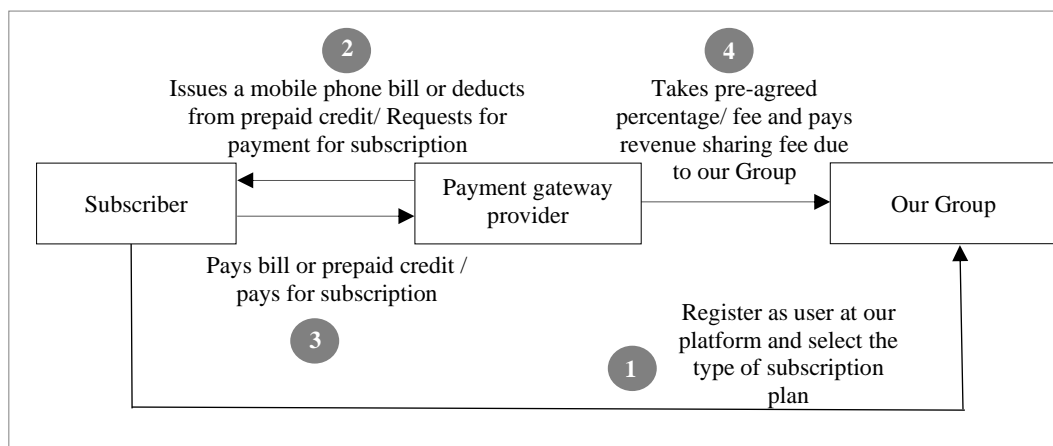
4.4 Revenue model

(i) Online reading revenue

Online reading revenue refers to revenue generated through the use of NovelPlus. We collect these online reading revenues through telecommunication service providers (or their appointed agents), Google Play Store and Apple Appstore, who in turn collect these fees from readers on our behalf.

4. BUSINESS OVERVIEW (CONT'D)

We have entered into agreements with these telecommunication service providers (or their appointed agents), Google Play Store and Apple Appstore to sell and promote our online social reading and writing platform and as a payment gateway provider. In return, we revenue share with these parties based on pre-agreed percentages and rates. The revenue sharing arrangement with these payment gateway service providers are illustrated below:



As at the LPD, our online reading revenue primarily comprise subscription fees for our subscription plans.

We operate on a freemium model where reader can access our platform for free but must pay a subscription fee to enjoy an advertisement-free reading experience and have unrestricted access to e-books within their chosen subscription plan. The differences between both types of readers are depicted below:

Type of reader	Non-paying	Paying (i.e., Subscribers)
Fee	Not applicable	Varies in accordance to type of subscription plan as illustrated in the table below
Access	Selected e-books	Entire content library and/or specific genre selected*
Advertisements	Subjected to advertisements	No advertisements

Note:

* Depending on the format of platform and type of subscription plan.

Our subscription plans are based on the format of the platform, whereby:

- (a) readers who subscribed to our mobile application where the payments are made through Apple Appstore or Google Play Store, have access to our entire content library; and
- (b) readers who subscribed to the web-browser, where the payments are made through telecommunication service providers (or their appointed agents), have the option to subscribe to the entire content library or just contents for a specified genre.

4. BUSINESS OVERVIEW (CONT'D)

As at the LPD, the fees charged are as follows:

Type of subscription plan	Mobile application	Web-browser
Fee	RM7.90 per month	RM2.00 - RM3.00 per week*
Payment method	Mobile device's application distribution platform (i.e., Apple Appstore or Google Play Store)	Direct carrier billing services (i.e., telecommunication service providers (e.g., Celcom Axiata Berhad, Digi.Com Berhad, Maxis Berhad, U-mobile Sdn Bhd and XOX Berhad) or their appointed agents)
Access	Entire content library	Entire content library and/or specific genre selected

Note:

* *Fees may vary as it is dependent on rates charged by the telecommunication service providers.*

In addition, we also generate revenue from the sale of tokens of appreciation to readers for them to reward writers.

(ii) Advertising revenue

We also generate revenues from advertisements placed on our platform by an appointed digital marketing service provider. The advertisements appear in various forms including banners on the main page and interactive full screen advertisements while reading an e-book.

(iii) Print-on-demand revenue

We are in the pilot stage of introducing print-on-demand publishing services and had generated revenue since September 2020. The print-on-demand services for certain e-books that have been published on our platform, involves the publishing of physical books on an on-demand basis. The physical books can be purchased through our platform and/or an established e-commerce platform (i.e., Shopee). Please refer to Section 4.18(iii) of this Information Memorandum for further details.

4.5 Principal markets

Due to the nature of our business, it is difficult to determine the geographical location of our end users (i.e., Subscribers). Nevertheless, as our content library comprise 2 languages, namely Bahasa Melayu and Bahasa Indonesia, we target a user base that is primarily located in Southeast Asia that are literate in either one or both of these languages.

4. BUSINESS OVERVIEW (CONT'D)

4.6 Business development and marketing strategies

We employ the following business development and marketing strategies to attract and retain users, as well as advertisers:

(i) Social media platforms

We believe that social media platforms are increasingly adopted as a medium to disseminate information and thus, we utilise these social media platforms to showcase our platform and content library. We maintain a profile on social media platforms such as Facebook, Instagram, Twitter and YouTube to interact with our customers. Through these social media platforms, we keep our customers abreast with latest published e-books and promotional activities.

(ii) Affiliate marketing

We work with our appointed digital marketing service providers to promote NovelPlus through affiliate marketing. These digital marketing service providers typically have a vast network of mobile and web applications, where they can place advertisements regarding our online social reading and writing platform to target potential readers and writers to our platform.

(iii) Push notifications

We schedule push notifications on a daily basis to existing readers in order to encourage the usage of our online social reading and writing platform, as well as to retain our readers. These push notifications take the form of small snippets and/or excerpts from selected e-books to pique readers' interest in reading new e-books. By keeping our readers engaged and promoting different content for readers to explore, we are able to retain these readers and keep them active on our platform.

(iv) Referrals

Our growing content library draws new users to our platform as we allow our existing users to easily share or invite others to read e-books through various channels including social media platforms (such as Facebook and Twitter), messaging applications (such as WhatsApp and WeChat) and email platforms (such as Yahoo, Gmail and Hotmail). As such, readers can share their favorite e-book(s) to their contacts. Meanwhile, writers, who publish their work on our platform, can promote their NovelPlus e-books to friends and family allowing them to grow their number of readers, followers and popularity on our platform.

(v) Working with digital marketing service provider(s)

Advertisers will typically engage digital marketing service provider(s) to place their advertisements on a network of mobile and web applications to appeal to the specified target market. These digital marketing service provider(s) may also place advertisements on our platform to reach out to our user base.

(vi) Corporate website

We have our own corporate website at <https://novelplus.co> which provides searchable information on details of our platform. In addition, the corporate website also serves as an avenue to educate website visitors on our subscription plans.

4. BUSINESS OVERVIEW (CONT'D)

4.7 Competitive strengths

We believe that our historical successes and future prospects are underpinned by the following competitive strengths:

(i) We have a large content library and large pool of registered writers

As at the LPD, we have over 37,000 published e-books on our platform with more than 20 genres. With a large content library across a wide variety of genres, our platform is able to cater to readers of all ages with different interests. In addition, with the availability of free content, we are able to attract more users while maintaining our existing user base.

Our platform allows writers with different writing styles and backgrounds to publish their original e-books online, surpassing traditional barriers for publication. Our platform enables writers to monetise their work through redemption of tokens of appreciation received from the readers. Furthermore, writers are able to gain feedback on their works through our platform's features, such as reader statistics, comments and growth of their follower base. Over the years, we have also attracted and retained a large pool of registered writers who have generated and self-published their e-books, allowing us to grow our content library. As at the LPD, we have a total of approximately 10,000 registered writers.

(ii) We have a large user base and reach

The free contents in our content library and the ease of sharing through social media and other communication tools have attracted many users to our platform. We have enabled an online community of readers and writers to interact directly with each other, nurturing a community of literature enthusiasts that continues to grow each year. In 2020, we have over 1.9 million users on our platform and approximately 2.2 million subscription transactions.

Through both formats of our platform (i.e., mobile application and web browser), we are able to distribute our content directly and instantaneously to our large user base, increasing the online reach of our content library and that of writers on our platform. We regularly update our featured and recommended content lists to better curate contents that will attract more users to NovelPlus. In addition, we also market our platform through telecommunication service providers in Malaysia (or their appointed agents) to leverage on their customer base to further increase the reach of our platform.

(iii) We have an experienced and committed management team

Since the commencement of business, we have been led by an experienced and committed management team. Our management team has extensive experience in their respective fields. Their experiences, coupled with their drive and passion for our business have been instrumental to our Group's growth strategies and success.

In addition, our management team is supported by experienced technical personnel. Our technical personnel has the technical knowledge to develop and manage platforms, thereby facilitating us in adding value to the needs and preferences of our readers and writers.

4. BUSINESS OVERVIEW (CONT'D)

(iv) We are poised to gain from the growth of the e-book market in Southeast Asia

While the history of e-book can be traced back to the 1970s when e-books were introduced, e-books were only widely used when Amazon Kindle was launched in 2007, modernising e-books. Online social reading and writing platforms were only introduced in recent years and as such, the industry is still relatively nascent. Nevertheless, the market for online social reading and writing platforms has potential for growth as indicated by the overall market for e-books. In particular, the e-book market in Southeast Asia has been growing at a CAGR of 7.5% between 2016 and 2019. This has been largely driven by advantages of e-books, proliferation of mobile devices and growth in internet penetration, environmental initiatives to reduce usage of paper as well as the various governments' initiatives to promote reading habits in Southeast Asia (Source: IMR Report).

As at the LPD, NovelPlus has a vast content library of e-books comprising over 37,000 published novels in 2 languages, namely Bahasa Melayu (which is commonly used in Malaysia) and Bahasa Indonesia (which is commonly used in Indonesia). As such, we target a user base which are primarily located in Southeast Asia that are literate in either one or both of these languages, and believe that we are well-positioned to benefit from the growing e-book market in Southeast Asia.

4.8 Quality assurance and control procedures

Since commencement of our operations, our Group has placed emphasis on ensuring our online social reading and writing platform's reliability in delivering the abovementioned functions. We have established and implemented the following quality control measures for our business activities.

- (i) We conduct daily checks on both mobile application and web browser formats of our platform to ensure that the various platform functions, content library and appearance are in working condition;
- (ii) We also continuously monitor feedbacks from users to ensure that there are no technical issues; and
- (iii) Our writers are also obligated to ensure that the e-books they published are not infringing any copyright or plagiarism.

4.9 Technology capabilities

We maintain a technical team to manage and operate online social reading and writing platform. Development of our platform has already been completed and thus, it is not a recurring business activity. Any updates or minor upgrades to our platform is carried out by our internal technical team. If a full redevelopment of our online social reading and writing platform is required, we may outsource the redevelopment to external third parties as it is more cost efficient.

Nevertheless, we manage and operate our online social reading and writing platform using the following technology:

- (i) Amazon Web Services Cloud, a cloud storage system; and
- (ii) PHP, Java, Kotlin, Objective-C and Swift, which are programming languages used to upgrade and update our online social reading and writing platform.

4. BUSINESS OVERVIEW (CONT'D)

4.10 Major customers

Due to the nature of our service and our business model, our customers are end-users of our service (i.e., readers who subscribe to our platform). As such, we do not have a single customer contributing a significant portion of our revenue.

However, our revenue is collected through telecommunication service providers (or their appointed agents), Apple Appstore and Google Play Store which act as a payment gateway (Please refer to Section 4.4 (i) of this Information Memorandum for further details).

The payment gateway providers which had collected 10% or more of our revenue in the FYE 2018 and FYE 2019 from our readers are as follows:

Customers	FYE 2018		FYE 2019		Length of business relationship as at the LPD
	RM'000	%	RM'000	%	
Payment Gateway Provider A ⁽¹⁾	3,383,268	81.52	4,253,108	72.41	4 years
Payment Gateway Provider B ⁽²⁾	673,828	16.24	1,083,398	18.44	2 years

Notes:

- (1) Payment Gateway Provider A is a local telecommunication service provider which is engaged by us to collect subscription fees from our readers via direct carrier billing services.
- (2) Payment Gateway Provider B is an appointed agent of a local telecommunication service provider which is engaged by us to collect subscription fees from our readers via direct carrier billing services.

4.11 Major suppliers

Our suppliers which accounted for 10% or more of our purchases for the FYE 2018 and FYE 2019 are as follows:

Suppliers	FYE 2018		FYE 2019		Type of services procured	Length of business relationship as at the LPD
	RM'000	%	RM'000	%		
Payment Gateway Provider A ⁽¹⁾	1,705,340	61.57	2,126,612	56.60	Payment gateway services	4 years
Payment Gateway Provider B ⁽²⁾	338,216	12.21	543,999	14.48	Payment gateway services	2 years
Supplier A ⁽³⁾	42,440	1.53	439,185	11.69	Advertising services	2 years

Notes:

- (1) Payment Gateway Provider A is a telecommunication service provider which is engaged by us to collect subscription fees from our readers via direct carrier billing services. As such, we incurred payment processing fee to Payment Gateway Provider A.
- (2) Payment Gateway Provider B is an appointed agent of a local telecommunication service provider which is engaged by us to collect subscription fees from our readers via direct carrier billing services. As such, we incurred payment processing fee to Payment Gateway Provider B.
- (3) Supplier A is a digital marketing service provider which is engaged by us to promote our online social reading and writing platform.

4. BUSINESS OVERVIEW (CONT'D)**4.12 Employees**

A summary of our Group's total workforce is set out below:

Categories	Number of permanent employees	
	As at 31 December 2020	As at the LPD
Directors* and key management personnel	3	3
Technical	2	2
Designer, editors and content specialists	4	4
Total	9	9

Note:

* *Excluding Dato' Lim Thean Keong (Chairman of our Company) and Tai Kwai Meng (Independent Director of our Company) who are not part of our Group's workforce.*

As at the LPD, we have 1 foreign contractual employee.

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

4.13 Seasonality

We do not experience any seasonality in our business as the demand for online reading is not subject to major seasonal fluctuations.

4.14 Interruptions to business

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

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

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

Landlord	Tenant	Address	Description of the rented premises	Existing use	Built-up area (square metre)	Monthly rental (RM)	Rental period
Ecobuilt Holdings Berhad	NSB	B-13-6, Block B, 13 th Floor, Unit 6, Megan Avenue II, Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Office unit	Management office and work place for its online publication only	226	RM4,000	<p><u>Period of tenancy</u> 1 August 2020 to 31 July 2023</p> <p><u>Option to renew</u> Subject to 60-days written notification for the renewal period which is to be agreed between the landlord and tenant</p>
Clever Eagle Sdn Bhd	NSB	28 th Floor, The Integra Tower, 348 Jalan Tun Razak, 50400 Kuala Lumpur	Office unit	Office	576 ⁽¹⁾	RM2,600	<p><u>Period of tenancy</u> 1 October 2020 to 30 September 2021</p> <p><u>Option to renew</u> Automatically renewed for a period of 6 months at the landlord's prevailing market price if no termination notice is given by either the landlord or tenant</p>

Note:

(1) *Comprising office and common area which includes conference room, meeting room, reception and pantry.*

4. BUSINESS OVERVIEW (CONT'D)

4.16 Licences, approvals, permit and other certificates

Our Board confirms that our Group has obtained all relevant licences and other certificates (and no permit and approvals required) necessary for our business and operations as at the LPD. As at the LPD, we hold the following licences and other certificates in relation to our Group's operations:

(i) Licences

Licensee	Licence no. / Reference no.	Issuing authority	Subject matter / purpose	Issue date	Expiry date	Major conditions imposed	Status of compliance
NSB	Conditional Business Licence ⁽¹⁾ Reference no.: DBKL.JPPP/PR01/1456/03/2017	Kuala Lumpur City Council	To license NSB's premises located at B-13-6, Block B, Tingkat 13, Unit 6, Megan Avenue II, No. 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur as management office	20 July 2020	20 July 2021	The Company's employees shall comprise of 50% Malaysian and 50% non-Malaysian subject to valid employment pass to be obtained by the Company	Complied. As at the LPD, NSB has 8 Malaysian employees and 1 foreign knowledge skill worker
NSB	SKMM (S) 07-LICD/276901/C/A(1) 2020/(2) - MNI	MCMC	Applications service provider Class License - Class C (for messaging services)	8 September 2020	7 September 2021	None	Not applicable
Clover Green	SKMM (S) 07-LICD/276201/C/A(1) 2020/(2) - MNI	MCMC	Applications service provider Class License - Class C (for messaging services)	18 August 2020	17 August 2021	None	Not applicable

Note:

- (1) NSB is required by Kuala Lumpur City Council to obtain the revised approved building plan from Building Control Department of Kuala Lumpur City Hall and planning review from City Planning Department of Kuala Lumpur City Hall ("**Documents**") prior to the renewal of its business licence (for permanent status) on or before 20 July 2021. As at the LPD, NSB has received the Documents on 15 July 2020 from the respective departments and is expected to receive the permanent business licence during its next renewal of its business licence (i.e., 20 July 2021).

4. BUSINESS OVERVIEW (CONT'D)

(ii) Certificates

Description of certificate	Issuing authority	Subject matter / purpose	Issue date	Commencement date	Expiry date	Major conditions imposed	Status of compliance
Pioneer Status Certificate (Bil 4694)	MITI	<p>To grant NSB with pioneer status for the following activities (“Approved Activities”):</p> <ul style="list-style-type: none"> • Provision of pre-production, production and post production services for: <ul style="list-style-type: none"> • Creative multimedia content • Digital 2D animation series • Digital comics • Games and apps • Research, development and commercialisation of the following solution: <ul style="list-style-type: none"> • Mobile digital platform • Provision of implementation, maintenance and support services related to the above services/solution 	27 February 2015	14 August 2014	<p>1st extension period from 14 August 2019 to 30 June 2021</p> <p>2nd extension period from 1 July 2021 to 13 August 2024 (“2nd Extension Period”)</p>	<ul style="list-style-type: none"> • Subject to the terms and conditions as set out in MSC Status Certificate • NSB is required to (i) employ 50 full time employees (comprising knowledge workers) with monthly base salary of RM5,000 OR (ii) employ 30 full time employees (comprising knowledge workers) with monthly base salary of RM10,000, for the Approved Activities during the 2nd Extension Period • NSB shall ensure that the knowledge workers shall comprise 70% of Malaysian knowledge workers for the Approved Activities during the 2nd Extension Period 	<p>Please refer to MSC Status Certificate for status of compliance</p> <p>Noted and to be complied</p> <p>Noted and to be complied As at LPD, the Group has complied with the 70% of Malaysian knowledge workers</p>

4. BUSINESS OVERVIEW (CONT'D)

Description of certificate	Issuing authority	Subject matter / purpose	Issue date	Commencement date	Expiry date	Major conditions imposed	Status of compliance
						<ul style="list-style-type: none"> NSB is required to have annual operating expenditure and investment in fixed asset of minimum RM3.5 million for the Approved Activities during the 2nd Extension Period NSB shall inform MDEC of any changes in the name of company, equity structure or shareholding in NSB 	<p>Noted and to be complied</p> <p>Complied. On 18 November 2020, NSB has written to MDEC via letter dated 13 November 2020 informing on the change of shareholding in NSB pursuant to the Acquisition</p>

4. BUSINESS OVERVIEW (CONT'D)

Description of certificate	Issuing authority	Subject matter / purpose	Issue date	Commencement date	Expiry date	Major conditions imposed	Status of compliance
MSC Status Certificate (Certificate No. 3361)	Ministry of Finance Malaysia and MITI	To award NSB with a MSC Malaysia Status effective on 14 August 2014 and it entitles to the incentives, rights and privileges provided under the Bill of Guarantee	14 August 2014	14 August 2014	None	<p><u>Conditions of Grant of MSC Malaysia Status</u></p> <p>To ensure at all times at least 15% of the total number of employees (excluding support staff) of the MSC Malaysia Status Company shall be knowledge workers</p> <p>To inform MDEC of any change in the equity structure or shareholding structure of the MSC Malaysia Status, or such other changes that may affect the direction or operation of the MSC Malaysia Status. MDEC must be informed of any changes before steps are taken to effect such change</p> <p><u>Bill of Guarantees</u></p> <p>No restrictions are imposed by the Government of Malaysia on equity conditions for companies incorporated in Malaysia</p>	<p>Complied</p> <p>Complied. On 18 November 2020, NSB has written to MDEC via letter dated 13 November 2020 informing on the change of shareholding in NSB pursuant to the Acquisition</p> <p>Noted</p>

4. BUSINESS OVERVIEW (CONT'D)

4.18 Business strategies and future plans

We have identified the following strategies to strengthen our position in the online reading market:

(i) We intend to strengthen our presence in Southeast Asia

At present, our content library comprises published e-books in 2 languages, namely Bahasa Melayu and Bahasa Indonesia. We thus target a user base primarily located in Southeast Asia that are literate in either one or both of these languages.

There is a growing interest for online social reading and writing platforms in Southeast Asia, as indicated by the demand for e-books. According to the IMR Report, the e-book market in Southeast Asia has been illustrating a healthy growth, having grown from USD308.1 million (RM1.3 billion) in 2016 to USD382.9 million (RM1.6 billion) in 2019 at a CAGR of 7.5%. As such, we intend to expand the breadth of our content library to include e-books which are published in existing and new languages to reach out to users in countries in Southeast Asia.

As our content library only began to include Bahasa Indonesia-based e-books in 2017, we have recently reached out to users which are literate in Bahasa Indonesia, which is commonly used in Indonesia. According to the IMR Report, the e-book market size in Indonesia was USD105.8 million (RM438.3 million) in 2019, which is 27.6% of the total e-book market in Southeast Asia. Indonesia is the fastest growing e-book markets in Southeast Asia in 2019, having grown at a CAGR of 10.5% between 2016 and 2019. We thus intend to tap on the potential arising from the growing market in Indonesia to expand our reach to users which are literate in Bahasa Indonesia. We intend to focus on Bahasa Indonesia-based e-books instead of e-books in other languages (e.g., English) in view of the upside potential from the Indonesia market as highlighted in the IMR Report.

To this end, we intend to grow our content library for Bahasa Indonesia-based e-books through the acquisition of contents over the next 36 months. We will allocate RM0.6 million for the acquisition of Bahasa Indonesia-based e-books, which will be fully funded by the proceeds from the Proposed Placement. In addition, we intend to allocate RM0.4 million to purchase e-books published in other languages (e.g., Bahasa Melayu) that are commonly used in countries in Southeast Asia, to strengthen our presence in Southeast Asia.

Further, we also intend to intensify our marketing activities in Malaysia and other countries in Southeast Asia to strengthen our presence and increase the visibility of our online social reading and writing platform. We will thus invest in digital advertising (such as advertising on social media platforms, search engine optimisations and affiliate marketing) to reach out to a larger pool of potential users. We estimate that these marketing activities will cost RM2.5 million over the next 36 months and this will be funded via proceeds from the Proposed Placement.

In addition to the above, we have earmarked RM1.2 million of the proceeds from the Proposed Placement for potential future business expansion including merger and acquisition of businesses and/or company, joint ventures as well as formation of strategic alliances, key partnerships and/or collaboration with suitable companies. This includes but not limited to companies that offer information technology solutions that would enhance and/or complement our platform or extending our reach in Southeast Asia.

(ii) We plan to enhance our platform's user experience to attract new users and maintain existing users

We seek to expand our user base by enhancing users' experience on our platform through improved functionalities and services.

4. BUSINESS OVERVIEW (CONT'D)

In particular, we intend to invest in an automated recommendation algorithm tool to enhance and customised our content recommendation capabilities. At present, our platform provides readers with a curation of best picks from our editors and popular e-books based on number of readers. With the automated recommendation algorithm tool, we will be able to personalise the recommendation of content according to the readers' preferences. This will be determined by analysing reader behaviour and profile to predict the contents that readers may have interest in, understand the relationship of content from different writers and facilitate interactions amongst readers and between users.

To this end, we will need to invest in a big data solution to analyse the large volumes of data captured through our platform. We will also require an AI solution, which will use the analytics provided by the big data solution to allow for machine learning, in order to automate the recommendation algorithm for our platform. An advanced software tool will also be required to programme and develop the new function for automated recommendation on our platform.

We intend to source the big data and AI solutions as well as software development tool from third-party service providers. We estimate that these solutions and tools will cost approximately RM1.5 million, which will be funded via proceeds from the Proposed Placement. The enhancement of our platform with this automated recommendation algorithm tool and other functionalities/ services will be an on-going process though we expect to begin to utilise this tool from the date of the listing of our Shares.

(iii) We plan to increase our revenue stream through print-on-demand services and intellectual property licensing of our content

As at the LPD, our content library of e-books has over 37,000 published novels across more than 20 genres of novels. As our platform allows users to follow their favourite writers, we have noticed that some of the writers of these e-books have generated a substantial following of readers and have received requests from these readers for printed book versions of their favourite e-books. We thus see a potential in print-on-demand services for e-books that have been published on our platform.

At present, we are in the pilot stage of offering print-on-demand services to ensure the feasibility and capability of our back-end processes to facilitate these services, and the viability of print-on-demand services. As such, we have begun offering print-on-demand services for 4 e-book titles which can be purchased through our platform and/or an established e-commerce platform (i.e., Shopee) since August 2020.

Should our pilot stage deem to be successful, we intend to roll out the offering of these print-on-demand services for an extended range of selected e-book titles by the end of 2021. We believe that these print-on-demand services will not only allow us to leverage on our existing user base of over 2.1 million users to increase our revenue stream, but will also allow us to reach out to new users. In addition, print-on-demand services will also allow our writers to increase their income through royalties derived from publishing these printed books. We plan to invest in digital advertising to increase visibility of these physical books amongst existing users and potential readers which may be interested. We will allocate RM2.5 million for these marketing activities, which will be funded via proceeds from the Proposed Placement.

In addition, we intend to leverage on our content library to increase our revenue stream through intellectual property licensing of popular e-book titles across various entertainment media formats such as films, television or web series, online games and animations. In this regard, we have earmarked RM1.2 million of the proceeds from the Proposed Placement for potential future business expansion including merger and acquisition of businesses and/or company, joint ventures as well as formation of strategic alliances, key partnerships and/or collaboration with suitable companies. This includes any investment in entertainment related companies and/or intellectual property licensing of identified e-book titles.

4. BUSINESS OVERVIEW (CONT'D)

4.19 Prospects of our Group

Our Board is of the view that we will continue to enjoy favourable prospects in line with the growing demand for e-books in Southeast Asia.

As at the LPD, NovelPlus has a vast content library of e-books comprising over 37,000 published novels in 2 languages, namely Bahasa Melayu (which is commonly used in Malaysia) and Bahasa Indonesia (which is commonly used in Indonesia). As such, we target a user base which are primarily located in Southeast Asia that are literate in either one or both of these languages.

The overall e-book market in Southeast Asia illustrated a positive outlook over the years, indicating potential for growth for online social reading and writing platforms such as NovelPlus. The e-book market in Southeast Asia has been growing at a CAGR of 7.5%, from USD308.1 million (RM1.3 billion) in 2016 to USD382.9 million (RM1.6 billion) in 2019. This has been largely driven by advantages of e-books, proliferation of mobile devices and growth in internet penetration, environmental initiatives to reduce usage of paper as well as various government initiatives to promote reading habits in Southeast Asia.

By leveraging on our strengths as highlighted in Section 4.7 of this Information Memorandum, our Group believes that we will be able to capture future growth opportunities presented by the growing e-book market in Southeast Asia and well-positioned to undertake our future plans identified in Section 4.18 of this Information Memorandum. We believe that this will place us in a position to be able to ensure our long-term growth and sustainability in the industry.

The recent COVID-19 pandemic had led to the implementation of national lockdown policies in many countries, including Malaysia. In Malaysia, the MCO, which was implemented in March 2020, 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 2020 and Recovery MCO in June 2020 provided some relief to corporations as they were allowed to operate, though at a limited capacity. Due to a resurgence in number of new COVID-19 cases, the Conditional MCO and Enhanced MCO are implemented in several states and territories in the last quarter of 2020. Subsequently, the Malaysian Government imposed MCO 2.0 starting from 13 January 2021 up to 18 February 2021. During this period, businesses are allowed to operate, albeit at limited capacity.

As an online social reading and writing platform provider, our operations were not disrupted as we were still able to operate during the various stages of MCOs. Nevertheless, the COVID-19 pandemic and MCO have affected many other economic sectors, causing an economic slowdown globally. This resulted in lower disposable income amongst consumers, which led to lower spending power on non-essential products/services. Consequently, our online reading revenues from subscribers were affected and we experienced a decline in revenues from RM4.89 million in 10M-FPE 31 October 2019 to RM3.80 million in 10M-FPE 31 October 2020.

Nonetheless, we do not foresee any material adverse impact from the COVID-19 pandemic on our financial performance, liquidity position and business operations in the long-term. We believe reading is a habit and expenditure on e-books and subscriptions to online social reading and writing platforms in Southeast Asia are expected to continue in 2021 and the following years as the economies in the region improves.

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 online social reading and writing platform provider in Southeast Asia.

5. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR COMPANY AS OUTLINED IN THIS INFORMATION MEMORANDUM, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS INFORMATION MEMORANDUM.

5.1 Risks relating to our business and industry

(i) We are exposed to technology advancement risks

We need to keep abreast of the latest technological trends as well as customer demands in order to ensure our online social reading and writing platform remains relevant to the industry.

To maintain our competitive position, it is essential that we develop and promote new services and ensure that the content library on our platform meets users' preferences and needs. These new services and content may require substantial investments and may not necessarily be proven due the nature of the industry.

Apart from building a content library that meets users' preferences and needs, it is also important that we constantly enhance our services and generate new opportunities to monetise proprietary content. This includes adapting to users' preferences as well as including new features and technological developments in a timely and cost-effective manner. Failure to incorporate enhanced features and automate functions that are offered by other competitors in the industry may lead to a loss in number of users.

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

(ii) We face competition from other industry players

We face competition from other players providing similar products and services to us. We also face competition from indirect competitors, such as online reading platforms and traditional brick and mortar publishers that are increasingly moving to online to expand their scope of service.

Further, as we expand our content library to reach out to more users in Southeast Asia, we will be subjected to additional competition. Our competitors may be more familiar with the domestic market in a particular country or have significantly greater resources to develop new products, features or services to capture a larger user base.

There can be no assurance that our Group will continue to be able to compete successfully with other competitors and new entrants in the future, which could have a material adverse effect on our business, financial condition and results of operations.

(iii) We rely heavily on self-published content to grow our content library

A large percentage of our content library comprises content self-published by writers on our platform. In order to increase the number of subscribers, we must continuously grow our content library, attract new writers and maintain active writers on our platform. Further, the attractiveness of e-books self-published by writers may also impact the attractiveness of our platform to readers and subscribers. Should we fail to constantly have sufficient new self-published content that is attractive to readers, we may lose our subscribers which would thus adversely affect our online reading revenues.

5. RISK FACTORS (CONT'D)

In this regard, our platform includes features that allow readers to provide token of appreciations to writers to encourage them to produce content that they prefer, as well as features that allow writers to receive feedback from readers so that they can produce content that are more popular amongst readers. However, there can be no assurance that our Group will continue to ensure that new writers are registered and active on our platform, or that writers self-publish new content that are attractive to readers.

(iv) We depend on our ability to generate sufficient subscribers to gain revenue

We operate on a freemium model where readers can access our platform for free but must pay a subscription fee to enjoy an advertisement-free reading experience and have unrestricted access to e-books within their chosen subscription plan. Our Group's total revenue primarily comprise online reading revenue generated from these subscribers. In the past 2 FYEs 2018 and 2019, online reading revenue contributed 99.3% and 99.6% to our total revenue in the respective financial years. If we are unable to retain active subscribers on our platform or attract new subscribers, this will likely have an adverse impact on our revenue and the viability of our business.

Further, we are also dependent on the ability of these subscribers to continuously pay our subscription fees. As such, any factors which adversely affect the disposable income of our subscribers may affect their ability to pay for our subscription fees. For instance, the recent COVID-19 pandemic and the resulting national lockdown policies which were implemented in many countries globally, including countries in Southeast Asia, adversely impacted the economic conditions worldwide. The economic slowdown resulted in lower disposable income amongst consumers, which led to lower spending power. Consequently, our online reading revenues from subscribers were affected as we experienced a decline in revenues from RM4.89 million in 10M-FPE 31 October 2019 to RM3.80 million in 10M-FPE 31 October 2020.

(v) We may not be able to materialise our future plans

There is no assurance that we will be successful in maintaining or increasing our revenue through our future business plans. Failure to do so may lead to material adverse effect on our financial performance, business operations and overall profitability.

While these plans are expected to require significant management attention and resources, there is still uncertainties as these plans may not yield the results we expect. Hence, there can be no assurance that our future plans will materialise or that our future plans will not have any adverse effect on our future financial performance. There is a no assurance that online social reading and writing platforms in other countries in Southeast Asia will become widely accepted or that users will increase their spending on e-books.

Nevertheless, we will exercise our best endeavor to execute our future plans.

(vi) We are dependent on Executive Directors and key management team

The management and operations of our businesses require the employment and retention of skilled personnel. We recognise that our Group's continuing success depends, to a significant extent, on the capabilities and continuing efforts of our Executive Directors and key management personnel as well as our ability to retain and attract them.

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

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

5. RISK FACTORS (CONT'D)

(vii) We are dependent on numerous service providers to provide services that are critical to our business and are subject to any changes in terms and conditions within the agreements with these service providers

We currently use numerous third-party service providers to provide services that are critical to our businesses. We have engaged these service providers to provide various services such as payment processing, cloud hosting, affiliate marketing and content distribution services. Any failure or significant deterioration in quality of these service providers' services could adversely affect user perception of our platform and result in lower number of users. In addition, we rely on some of these service providers to serve our users and provide payment processing services to our subscribers. If these service providers fail to serve our users properly and in a timely manner, these users may be unable to access our content or may attribute any unpleasant experience to us.

Further, we entered into various agreements with telecommunication service providers (and its appointed agents), digital distribution platform (such as Apple Appstore and Google Play Store) and affiliate marketing service providers to sell and promote our online social reading and writing platform and as a payment gateway provider. There can be no assurance that our agreements with these service providers will be extended or renewed upon expiration, or that the terms and conditions within these agreements will remain favourable to us. Should any of these service providers, including telecommunication service providers or their appointed agents, choose not to extend or renew our existing agreements, we may lose all or a portion of the user base we have established.

(viii) We may face risks of security breaches and system disruptions

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

In addition, any technical disruptions relating to our online social reading and writing platform will interrupt our ability to operate, which may cause a negative impact on our Group's financial performance as well as reputation.

Hence, we currently subscribe to 2 cloud hosting providers to store the data generated through our online social reading and writing platform. These hosting providers also offer back-up services on the data we saved on their cloud system. In addition, we also have a security endpoint and antivirus on each of our computers as protection against any vulnerability. Further, we have established policies and procedures to help protect the security and privacy of these data. Our technical team also proactively monitors our online social reading and writing platform and related infrastructure to ensure a timely response to address any incidences in technical disruptions.

(ix) Our content library may be reproduced or may include content that infringes on intellectual property rights or are highly sensitive

Reproduction and distribution of unauthorised copies of e-books self-published on our online social reading and writing platform could deny our Group of revenue from subscribers and thus, may adversely affect our financial performance. Nonetheless, it is important to note that while our literary content may be copied, our core strengths lie in our user base of writers that are constantly creating new contents, and readers that are attracted to these contents.

In addition, as our platform allows any writers to self-publish their content, this may expose us to the risk of our content library including literary content that infringes on intellectual property rights. Thus, this exposes us to the risks of any legal action against us for the distribution of such content. Nevertheless, we require our writers to agree to our terms and conditions that prior to submitting their content, they are required to read and understand that their content does not infringe any third-party copyright. Further, we require each writer to undertake this responsibility to indemnify us against all claims and damages arising from any claims made by any third-party against us.

5. RISK FACTORS (CONT'D)

Due to the large number of writers and contents that we have, we are unable to screen and monitor the type of content published on our platform by the writers. While there are no relevant regulations to govern the type of content we have on our platform, highly sensitive content (in terms of political and beliefs) may result in dissatisfied users. We thus allow users to inform us of any issues on the content of an e-book should there be a need to, and intend to take down the e-book or provide warning to the writer once it is determined that the content is sensitive. Since our incorporation up to the LPD, we have not experienced any situation where users have complained about a particular e-book.

(x) Our business may be affected by any failure to protect user data to comply with personal data protection laws

The operation and management of our online social reading and writing platform require us to process and retain personal data pertaining to our user base. Under personal data protection laws, we are obliged to comply with the legal requirements related to data protection. As such, we are required to take steps to protect our user base's personal data during its processing from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction.

We have established policies and procedures to help protect the security and privacy of such data. However, our policies and procedures as well as security controls will only help protect the security and privacy of such data and may not prevent the improper access and disclosure of personal and confidential data.

Further, all data gathered by us is recognised as the property of, or with the permission of, the party providing the information. We do not use or share the information with others unless specific permission has been granted by the said party.

Our failure to protect personal data provided to us by our user base, or the failure to comply with the local or relevant legislation pertaining to personal data protection, exposes our Group to risks of legal actions against us. This would have an adverse impact on our reputation, as well as financial performance and prospects.

(xi) We may be affected by changes in political and economic conditions

Like all other business entities, changes in political and economic conditions in Malaysia and the markets in which our users are located may materially and adversely affect the overall profitability of our business. Amongst the political and economic uncertainties that may affect our operations and profitability are the changes in political leadership, changes in interest rates, fluctuation in currency exchange rates and expropriation.

We have adopted a proactive approach in keeping updated with political and economic developments in the relevant jurisdictions through various media. However, there is no assurance that the introduction of new laws, guidelines, regulations by the authorities or other further economic and political conditions will not have a material adverse effect on the business, results of operations or financial condition of our Group.

(xii) We may not be able to continue the tax exemption upon the expiry of our pioneer status

NSB is a MSC-Malaysia status company and was entitled to the pioneer status incentive in the form of tax exemption granted by MITI for services under the Promotion of Investments Act 1986. NSB had enjoyed tax exemption on 100% of its statutory income derived from approved MSC activities for an initial 5-year period from 14 August 2014 to 13 August 2019.

5. RISK FACTORS (CONT'D)

Following the expiry of its initial 5-year pioneer status on 13 August 2019, NSB was no longer entitled for the tax exemption and its statutory income was subject to a statutory tax rate of 24% (before adjusting for income tax adjustments). However, on 6 March 2020, NSB submitted an application to MDEC to seek for an extension of the pioneer status with tax exemption for an additional 5 years. On 14 December 2020, MITI granted NSB with the 1st extension period from 14 August 2019 to 30 June 2021 and 2nd extension period from 1 July 2021 to 13 August 2024 for the pioneer status with tax exemption subject to certain additional conditions to be fulfilled during the 2nd extension period.

In the event that NSB is unable to fulfil the conditions imposed by MDEC during the 2nd extension period, the expiry of NSB's pioneer status on 30 June 2021 will directly affect our Group's financial performance as NSB will be subject to a statutory tax rate of 24% (before adjusting for income tax adjustments). However, NSB will continue to retain its MSC-Malaysia status and enjoy other MSC-Malaysia status incentives, unless MDEC's policies changed.

Please refer to Section 4.16(ii) of this Information Memorandum for the conditions imposed by MDEC on our MSC-Malaysia status and pioneer status.

5.2 Risks relating to investment in our Shares

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

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

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

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

If our Proposed Listing does not take place within 6 months from the date of the approval-in-principle from Bursa Securities (or such further extension of time as Bursa Securities may allow) or we abort our Proposed Listing, Sophisticated Investors will not receive any Shares and we will return in full, without interest, all monies paid in respect of any application for our Shares within 14 days. If we fail to do so, our Directors shall be jointly and severally liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by Bursa Securities upon expiration of that period until full refund is made.

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

5. RISK FACTORS (CONT'D)

(ii) No prior trading market for our Shares

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

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

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

(iii) Trading and performance of our Shares are subject to the vagaries of market forced and other uncertainties

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

Furthermore, the LEAP Market is limited to Sophisticated Investors only, which in turn limits the potential liquidity level in the market. It may be more difficult for our shareholders to realise their investment on the LEAP Market as compared to Main Market or ACE Market of Bursa Securities.

(iv) We are not able to disclose the names of our major customers and suppliers

Due to the nature of our service and our business model, our customers are end-users of our service (i.e., readers who subscribe to our platform). Our revenue is collected through telecommunication service providers (or their appointed agents), Apple Appstore and Google Play Store, which act as payment gateways. Our suppliers comprise payment gateway providers, digital marketing service providers and writers. As the names of the main telecommunication service providers (or their appointed agents) and suppliers are confidential, their names are not disclosed in Sections 4.10 and 4.11 of this Information Memorandum and this may affect the assessment of Sophisticated Investors when investing in our Shares. Nevertheless, certain background information on these parties are disclosed for Sophisticated Investors' information in this Information Memorandum.

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6. INDEPENDENT MARKET RESEARCH REPORT



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

Date: 25 January 2021

The Board of Directors
NOVELPLUS TECHNOLOGY BERHAD
B-13-6, Block B, 13th Floor, Unit 6,
Megan Avenue II,
No. 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur, Malaysia

Dear Sirs,

Independent Market Research (“IMR”) Report on the Electronic Book (“e-book”) Market in Southeast Asia in relation to the Listing of NOVELPLUS TECHNOLOGY BERHAD (referred to as “the Company”)

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the E-book Market in Southeast Asia for inclusion in the Information Memorandum of the Company.

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. We believe that this IMR report presents a balance view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

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.

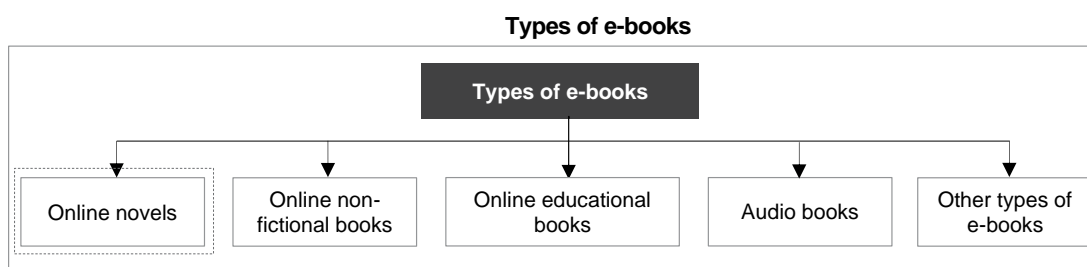
6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



1 E-BOOK MARKET IN SOUTHEAST ASIA

INTRODUCTION

Paperless, digital version of books are commonly referred to as electronic books (“e-book(s)”). Examples of e-books include online novels, online non-fictional books, online educational / academic books and audio books, as illustrated below:



Note:

- (i) Novelplus Technology Berhad and its subsidiaries' platform (i.e. NovelPlus) presently has a content library consisting of online novels

Source: PROVIDENCE

Online novels refer to e-books with fictional literature, where the literature portrays imaginary characters or events. Meanwhile online non-fictional books include biographies and self-improvement e-books, and online educational books refer to e-books used for educational purposes such as school textbooks and workbooks. Audio books refers to an audio recording of a book. There are also other types of e-books such as online comics, encyclopaedias and periodicals (magazines and newspapers). ***Novelplus Technology Berhad's platform presently has a content library consisting of online novels.***

E-books can be accessed and read via the following methods:

- downloaded and read using e-book readers (such as Amazon Kindle and Kobo devices), computers and mobile devices (such as smartphones and tablets);
- read using online reading platforms, which refers to a platform that allows readers to read its content library of e-books. Readers can either access these platforms using web browsers on computers or through a mobile application on mobile devices.
- read using online social reading and writing platforms, which refers to a platform that not only allows readers to read e-books, but also allows writers to write and self-publish their e-books on the platform. Both readers and writers can access these platforms using web browsers on computers or through a mobile application on mobile devices.

Novelplus Technology Berhad and its subsidiaries are principally involved in the development, operation and management of an online social reading and writing platform.

The history of the e-books can be traced back to 1970s, when the digital version of the Declaration of Independence was converted into a digital version. Since then, some books were converted into e-books which were made available in public domain. However, e-books did not gain the attention of the mass market until the launch of the modern-era e-book reader, Amazon Kindle in 2007. The first version of Amazon Kindle was impressive and useful, allowing people to discover the convenience and accessibility of e-books. They were able to search, purchase and read an e-book almost instantaneously in their hands without having to step foot into a bookstore, provided they have an Internet connection.

Since then, a growing selection of books were published in both print and e-book versions. As the number of e-books increased, the demand for e-books grew in tandem, due to the increased attractiveness of e-books as it costs less, provides greater convenience and accessibility, and is environmental-friendly as it did not require the usage of papers. With the growing demand for e-books, online reading platforms were introduced, allowing e-books to be read via a web browser or mobile application.

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

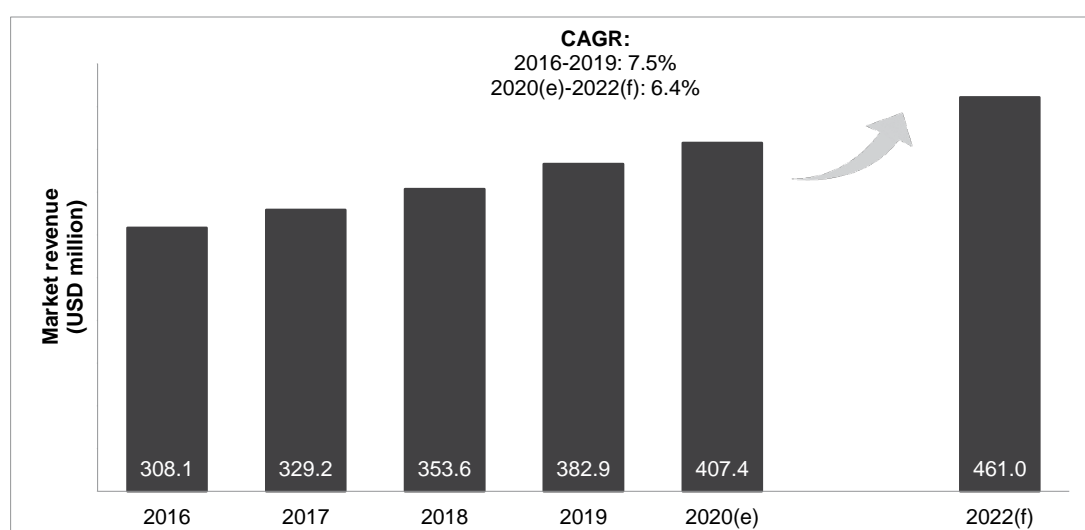


The industry evolved to include online social reading and writing platforms, which not only allow users to read e-books (usually online novels), but also allow users to write and self-publish their own e-books. Online social reading and writing platforms changed the typical book publishing process. Traditionally, writers will first find a publisher that will manage the editing, artwork design of the front and back cover pages of the book, printing of the book and marketing of the books. These books are then sold as printed books through book retailers, or converted into e-books and sold via online channels. With online social reading and writing platforms, writers are able to self-publish and market their e-books without going through publishers and/or agents. Online social reading and writing platforms also allow writers to earn from readers reading their self-published e-books on the platform.

MARKET SIZE, PERFORMANCE AND GROWTH

The e-book market in Southeast Asia can be measured based on expenditure on e-books in Southeast Asia countries, i.e. Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Timor-Leste, Thailand and Vietnam. The e-book market in Southeast Asia illustrated healthy growth between 2016 and 2019, having registered a compound annual growth rate (“**CAGR**”) of 7.5% during the period. The e-book market in Southeast Asia grew from USD308.1 million (RM1.3 billion¹) in 2016 to RM382.9 million (RM1.6 billion²) in 2019. Moving forward, PROVIDENCE estimates that the e-book market size in the Southeast Asia will reach USD461.0 million (RM1.9 billion³) by 2022, registering a CAGR of 6.4% between 2020 and 2022.

E-book market size in Southeast Asia



Notes:

- (i) (e) - Estimates
- (ii) (f) – Forecast

Source: Mordor Intelligence, PROVIDENCE

¹ Data in 2016 was converted from USD to RM based on the average annual exchange rate for 2016, at USD1 = RM4.1457

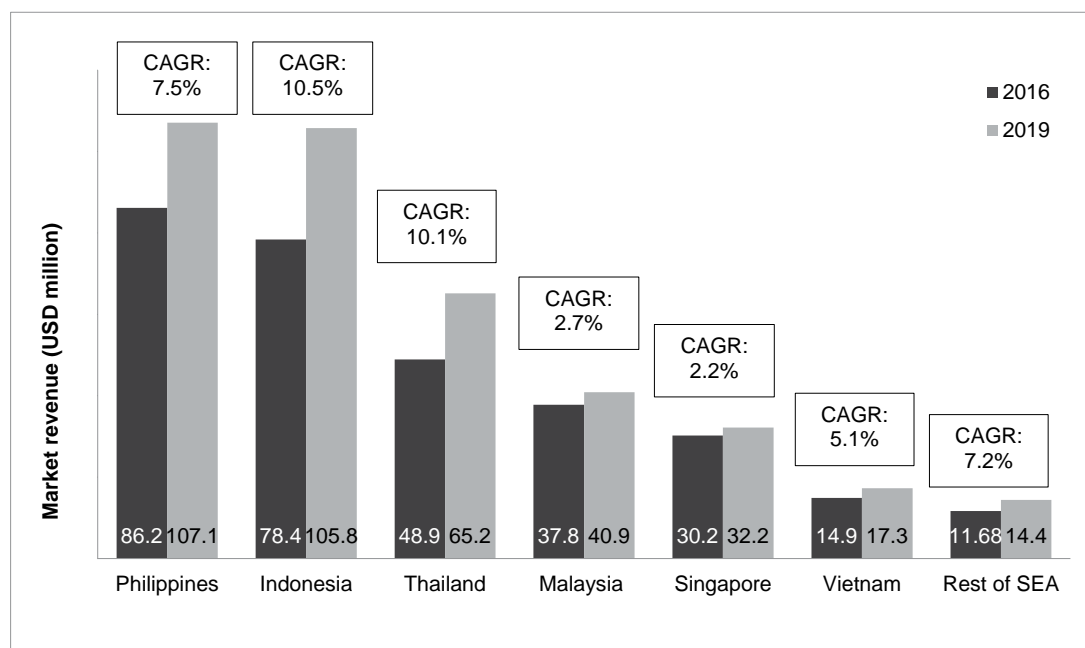
² Data in 2019 was converted from USD to RM based on the average annual exchange rate for 2019, at USD1 = RM4.1427

³ Forecast data in 2022 was converted from USD to RM based on the average annual exchange rate for 2019, at USD1 = RM4.1427

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

In 2019, the top 5 contributors to the e-book market in Southeast Asia were the Philippines (USD107.1 million or RM443.7 million⁴), Indonesia (USD105.8 million or RM438.3 million⁵), Thailand (USD65.2 million or RM270.1 million⁶), Malaysia (USD40.9 million or RM169.4 million⁷) and Singapore (USD32.2 million or RM133.4 million⁸). Of these top 5 contributing countries, the e-book market in Indonesia and Thailand were the fastest growing in 2019, having grown at a CAGR of 10.5% and 10.1%, respectively.

E-book market size breakdown by countries in Southeast Asia



Note:

(i) Rest of Southeast Asia includes Brunei, Cambodia, Laos, Myanmar and Timor-Leste.

Source: Mordor Intelligence, PROVIDENCE

KEY DEMAND DRIVERS

The growth of the e-book market in Southeast Asia have been, and is expected to continue to be, driven by the following factors:

(i) Increased awareness of the advantages of e-books will benefit the e-book market

E-books provide convenience to readers and writers as they can purchase and publish various forms of e-books at any time and place. This is suitable for readers residing in urban areas who work long hours and have hectic schedules, as they can read e-books while on-the-go without physically visiting bookstores or publishers. Southeast Asia's urbanisation rate has increased from 49.7% in 2015 to 51.5% in 2019⁹, indicating a growing number of urban population in the region. Thus, as urbanisation increases in the region, more readers in Southeast Asia are expected to develop a preference towards the convenience of e-books, thereby driving the demand for e-books in SEA.

⁴ Data in 2019 was converted from USD to RM based on the average annual exchange rate for 2019, at USD1 = RM4.1427

⁵ Data in 2019 was converted from USD to RM based on the average annual exchange rate for 2019, at USD1 = RM4.1427

⁶ Data in 2019 was converted from USD to RM based on the average annual exchange rate for 2019, at USD1 = RM4.1427

⁷ Data in 2019 was converted from USD to RM based on the average annual exchange rate for 2019, at USD1 = RM4.1427

⁸ Data in 2019 was converted from USD to RM based on the average annual exchange rate for 2019, at USD1 = RM4.1427

⁹ Source: World Bank

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

Furthermore, e-book reading allows for other convenience such as the ability to read a selection of books using a single device. This eases the need to bring multiple bulky printed books when on-the-go. Even if the reader has forgotten a particular book, they can easily and almost instantaneously download the e-book unto their e-book reader or mobile device, or access the e-book via online reading platforms or online social reading and writing platforms, provided there is internet connection. In addition, e-books are usually more cost-friendly compared to its printed counterpart as it eliminates printing costs. E-books also enable readers to personalise their reading experience as they can adjust font size and type.

The attractiveness of the abovementioned advantages of e-books will drive the demand for e-books in Southeast Asia.

(ii) Proliferation of mobile devices and the growth in internet penetration will encourage demand for e-books

Over the years, there has been a growing number of internet users. Southeast Asia's internet adoption, represented by the percentage of internet users in the region, increased from 39.4% in 2015 to 56.2% in 2020.¹⁰ Users are adopting the internet for, amongst others, shopping, gaming, social media, reading and banking. With the internet, many of these activities can be carried out conveniently and easily.

In addition, the proliferation of mobile devices, such as smartphones and tablets which also act as reading devices, and e-book readers will drive demand for e-books. Usage of mobile devices in Southeast Asia can be indicated by an increase in mobile internet subscriptions in the region. Mobile internet subscriptions in Southeast Asia increased from 28.0 million active mobile broadband subscriptions in 2015 to 49.3 million active mobile broadband subscriptions in 2019.¹¹

Thus, the increased usage of mobile devices and internet penetration in the region will lead to a growth of the e-book market in Southeast Asia.

(iii) Emergence of online reading platforms and online social reading and writing platforms will lead to increased expenditure on e-books

Online social reading and writing platforms changes the typical book publishing process as writers can now self-publish and market their e-books through these platforms, without going through publishers and/or literary agents. This thus provides more options for writers to publish and market their e-books. Further, the publishing process is substantially reduced as writers can immediately publish their books after they have completed the e-book. As the process is now shorter and simpler, this will lead to a higher number of e-books available in the market for readers. The large and wide variety of e-books available will encourage readers to read e-books.

Meanwhile, readers have alternative access to e-books through online reading platforms and online social reading and writing platforms. The convenience of accessing e-books through a mobile application or a web browser without having to first download the e-book (in order to read through an e-reader, computer or mobile device) will lead to increased usage of these online reading platforms and online social reading and writing platforms, thereby increasing expenditure on e-books.

Further, online social reading and writing platforms also allow readers to support emerging writers as these platforms allow any writer to self-publish their e-books. The prospect of being able to support an emerging writer which can produce e-books that they find attractive will also encourage readers to use online social reading and writing platforms. The usage of online social reading and writing platforms will result in greater demand for e-books.

¹⁰ Source: International Telecommunication Union ("ITU")

¹¹ Source: ITU

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**(iv) Environmental initiatives to reduce paper usage will create demand for online reading**

Environment protection campaigns across the globe has raised concerns over environment pollution. Paper mills that produce papers for printed books and novels release carbon dioxide and carbon monoxide into the environment, contributing to smog, acid rain and global warming. The bleaching of paper also products dioxin which is considered carcinogenic. E-books have lesser carbon footprint as they do not consume paper and ink as with printed books, and are thereby more environmentally friendly.

Also, the production of printed books requires the use of energy, packaging materials which are typically non-environmentally friendly and more energy consuming. The disposal and recycling of printed books are also energy consuming and contributes to pollution. Meanwhile, the electricity used to convert printed books into e-books and read e-books are relatively lower.

Thus, environmentally-conscious readers will opt for e-books over printed books, and this is expected to benefit the market for e-books.

(v) Various government initiatives to promote reading will support the e-book market

Governments in Southeast Asia countries recognise that reading an important habit to build their nation and understand the importance of e-books to improve accessibility to books. Various government initiatives are thus being implemented to promote reading and use of e-books.

In Malaysia, school textbooks have been made into e-book versions for secondary school students since 2019. Later, the country's Ministry of Education launched the KPM eTextbook Reader application for mobile devices and computers. This application allows student to interact with the textbooks, including making notes, highlights and bookmarks. Students will be able to access their textbooks anytime anywhere as long as they have their reading devices with them. In February 2020, the Prime Minister of Malaysia launched the National Reading Decade ("DMK") as an initiative to promote reading habits among Malaysians. DMK intends to encourage reading habits among Malaysians with an aim to transform Malaysia into a reading nation by 2030. DMK focus is on increasing the rate of reading and the number of readers of all levels of society. This will build a society which is knowledgeable, learned and well-informed.

In March 2020, in conjunction with the lockdown due to the COVID-19 pandemic, the National Library of Malaysia launched its 'Please Sit At Home and Read' campaign and made available 13.2 million digital reading materials for free during the lockdown period.

In the meantime, the Government of Indonesia implemented the 'Gerakan Literasi Nasional' ("GLN") in 2016 with an aim to strengthen the synergy between key parties in Indonesia's education system and strengthen public involvement in order to foster a reading culture in the country as an effort to increase the quality of life. GLN is based on 3 principles, i.e. continuity, integration and involvement of all stakeholders; as well as 5 strategies, i.e. strengthening the literacy facilitators; increasing the number and variety of quality learning resources, widening the access to learning resources and the coverage of participants; increasing public involvement; and strengthening the governance. As part of the GLN, the 'Gerakan Literasi Sekolah' has been launched as a mandatory scheme to promote the reading of any non-textbooks for 15 minutes before the start of the day's lessons in schools.

In the Philippines, the Government of the Philippines established the National Book Development Board ("NBDB") under the Book Publishing Industry Development Act in 1995. NBDB is tasked to promote the culture of reading and authorship in the Philippines while ensuring an active engagement and development of all sectors of the book publishing industry. NBDB also aims to promote quality of books that satisfies local and global readers.

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

These government initiatives in various Southeast Asia countries will promote reading habits amongst the people in the region, thus supporting the growth of the e-book market in Southeast Asia.

COMPETITIVE OVERVIEW

Novelplus Technology Berhad and its subsidiaries are principally involved in the development, operation and management of an online social reading and writing platform (i.e. NovelPlus) which offers self-published online novels in 2 languages, namely Bahasa Melayu and Bahasa Indonesia. It thus targets a user base which are primarily located in Southeast Asia that are literate in both of these languages. NovelPlus is available in 2 formats, namely mobile application and web browser.

As such, the competitive landscape in this IMR report will focus on industry players offering online social reading and writing platforms that have online novels published in Bahasa Melayu and/or Bahasa Indonesia, and are available as mobile application and/or web browser. There are approximately 11 of such industry players. It is important to note that some of these online social reading and writing platforms may have other online novels published in other languages such as English and Mandarin.

The identified online social reading and writing platforms include:

Online social reading and writing platform	Accessibility	
	Mobile application	Web browser
Dreame	✓	✓
KBM App	✓	✓
Noveltoon	✓	-
NovelPlus	✓	✓
NovelMe	✓	✓
Portal Ilham	✓	✓
Storial.co	✓	✓
Sweek	✓	✓
Wattpad	✓	✓
WebRead	✓	-
WorldNovel	-	✓

OUTLOOK AND PROSPECTS OF THE ONLINE SOCIAL READING AND WRITING PLATFORM MARKET IN SOUTHEAST ASIA

As mentioned above, online social reading and writing platforms are platforms that not just allow readers to read e-books, but also writers to write and self-publish their e-books on the platform. The online social reading and writing platform market in Southeast Asia is relatively young as it was just made popular in the region in the last 10 years. PROVIDENCE has currently identified 11 online social reading and writing platforms which have online novels published in Bahasa Melayu and/or Bahasa Indonesia.

The market potential for online social reading and writing platform can be indicated by the market for e-books as it is one of the means for readers to access and read e-books. As mentioned in above, the market for e-books in Southeast Asia has been illustrating a healthy growth, having grown from USD308.1 million (RM1.3 billion¹²) in 2016 to RM382.9 million (RM1.6 billion¹³) in 2019 at a CAGR of 7.5% during the period. The growth for e-books was mainly driven by the Philippines, Indonesia and Thailand.

The growth of the online social reading and writing platform will thus be driven by the factors driving demand for e-books, which are key products sold through these online social reading and writing platforms. These factors include the increased awareness of the benefits of e-books, proliferation of mobile devices

¹² Data in 2016 was converted from USD to RM based on the average annual exchange rate for 2016, at USD1 = RM4.1457

¹³ Data in 2019 was converted from USD to RM based on the average annual exchange rate for 2019, at USD1 = RM4.1427

6. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



and growth in internet penetration, environmental initiatives to reduce paper usage as well as government initiatives to promote reading in the region.

In 2020, the recent and on-going Coronavirus Disease 2019 (“**Covid-19**”) pandemic is expected to affect the overall e-book market. The Covid-19 pandemic led to the implementation of national lockdown policies in many countries, including countries in Southeast Asia. As a result, many businesses were restricted from operating. Although e-books are still accessible and online social reading and writing platform operators can still continue their business activities during the lockdown, the national lockdown policies caused an overall slowdown in the economies worldwide, including in Southeast Asia. As such, the uncertainty caused by the overall slowdown is expected to lead to readers temporarily spending less on non-essential products/services, which includes e-books or any subscriptions to online social reading and writing platforms.

Re-implementations of national lockdowns were implemented in several countries in Southeast Asia due to a resurgence in number of new Covid-19 cases in 2021. In particular, the Conditional Movement Control Order (“**MCO**”) and Enhanced MCO were implemented in several states and territories in Malaysia since the last quarter of 2020, and a MCO 2.0 was imposed starting from 13 January 2021. Nevertheless, businesses are allowed to operate, albeit at limited capacity, and is thus expected to have less negative impact on the overall e-book market in 2021.

Reading is generally a habit and expenditure on e-books and subscriptions to online social reading and writing platforms in Southeast Asia are expected to continue in 2021 and the following years as the economies in the region improves.

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7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

7.1 Promoters

The profiles of our Promoters are as follows:

(i) Leopard

Leopard, an investment holding company, was incorporated on 2 November 2016 under the Companies Act 1965 as a private limited company and is deemed to be incorporated under the Act.

As at the LPD, Leopard's issued share capital is RM100 comprising 100 ordinary shares and it does not have any outstanding warrants, options, convertible securities or uncalled capital.

Leopard holds 100% equity interest in NTB as at the LPD.

Save for NSB, Leopard does not have any subsidiary or associate company as at the LPD.

The directors and shareholders of Leopard and their shareholdings in the company as at the LPD are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
<u>Directors and shareholders</u>				
Dato' Lim Thean Keong	85	85.0	-	-
Lai Chia Yee	15	15.0	-	-

(ii) Dato' Lim Thean Keong, Malaysian, aged 57

Executive Director/ Chairman

Dato' Lim Thean Keong is our Chairman, and is responsible for the overall strategic business planning and direction of our Company. He graduated with a Bachelor of Arts in Economics from University of Malaya in 1987.

While studying at the university, he also worked as a part-time journalist for The China Press Berhad and New Life Post from 1984 to 1988. In 1989, he co-founded and managed Agents' Digest (M) Sdn Bhd, a school textbook and magazine publishing house. He later resigned from Agents' Digest (M) Sdn Bhd in 2006.

In 1991, he co-founded Cede Communications Sdn Bhd, a publishing house for Chinese magazines such as Travellers' Digest and The One Weekly, which was subsequently acquired by M-Mode Berhad (now known as Ecobuilt Holdings Berhad) in 2008. In 2000, he founded eCentury Sdn Bhd (now known as M-Mode Mobile Sdn Bhd). He later oversaw the listing of M-Mode Berhad, which was incorporated as an investment holding company to facilitate the listing of eCentury Sdn Bhd on the ACE Market (then known as MESDAQ Market) of Bursa Securities in 2004. He was appointed as Chairman/ Managing Director of M-Mode Berhad and was instrumental to the growth of M-Mode Berhad and its subsidiaries. As the business grew, M-Mode Berhad subsequently transferred its listing status from ACE market to Main Market of Bursa Securities in 2014. He resigned as Chairman/ Managing Director from M-Mode Berhad and its subsidiaries between 2018 and 2019.

In 2015, he founded NSB and in August 2020, he assumed his present position as Chairman of our Group.

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

(iii) Lai Chia Yee, Malaysian, aged 32
Executive Director/ CEO

Lai Chia Yee is our CEO and is responsible for overseeing the overall business operations of our Company. She graduated with a Bachelor of Consumer Studies from University Putra Malaysia in 2011.

Upon her graduation in 2011, she began her career as Senior Executive at Phillip Mutual Berhad in the Marketing and Business Development department. In 2013, she left Phillip Mutual Berhad and joined M-Mode Mobile Sdn Bhd, a subsidiary of M-Mode Berhad (now known as Ecobuilt Holdings Berhad), as a Key Account Manager where she was responsible for undertaking business development activities. She was promoted to Head of Business and Operations in Mobile Content Publishing department in 2015, where she was responsible for the overall mobile content publishing activities.

In 2015, she left M-Mode Mobile Sdn Bhd and joined NSB as General Manager. She was appointed as Chief Operations Officer in 2016 and assumed her present role as our Group's CEO in August 2020.

7.2 Substantial shareholders

The profiles of our substantial shareholders are as follows:

(i) Leopard

The profile of Leopard is set out in Section 7.1(i) of this Information Memorandum.

(ii) Dato' Lim Thean Keong, Malaysian, aged 57
Executive Director/ Chairman

The profile of Dato' Lim Thean Keong is set out in Section 7.1(ii) of this Information Memorandum.

(iii) Lai Chia Yee, Malaysian, aged 32
Executive Director/ CEO

The profile of Lai Chia Yee is set out in Section 7.1(iii) of this Information Memorandum.

7.3 Directors

7.3.1 Profile

The profiles of our Directors are as follows:

(i) Dato' Lim Thean Keong, Malaysian, aged 57
Executive Director/ Chairman

The profile of Dato' Lim Thean Keong is set out in Section 7.1(ii) of this Information Memorandum.

(ii) Lai Chia Yee, Malaysian, aged 32
Executive Director/ CEO

The profile of Lai Chia Yee is set out in Section 7.1(iii) of this Information Memorandum.

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

(iii) **Tai Kwai Meng, Malaysian, aged 58**
Independent Non-Executive Director

Tai Kwai Meng is our Independent Non-Executive Director. He was appointed to our Board on 13 November 2020.

He graduated with a Bachelor of Economics (Business Administration) from Universiti Malaya in 1987. He then graduated with a Master of Business Administration from Oklahoma City University in 1993.

Upon graduation in 1987, Tai Kwai Meng joined Jack Chia Enterprises (Malaysia) Berhad (now known as MPH Distributors Sdn Bhd) as Trainee Executive under the company's Executive Training scheme. In 1988, he was promoted to Warehouse Executive for MPH Distributors Sdn Bhd, where he was involved in the planning and maintenance of inventory as well as the delivery of orders. The following year in 1989, he was promoted to Operation Executive where he was involved in various operational activities.

Later, he was again promoted to Assistant Sales Manager in 1990 where he was responsible for the company's sales and marketing activities. The following year in 1991, he was promoted to Manager and was responsible for the overall sales and marketing activities of the Sales and Marketing department. In 2001, he was promoted to General Manager (Operations) and was responsible for the overall operational activities of the company until his retirement in June 2020.

7.3.2 Further information on our Directors

None of our Directors:

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

7.4 Key management

The profiles of our key management are as follows:

(i) **Dato' Lim Thean Keong, Malaysian, aged 57**
Executive Director/ Chairman

The profile of Dato' Lim Thean Keong is set out in Section 7.1(ii) of this Information Memorandum.

(ii) **Lai Chia Yee, Malaysian, aged 32**
Executive Director/ CEO

The profile of Lai Chia Yee is set out in Section 7.1(iii) of this Information Memorandum.

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

(iii) Cheah Lee Lee, Malaysian, aged 33
CFO

Cheah Lee Lee is our Chief Financial Officer and is responsible for the Group's financial activities. She graduated from Oxford Brookes University with a Bachelor of Science in Applied Accounting in 2009. She obtained her membership with the Association of Chartered Certified Accountants in 2014, and was later admitted as a Fellow in 2019. She obtained her membership with the Malaysian Institute of Accountants in 2020.

Upon her graduation in 2009, she began her career with YK Tan, Lee and Associates as Audit Assistant, where she was involved in various audit activities. She was later promoted to Semi-Senior in 2010 and then to Senior in 2011. In 2012, she left YK Tan, Lee and Associates and joined Genting Malaysia Berhad as a Senior Account Executive, where she was involved in financial reporting activities. In 2014, she left Genting Malaysia Berhad and joined International SOS (M) Sdn Bhd as a Junior Accountant where she was involved in the company's general ledger activities. She left International SOS (M) Sdn Bhd later in 2014 and joined Palm Springs Development Sdn Bhd in 2015 as an Accountant, where she was responsible for financial reporting activities.

Later in 2015, she left Palm Springs Development Sdn Bhd and joined M-Mode Mobile Sdn Bhd, a subsidiary of M-Mode Berhad, in 2016 as an Assistant Accountant, where she was responsible for financial reporting activities. In 2017, she was transferred to Tameko Sdn Bhd, a subsidiary of M-Mode Berhad, as Assistant Accountant and was later promoted to Accountant in 2018, both of which she was involved in the company's financial reporting activities. She was appointed as an Executive Director of Tameko Sdn Bhd between January 2019 and December 2019. She resigned from her position in Tameko Sdn Bhd in June 2020.

In July 2020, she assumed her present position as Chief Financial Officer of our Group.

(iv) Tang Pei Sze, Malaysian, aged 31
Software Engineer

Tang Pei Sze is our Software Engineer and is responsible for development of our platform. She graduated with a Bachelor of Information Technology (Computer Science) from University Kebangsaan Malaysia in 2012.

Upon her graduation in 2012, she began her career as Mobile Application Developer in Just Mobile Sdn Bhd, where she was responsible for the development of mobile applications, as well as the maintenance and troubleshooting activities of the mobile applications. In 2013, she left Just Mobile Sdn Bhd and joined LeadMotion Labs Sdn Bhd as Mobile Application Developer where she was involved in the development of mobile applications and was also responsible for managing customers and responding appropriately to their demands.

In 2014, she left LeadMotion Labs Sdn Bhd and joined Epochal Systems and Technology Sdn Bhd as iOS Technical Lead where she was responsible for the development and maintenance of a mobile application, as well as to propose solutions for customers' queries. In 2015, she left Epochal Systems and Technology Sdn Bhd and joined Infra Design Sdn Bhd as iOS Technical Lead where she was responsible for the development and maintenance of a mobile application. In 2015, she left Infra Design Sdn Bhd and joined M-Mode Mobile Sdn Bhd, a subsidiary of M-Mode Berhad, as Mobile Application Developer, where she was involved in the development and maintenance of the company's mobile applications.

In 2016, she left M-Mode Bhd and joined NSB as Mobile Application Developer, where she was in charge of developing and maintaining our platform. She assumed her present role as Software Engineer in October 2020.

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**7.5 Shareholdings of Promoters, substantial shareholders, Directors and key management**

The shareholdings of our Promoters, substantial shareholders, Directors and key management, before and after our Proposed Listing, are set out in the table below:

Name	Details	Before Proposed Listing				After Proposed Listing			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Leopard	Promoter	360,000,000	100.0	-	-	360,000,000	90.0	-	-
Dato' Lim Thean Keong	Promoter, substantial shareholder, Director and key management	-	-	360,000,000*	100.0	-	-	360,000,000*	90.0
Lai Chia Yee	Promoter, substantial shareholder, Director and key management	-	-	360,000,000*	100.0	-	-	360,000,000*	90.0
Tai Kwai Meng	Director	-	-	-	-	-	-	-	-
Cheah Lee Lee	Key management	-	-	-	-	-	-	-	-
Tang Pei Sze	Key management	-	-	-	-	-	-	-	-

Note:

* Deemed interest by virtue of his/her shareholdings in Leopard.

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7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**7.6 Involvement of our Promoters, substantial shareholder, Directors and key management in businesses/ corporations outside our Group**

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

Dato' Lim Thean Keong (Promoter / Substantial shareholder / Executive Director / Key management)

Companies	Principal activities	Nature of involvement	Date of appointment as director	Date of resignation as director	Shareholdings	
					Direct (%)	Indirect (%)
Present involvement						
Gerbera Sdn Bhd	Real estate activities with own or leased property	Executive Director and shareholder	8 August 2017	-	100.00	-
Yayasan Pejati	Develop and improve education	Non-Executive Director	26 April 2008	-	-	-
Corvina Sdn Bhd	Activities of holding companies	Executive Director and shareholder	20 March 2017	-	100.00	-
Leopard Venture Sdn Bhd	Investment holdings	Executive Director and shareholder	2 November 2016	-	85.00	-
Tameko Sdn Bhd	Mobile content and data application services	Shareholder	31 May 2010	4 January 2019	100.00	-
M-Mode Mobile Sdn Bhd	Provision of mobile content and data application services	Shareholder	8 November 2000	4 January 2019	100.00	-
Mobile Multimedia Sdn Bhd	Provision of mobile content and data application services	Shareholder	19 March 2003	8 January 2019	100.00	-

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

Companies	Principal activities	Nature of involvement	Date of appointment as director	Date of resignation as director	Shareholdings	
					Direct (%)	Indirect (%)
Past involvement within 3 years						
Rantau Setara Sdn Bhd	Trading in all kinds of fruits, vegetables, groceries and household products trading of other food products	Non-Executive Director	27 January 2017	20 April 2020	-	-
M-Mode Media Sdn Bhd	Restaurants and restaurant cum night clubs. Activities of employment placement agencies. Business management consultancy services	Executive Director	31 May 2010	8 October 2018	-	-
EcoBuilt Holdings Berhad	Investment holding and the provision of management services to its subsidiaries	Managing Director and shareholder	31 March 2004	25 July 2018	-	31.27
Cypress Valley Sdn Bhd	Engaged in providing event co-ordinating and related support services, media advertising of all kinds, providing mobile content and other information technology services	Executive Director	30 June 2016	14 August 2018	-	-
One Seed Sdn Bhd	Mobile games publishing platform and related services	Executive Director	3 February 2016	8 October 2018	-	-
Say Me Commerce Sdn Bhd	Retail sale of any kind of product over the internet	Non-Executive Director	12 May 2014	9 July 2019	-	-

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**Lai Chia Yee (Promoter / Substantial shareholder / Executive Director / Key management)**

Companies	Principal activities	Nature of involvement	Date of appointment as director	Date of resignation as director	Shareholdings	
					Direct (%)	Indirect (%)
Present involvement						
Leopard Venture Sdn Bhd	Investment holdings	Executive Director and shareholder	2 November 2016	-	15.00	-
Past involvement within 3 years						
De Coast Jewellery	Buy and sell jewellery	Partner	28 July 2011	26 June 2019 (expired)	-	-

Tai Kwai Meng (Independent Non-Executive Director)

Companies	Principal activities	Nature of involvement	Date of appointment as director	Date of resignation as director	Shareholdings	
					Direct (%)	Indirect (%)
Past involvement within 3 years						
Instant Venue Sdn Bhd	Investment and holding company	Executive Director	2 September 1994	Dissolved on 26 February 2019	-	-

7. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**Cheah Lee Lee (Key management)**

Companies	Principal activities	Nature of involvement	Date of appointment as director	Date of resignation as director	Shareholdings	
					Direct (%)	Indirect (%)
Past involvement within 3 years						
Tameko Sdn Bhd	Mobile content and data application services	Executive Director	4 January 2019	31 December 2019	-	-
M-Mode Mobile Sdn Bhd	Provision of mobile content and data application services	Non-Executive Director	4 January 2019	31 December 2019	-	-
Mobile Multimedia Sdn Bhd	Provision of mobile content and data application services	Non-Executive Director	8 January 2019	31 December 2019	-	-

Tang Pei Sze (Key management)

Companies	Principal activities	Nature of involvement	Date of appointment as director	Date of resignation as director	Shareholdings	
					Direct (%)	Indirect (%)
Present involvement						
Bitology Enterprise	Retail sale of digital products, retail sale and service of software, retail sale; and service of mobile apps, retail sale and service of websites, digital marketing	Sole Proprietor	15 August 2019	-	100.00	-
Past involvement within 3 years						
Sugar Framework Sdn Bhd	Food or beverage, food and beverage preparation in market stalls/hawkers event/food caterers manufacture of bread, cakes and other bakery products	Executive Director and shareholder	19 September 2017	Dissolved on 7 May 2019	33.00	-

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

7.7 Related party transactions

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

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

7.7.1 Existing related party transactions

Our Board confirms that there are no related party transactions entered into between our Group and our Directors, major shareholders and/or persons connected with them for the FYE 2019 and subsequent period up to the LPD.

7.7.2 Interest and/or involvement in similar businesses and other conflict of interest

As at the LPD, none of our Promoter, substantial shareholder, Director and key management has any interest (direct or indirect) and/or involvement in other businesses or corporations carrying on a trade similar to that of our Group, our customers and our suppliers.

7.7.3 Other transaction

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 2019 up to the LPD.

There are no outstanding loans, including guarantees of any kind made by our Company to or for the benefit of related parties during the FYE 2019 up to the LPD.

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

7.8 Moratorium

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

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

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

The moratorium shall be imposed as follows:

Promoter	Shares under moratorium from the first 12 months upon listing		Shares under moratorium for the subsequent 36 months	
	No. of Shares	%*	No. of Shares	%*
Leopard	360,000,000	90.0	180,000,000	45.0

Note:

* Based on our enlarged share capital of 400,000,000 Shares after our Proposed Placement.

The moratorium, which is fully acknowledged by Leopard is specifically endorsed on our share certificate representing its shareholding to ensure that our Share Registrar will not register any sale, transfer or assignment that is not in compliance with the above moratorium.

In addition, all the shareholders of Leopard namely, Dato' Lim Thean Keong and Lai Chia Yee have given undertakings to Bursa Securities that they will not sell, transfer or assign their securities in Leopard for the period stipulated under Rule 3.07 of the Listing Requirements (i.e., 48 months from the date of our admission to the LEAP Market).

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8. FINANCIAL INFORMATION

The financial information of our Group for FYE 2018, FYE 2019 and 10M-FPE 31 October 2019 are presented based on the financial statements of NSB only. The financial information of our Group for the 10M-FPE 31 October 2020 are presented based on the consolidated financial statements of NSB and Clover Green.

8.1 Statement of profit or loss and other comprehensive income

The following table sets out our statement of profit or loss and other comprehensive income for the audited FYE 2018 and FYE 2019 as well as unaudited 10M-FPE 31 October 2019 and 10M-FPE 31 October 2020.

	Audited		Unaudited	
	FYE 2018 RM	FYE 2019 RM	10M-FPE 31 October 2019 RM	10M-FPE 31 October 2020 RM
Revenue	4,150,313	5,873,917	4,907,971	3,881,919
Cost of sales	(2,324,825)	(3,201,550)	(2,680,735)	(2,336,238)
GP	1,825,488	2,672,367	2,227,236	1,545,681
Other income	13,054	41,984	32,297	56,912
Selling and marketing expenses	(331,580)	(530,649)	(246,250)	(339,620)
Administrative and other operating expenses	(397,614)	(427,653)	(343,046)	(412,830)
Finance costs	(4,374)	(3,113)	(2,685)	(3,093)
PBT	1,104,974	1,752,936	1,667,552	847,050
Income tax reversal / (Income tax expenses)	24	(170,000)	-	(150,000)
PAT	1,104,998	1,582,936	1,667,552	697,050
EBITDA ⁽¹⁾	1,294,109	1,945,192	1,830,325	1,017,937
Basic EPS (sen) ⁽²⁾	0.3	0.4	0.4	0.2
GP margin (%)	44.0	45.5	45.4	39.8
PBT margin (%)	26.6	29.8	34.0	21.8
PAT margin (%)	26.6	26.9	34.0	18.0
Effective tax rate (%) ⁽³⁾	<i>Negligible</i>	9.7	-	17.7

Notes:

(1) EBITDA is computed as follows:

	Audited		Unaudited	
	FYE 2018 RM	FYE 2019 RM	10M-FPE 31 October 2019 RM	10M-FPE 31 October 2020 RM
PBT	1,104,974	1,752,936	1,667,552	847,050
<i>Add/(Less):</i>				
Interest expense	4,374	3,113	2,685	3,093
Interest income	(13,054)	(41,984)	(32,297)	(35,312)
Amortisation of intangible assets	127,657	165,552	137,739	136,407
Depreciation of equipment	42,333	37,750	31,459	32,323
Depreciation of right-of-use asset	27,825	27,825	23,187	34,376
EBITDA	1,294,109	1,945,192	1,830,325	1,017,937

(2) Computed based on PAT divided by our enlarged share capital of 400,000,000 Shares after our Proposed Placement.

(3) Please refer to Section 9.9 of this Information Memorandum for further details on the tax exemption granted by the Pioneer Status.

8. FINANCIAL INFORMATION (CONT'D)**8.2 Statement of financial position**

The following table sets out our audited statement of financial position as at 31 December 2018 and 31 December 2019 as well as unaudited statement of financial position as at 31 October 2019 and 31 October 2020.

	Audited		Unaudited	
	As at 31 December		As at 31 October	
	2018 RM	2019 RM	2019 RM	2020 RM
<u>ASSETS</u>				
<u>Non-current assets</u>				
Equipment	200,452	162,702	168,993	137,477
Right-of-use asset	76,517	48,692	53,330	148,582
Intangible assets	587,379	789,584	752,677	1,031,233
	864,348	1,000,978	975,000	1,317,292
<u>Current assets</u>				
Other receivables, deposits and prepayments	673,232	1,090,639	1,036,400	753,798
Cash and cash equivalents	760,863	2,008,474	1,951,030	2,204,291
	1,434,095	3,099,113	2,987,430	2,958,089
Total assets	2,298,443	4,100,091	3,962,430	4,275,381
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share capital	3,000,000	500,000	3,000,000	2,700,000
(Accumulated losses) / Retained earnings	(1,356,930)	226,006	310,622	923,056
Total equity	1,643,070	726,006	3,310,622	3,623,056
<u>Non-current liabilities</u>				
Lease liability	52,364	22,958	27,953	80,560
Deferred tax liabilities	-	170,000	-	170,000
	52,364	192,958	27,953	250,560
<u>Current liabilities</u>				
Trade payables	2,730	4,904	2,940	4,902
Other payables and accruals	72,192	146,817	91,732	265,700
Amount owing to a director	500,000	500,000	500,000	-
Amount owing to holding company	-	2,500,000	-	-
Lease liability	28,087	29,406	29,183	71,163
Current tax liabilities	-	-	-	60,000
	603,009	3,181,127	623,855	401,765
Total liabilities	655,373	3,374,085	651,808	652,325
Total equity and liabilities	2,298,443	4,100,091	3,962,430	4,275,381

After taking into consideration our cash and bank balances and expected cash flows to be generated from our operations, our Board is of the view that we have sufficient working capital for a period of 12 months from the date of this Information Memorandum.

8. FINANCIAL INFORMATION (CONT'D)**8.3 Statement of cash flows**

The following table sets out our statement of cash flows for the audited FYE 2018 and FYE 2019 as well as unaudited 10M-FPE 31 October 2019 and 10M-FPE 31 October 2020.

	Audited		Unaudited	
	FYE 2018 RM	FYE 2019 RM	10M-FPE 31 October 2019 RM	10M-FPE 31 October 2020 RM
<u>Cash flows from operating activities</u>				
PBT	1,104,974	1,752,936	1,667,552	847,050
<u>Adjustments for:-</u>				
Amortisation of intangible assets	127,657	165,552	137,739	136,407
Depreciation of equipment	42,333	37,750	31,459	32,323
Depreciation of right-of-use asset	27,825	27,825	23,187	34,376
Interest expense	4,374	3,113	2,685	3,093
Interest income	(13,054)	(41,984)	(32,297)	(35,312)
Operating profit before working capital changes	1,294,109	1,945,192	1,830,325	1,017,937
(Increase)/Decrease in other receivables, deposits and prepayments	(304,064)	(417,407)	(363,168)	336,841
(Decrease)/Increase in trade and other payables	(96,762)	76,799	19,750	118,881
Cash from operations	893,283	1,604,584	1,486,907	1,473,659
Interest paid	(4,374)	(3,113)	(2,685)	(3,093)
Tax paid	(1,176)	-	-	(90,000)
Net cash flows from operating activities	887,733	1,601,471	1,484,222	1,380,566
<u>Cash flows for investing activities</u>				
Interest received	13,054	41,984	32,297	35,312
Additions of intangible assets	(416,680)	(367,757)	(303,037)	(378,056)
Additions of equipment	-	-	-	(7,098)
Net cash flows for investing activities	(403,626)	(325,773)	(270,740)	(349,842)
<u>Cash flows for financing activities</u>				
Repayment of lease liability	(26,826)	(28,087)	(23,315)	(34,907)
Repayment to holding company	-	-	-	(300,000)
Repayment to a director	-	-	-	(500,000)
Net cash flows for financing activities	(26,826)	(28,087)	(23,315)	(834,907)
Net increase in cash and cash equivalents	457,281	1,247,611	1,190,167	195,817
Cash and cash equivalents at beginning of the financial year	303,582	760,863	760,863	2,008,474
Cash and cash equivalents at end of the financial year/period	760,863	2,008,474	1,951,030	2,204,291

8. FINANCIAL INFORMATION (CONT'D)**(a) Net cash flow from operating activities****FYE 2018**

For the FYE 2018, our operating profit before working capital changes was RM1.29 million. After adjusting for the following main items, our Company recorded net cash flows from operating activities amounted to approximately RM0.89 million:

- (i) increase in other receivables, deposits and prepayment of RM0.30 million mainly due to the increase in other receivables of RM0.30 million as a result of the outstanding other receivables balance from an appointed agent of a major telecommunication service provider (payment gateway provider) which was engaged in June 2018; and
- (ii) decrease in trade and other payables of RM0.10 million due to repayment of other payables of RM0.10 million.

FYE 2019

For the FYE 2019, our operating profit before working capital changes was RM1.95 million. After adjusting for the following main items, our Company recorded net cash flows from operating activities amounted to approximately RM1.60 million:

- (i) increase in other receivables, deposits and prepayment of RM0.42 million mainly due to the increase in outstanding other receivables balance of RM0.42 million as a result of longer credit term of 120 days requested by a major telecommunication service provider (previously 90 days) as well as additional connection of an appointed agent of a major telecommunication service provider (payment gateway provider) which was engaged in August 2019; and
- (ii) increase in trade and other payables of RM0.08 million due to higher other payables of RM0.05 million and accruals of RM0.03 million in relation to the provision of audit fee.

10M-FPE 31 October 2019

For the 10M-FPE 31 October 2019, our operating profit before working capital changes was RM1.83 million. After adjusting for the following main items, our Company recorded net cash flows from operating activities amounted to approximately RM1.48 million:

- (i) increase in other receivables, deposits and prepayment of RM0.36 million mainly due to the increase in outstanding other receivables balance of RM0.36 million as a result of longer credit term of 120 days requested by a major telecommunication service provider (previously 90 days); and
- (ii) increase in trade and other payables of RM0.02 million due to higher other payables of RM0.01 million and accruals of RM0.01 million in relation to the provision of audit fee.

10M-FPE 31 October 2020

For the 10M-FPE 31 October 2020, our operating profit before working capital changes was RM1.02 million. After adjusting for the following main items, our Company recorded net cash flows from operating activities amounted to approximately RM1.38 million:

- (i) decrease in other receivables, deposits and prepayment of RM0.34 million mainly due to the decrease in outstanding other receivables balance of RM0.35 million as a result of lower revenue contribution and off-set against the increase in prepayment of RM0.01 million; and
- (ii) increase in trade and other payables of RM0.12 million due to higher other payables of RM0.02 million and accruals of RM0.10 million in relation to the provision of audit fees as well as accrued marketing expenses.

8. FINANCIAL INFORMATION (CONT'D)

(b) Net cash flow for investing activities**FYE 2018**

For the FYE 2018, our Company recorded net cash used in investing activities of approximately RM0.40 million mainly due to the addition of intangible assets amounting to RM0.42 million consist of additional investments of RM0.29 million to upgrade our platform (e.g., user interface enhancement, implementation of deep link for subscription and implementation of share function in our platform) as well as purchase of e-books amounting to RM0.13 million. The overall net cash used in investing activities is off-set by the interest received of RM0.01 million from liquid investment (i.e., money market fund).

FYE 2019

For the FYE 2019, our Company recorded net cash used in investing activities of approximately RM0.33 million mainly due to the addition of intangible assets amounting to RM0.37 million consist of additional investments of RM0.34 million to upgrade our platform (e.g., user interface enhancement, implementation of reward option and implementation of filter notifications) as well as purchase of e-books amounting to RM0.03 million. The overall net cash used in investing activities is off-set by the interest received of RM0.04 million from liquid investment (i.e., money market fund).

10M-FPE 31 October 2019

For the 10M-FPE 31 October 2019, our Company recorded net cash used in investing activities of approximately RM0.27 million mainly due to the addition of intangible assets amounting to RM0.30 million consist of additional investments of RM0.27 million to upgrade our platform (e.g., user interface enhancement and implementation of reward option) as well as purchase of e-books amounting to RM0.03 million. The overall net cash used in investing activities is off-set by the interest received of RM0.03 million from liquid investment (i.e., money market fund).

10M-FPE 31 October 2020

For the 10M-FPE 31 October 2020, our Company recorded net cash used in investing activities of approximately RM0.35 million mainly due to the addition of intangible assets amounting to RM0.38 million to upgrade our platform (e.g., enhancement to platform's performance and implementation of author thought feature). The overall net cash used in investing activities is off-set by the interest received of RM0.03 million from liquid investment (i.e., money market fund).

(c) Net cash flow for financing activities**FYE 2018**

For the FYE 2018, our Group recorded net cash used in financing activities of RM0.03 million due to the repayment of lease liability of RM0.03 million.

FYE 2019

For the FYE 2019, our Group recorded net cash used in financing activities of RM0.03 million due to the repayment of lease liability of RM0.03 million.

10M-FPE 31 October 2019

For the 10M-FPE 31 October 2019, our Group recorded net cash used in financing activities of RM0.02 million due to the repayment of lease liability of RM0.02 million.

8. FINANCIAL INFORMATION (CONT'D)

10M-FPE 31 October 2020

For the 10M-FPE 31 October 2020, our Group recorded net cash used in financing activities of RM0.83 million, mainly attributed to the following:

- (i) repayment of lease liability of RM0.03 million;
- (ii) repayment of amount owing to holding company of RM0.30 million; and
- (iii) repayment of amount owing to a director of RM0.50 million.

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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 the historical financial information as set out in Section 8 of this Information Memorandum.

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

9.1 Overview

NTB was incorporated on 21 August 2020 as an investment holding company to facilitate the Proposed Listing. In addition, Clover Green (i.e., a wholly-owned subsidiary of NSB) was incorporated on 17 July 2020 and is an indirect wholly-owned subsidiary of our Company which commenced its operation on 7 October 2020. As such, the financial information of our Group for FYE 2018, FYE 2019 and 10M-FPE 31 October 2019 are presented based on the financial statements of NSB only. The financial information of our Group for the 10M-FPE 31 October 2020 are presented based on the consolidated financial statements of NSB and Clover Green.

The financial statements for FYE 2018 and FYE 2019 were audited by Messrs Crowe Malaysia PLT and prepared in accordance with the approved accounting standards issued by Malaysian Accounting Standards Board. The audited financial statements of NSB are set out in Appendix I of this Information Memorandum.

9.2 Revenue

The table below sets out the breakdown of our revenue:

By segment

	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
Online reading ⁽¹⁾	4,119,911	99.3	5,847,806	99.6	4,888,118	99.6	3,803,689	98.0
Advertisement	30,402	0.7	26,111	0.4	19,853	0.4	50,830	1.3
Print-on-demand	-	-	-	-	-	-	27,400	0.7
Total	4,150,313	100.0	5,873,917	100.0	4,907,971	100.0	3,881,919	100.0

Note:

(1) Inclusive of revenue from sale of tokens of appreciation to readers which is less than RM5,000 for the financial years and periods under review.

By company

	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
NSB	4,150,313	100.0	5,873,917	100.0	4,907,971	100.0	3,831,840	98.7
Clover Green	-	-	-	-	-	-	50,079	1.3
Total	4,150,313	100.0	5,873,917	100.0	4,907,971	100.0	3,881,919	100.0

9. MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)**FYE 2019 vs FYE 2018**

Our revenue increased by approximately RM1.72 million or 41.4% to RM5.87 million in the FYE 2019 (FYE 2018: RM4.15 million) mainly due to the increase in the number of subscribers. The increase in subscribers is due to the new agreements signed with major telecommunication service providers (and its appointed agents) in mid-2018 to leverage on their customer base to market our platform which led to higher web-browser subscription rate in FYE 2019. Furthermore, the number of subscriptions grew from 2.0 million transactions in 2018 to 2.8 million transactions in 2019.

10M-FPE 31 October 2020 vs 10M-FPE 31 October 2019

We are dependent on the ability of subscribers to continuously pay our subscription fees. As such, any factors which adversely affect the disposable income of our subscribers may affect their ability to pay for our subscription fees. The recent COVID-19 pandemic and the resulting national lockdown policies which were implemented in many countries globally, including countries in Southeast Asia, adversely impacted the economic conditions worldwide. The economic slowdown resulted in lower disposable income amongst consumers, which led to lower spending power. Consequently, our online reading revenues from subscribers were affected and we experienced a decline in online reading revenues from RM4.89 million in 10M-FPE 31 October 2019 to RM3.80 million in 10M-FPE 31 October 2020. Furthermore, the number of subscriptions decreased from 2.4 million transactions in the 10M-FPE 31 October 2019 to 1.8 million transactions in the 10M-FPE 31 October 2020.

9.3 Cost of sales

	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
Payment processing fee ⁽¹⁾	2,062,755	88.7	2,893,898	90.4	2,426,479	90.5	1,853,955	79.4
Cloud computing cost	117,443	5.1	129,930	4.1	108,665	4.1	188,593	8.1
Amortisation of mobile application platform	39,751	1.7	69,546	2.2	55,439	2.1	88,192	3.8
Amortisation of novel content library	87,906	3.8	96,006	2.9	82,301	3.1	48,215	2.1
Content costs	12,053	0.5	2,846	0.1	1,081	Neg	14,807	0.6
Internet and related expenses	4,917	0.2	3,724	0.1	3,170	0.1	3,432	0.1
Short code access fee	-	-	5,600	0.2	3,600	0.1	19,000	0.8
Infrastructure cost	-	-	-	-	-	-	111,396	4.8
Others ⁽²⁾	-	-	-	-	-	-	8,648	0.3
Total	2,324,825	100.0	3,201,550	100.0	2,680,735	100.0	2,336,238	100.0

By segment

	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
Online reading	2,324,825	100.0	3,201,550	100.0	2,680,735	100.0	2,324,933	99.5
Advertisement ⁽³⁾	-	-	-	-	-	-	-	-
Print-on-demand	-	-	-	-	-	-	11,305	0.5
Total	2,324,825	100.0	3,201,550	100.0	2,680,735	100.0	2,336,238	100.0

9. MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)**By company**

	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
NSB	2,324,825	100.0	3,201,550	100.0	2,680,735	100.0	2,308,340	98.8
Clover Green	-	-	-	-	-	-	27,898	1.2
Total	2,324,825	100.0	3,201,550	100.0	2,680,735	100.0	2,336,238	100.0

Notes:

- (1) *Payment processing fee are charges charged to our Group by the telecommunication service providers or their appointed agents when a subscriber pays the subscription fee via direct carrier billing services. The payment processing fee are charged to our Group for using the telecommunication service providers or their appointed agents' payment gateway services.*
- (2) *Comprise printing cost and delivery cost.*
- (3) *Our Group does not incur cost in relation to the advertisement segment as we merely provide advertising space on our platform for the appointed agent to place advertisements.*

FYE 2019 vs FYE 2018

Our cost of sales increased by approximately RM0.88 million or 37.9% to RM3.20 million in the FYE 2019 (FYE 2018: RM2.32 million) mainly due to higher payment processing fee of RM2.89 million in the FYE 2019 (FYE 2018: RM2.06 million) as a result of higher web-browser subscription rate in FYE 2019 which contributed to the higher usages of the payment gateway services.

10M-FPE 31 October 2020 vs 10M-FPE 31 October 2019

Our cost of sales decreased by approximately RM0.34 million or 12.7% to RM2.34 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM2.68 million) mainly due to lower payment processing fee of RM1.85 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM2.43 million) as a result of lower web-browser subscription rate in 10M-FPE 31 October 2020 hence lower usage of the payment gateway services.

However, the decrease in our cost of sales is partially off-set by:

- (i) the increase in cloud computing cost to RM0.19 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM0.11 million) due to the temporary increase in network bandwidth speed from 10Gbps to 100Gbps in early 2020 to host our platform while updates (e.g., enhancement to platform's performance and implementation of author thought feature) were made to the platform to prevent any system disruption; and
- (ii) infrastructure cost of RM0.11 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM Nil) due to the usage of the infrastructure of the newly appointed telecommunication service provider to sell and promote our platform.

9. MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)**9.4 GP and GP margin****By segment**

GP	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
Online reading	1,795,086	98.3	2,646,256	99.0	2,207,383	99.1	1,478,756	95.7
Advertisement	30,402	1.7	26,111	1.0	19,853	0.9	50,830	3.3
Print-on-demand	-	-	-	-	-	-	16,095	1.0
Total	1,825,488	100.0	2,672,367	100.0	2,227,236	100.0	1,545,681	100.0

GP margin	Audited		Unaudited	
	FYE 2018	FYE 2019	10M-FPE 31 October 2019	10M-FPE 31 October 2020
	%	%	%	%
Online reading	43.6	45.3	45.2	38.9
Advertisement	100.0	100.0	100.0	100.0
Print-on-demand	-	-	-	58.7
Overall	44.0	45.5	45.4	39.8

By company

GP	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
NSB	1,825,488	100.0	2,672,367	100.0	2,227,236	100.0	1,523,500	98.6
Clover Green	-	-	-	-	-	-	22,181	1.4
Total	1,825,488	100.0	2,672,367	100.0	2,227,236	100.0	1,545,681	100.0

GP margin	Audited		Unaudited	
	FYE 2018	FYE 2019	10M-FPE 31 October 2019	10M-FPE 31 October 2020
	%	%	%	%
NSB	44.0	45.5	45.4	39.8
Clover Green	-	-	-	44.3
Overall	44.0	45.5	45.4	39.8

FYE 2019 vs FYE 2018

Our GP increased by approximately RM0.84 million or 45.9% to RM2.67 million in the FYE 2019 (FYE 2018: RM1.83 million) which is in line with the increase in revenue of 41.4%.

10M-FPE 31 October 2020 vs 10M-FPE 31 October 2019

Our GP decreased by approximately RM0.68 million or 30.5% to RM1.55 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM2.23 million) which is in line with the decrease in revenue of 21.0%. Our overall GP margin decreased to 39.8% in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: 45.4%) mainly due to the increase in cloud computing cost and infrastructure cost in the 10M-FPE 31 October 2020 as explained in Section 9.3 above.

9. MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)**9.5 Other income**

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

	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
Interest income	13,054	100.0	41,984	99.9	32,297	100.0	35,312	62.0
Wage subsidy	-	-	-	-	-	-	21,600	38.0
Total	13,054	100.0	41,984	100.0	32,297	100.0	56,912	100.0

Our other income consists mainly of interest income from liquid investment (i.e., money market fund) and wage subsidy. Wage subsidy is related to the wage subsidy programme under the Pelan Jana Semula Ekonomi Negara (PENJANA) by the Malaysian Government as part of the stimulus package due to the current COVID-19 pandemic.

9.6 Selling and marketing expenses

The table below sets out the breakdown of our selling and marketing expenses:

	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
Sales and marketing	331,580	100.0	530,649	100.0	246,250	100.0	339,620	100.0
Total	331,580	100.0	530,649	100.0	246,250	100.0	339,620	100.0

FYE 2019 vs FYE 2018

Our selling and marketing expenses increased by approximately RM0.20 million or 60.6% to RM0.53 million in the FYE 2019 (FYE 2018: RM0.33 million) mainly due to higher cost paid to marketing affiliate on its success in securing new subscribers for our platform.

10M-FPE 31 October 2020 vs 10M-FPE 31 October 2019

Our selling and marketing expenses increased by approximately RM0.09 million or 36.0% to RM0.34 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM0.25 million) mainly due to additional marketing cost of RM0.04 million to promote our platform via social media platform (i.e., Facebook) since January 2020. Furthermore, we had incurred additional cost of RM0.05 million to marketing affiliate for additional marketing activities via the customers base of the newly appointed telecommunication service provider during the financial period under review.

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9. MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)**9.7 Administrative and other operating expenses**

The table below sets out the breakdown of our administrative and other operating expenses:

	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
Staff costs ⁽¹⁾	251,698	63.3	243,075	56.8	217,048	63.3	196,394	47.6
Depreciation of equipment	42,333	10.6	37,750	8.8	31,459	9.2	32,323	7.8
Depreciation of right-of-use asset	27,825	7.0	27,825	6.5	23,187	6.8	34,376	8.3
Professional fees	24,555	6.2	35,441	8.3	10,247	3.0	78,439	19.0
Utilities expenses	24,271	6.1	22,338	5.2	18,751	5.5	16,586	4.0
Travelling and accommodation	7,359	1.9	11,844	2.8	11,007	3.2	3,503	0.9
License fees	5,580	1.4	11,783	2.8	8,584	2.3	12,404	3.0
Others ⁽²⁾	13,993	3.5	37,597	8.8	22,763	6.7	38,805	9.4
Total	397,614	100.0	427,653	100.0	343,046	100.0	412,830	100.0

Notes:

- (1) Staff costs consist of salaries of director and employees, statutory contributions, bonuses and staff benefits.
- (2) Others consist of rental of office equipment, service tax and other miscellaneous expenses.

FYE 2019 vs FYE 2018

Our administrative and other operating expenses increased by approximately RM0.03 million or 7.5% to RM0.43 million in the FYE 2019 (FYE 2018: RM0.40 million) mainly due to:

- (i) increase in professional fees of RM0.01 million for the audit fee incurred in relation to the Proposed Listing; and
- (ii) payment of service tax of RM0.02 million in the FYE 2019 (FYE 2018: RM Nil) for the services provided by foreign service providers (e.g., cloud computing provided by Amazon Web Services, Inc.) to Malaysian consumer. The service tax was paid to Royal Malaysian Customs Department by NSB.

10M-FPE 31 October 2020 vs 10M-FPE 31 October 2019

Our administrative and other operating expenses increased by approximately RM0.07 million or 20.6% to RM0.41 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM0.34 million) mainly due to:

- (i) increase in professional fees of RM0.07 million in relation to the Proposed Listing; and
- (ii) payment of service tax of RM0.03 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM0.01 million) due to the service tax on higher marketing expenses incurred to promote our platform by our appointed foreign digital marketing service providers (e.g., Supplier A). The service tax was paid to Royal Malaysian Customs Department by NSB.

The increase in administrative and other operating expenses in the 10M-FPE 31 October 2020 is partially off-set by the decrease in staff cost of RM0.02 million due to lower staff bonus.

9. MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)**9.8 Finance costs**

Our finance costs are solely interest expenses recognised on our lease liability in respect of our office rental, as per the accounting standard (i.e., *Malaysian Financial Reporting Standard 16 Leases*).

	Audited				Unaudited			
	FYE 2018		FYE 2019		10M-FPE 31 October 2019		10M-FPE 31 October 2020	
	RM	%	RM	%	RM	%	RM	%
Interest expenses	4,374	100.0	3,113	100.0	2,685	100.0	3,093	100.0
Total	4,374	100.0	3,113	100.0	2,685	100.0	3,093	100.0

9.9 Income tax expenses

NSB is a MSC-Malaysia status company and it was entitled to pioneer status incentives granted by MITI for services under the Promotion of Investments Act 1986 and it enjoyed tax exemption on 100% of its statutory income derived from approved MSC activities for an initial 5-year period from 14 August 2014 to 13 August 2019.

Following the expiry of its pioneer status on 13 August 2019, NSB no longer enjoys the tax exemption and its statutory income is subject to a statutory tax rate of 24% (before adjusting for income tax adjustments). On 6 March 2020, NSB submitted an application to MDEC to seek for extension of the tax exemption incentive for additional 5 years. On 14 December 2020, MITI granted NSB a 1st extension from 14 August 2019 to 30 June 2021 and 2nd Extension Period on the tax exemption incentive. Although the extension granted on 14 December 2020 is effective retrospectively (i.e., 14 August 2019 onwards), NSB's statutory income was still subject to tax as the application to MDEC to seek for extension of the tax exemption incentive was only approved on 14 December 2020.

The table below sets out our effective tax rate:

	Audited		Unaudited	
	FYE 2018 RM	FYE 2019 RM	10M-FPE 31 October 2019 RM	10M-FPE 31 October 2020 RM
Income tax reversal / (Income tax expenses)	24	(170,000)	-	(150,000)
Effective tax rate (%)*	<i>Negligible</i>	9.7	-	17.7

Note:

* Computed based on income tax reversal / income tax expenses divided by PBT of respective financial years and periods under review.

FYE 2019 vs FYE 2018

Despite the expiry of NSB's pioneer status on 13 August 2019, the effective tax rate for FYE 2019 of 9.7% is lower than the statutory tax rate of 24% mainly due to the utilisation of deferred tax asset in FYE 2019. Accordingly, this resulted in the tax expenses of RM0.17 million.

10M-FPE 31 October 2020 vs 10M-FPE 31 October 2019

The effective tax rate for 10M-FPE 31 October 2020 of 17.7% is lower than the statutory tax rate of 24% mainly due to lower chargeable income after adjusting for the deduction on staff cost incurred (in relation to the development of our platform) in accordance with the Income Tax Act 1967 as well as the public ruling issued by Inland Revenue Board of Malaysia.

9. MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)**9.10 PAT and PAT margin**

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

	Audited		Unaudited	
	FYE 2018 RM	FYE 2019 RM	10M-FPE 31 October 2019 RM	10M-FPE 31 October 2020 RM
PAT	1,104,998	1,582,936	1,667,552	697,050
PAT margin (%)	26.6	26.9	34.0	18.0

FYE 2019 vs FYE 2018

Our PAT increased by approximately RM0.48 million or 43.6% to RM1.58 million in the FYE 2019 (FYE 2018: RM1.10 million) mainly due to the increase in GP of RM0.84 million. Our Group's PAT margin increased marginally to 26.9% for the FYE 2019 (FYE 2018: 26.6%) as a result of fairly consistent GP margin.

10M-FPE 31 October 2020 vs 10M-FPE 31 October 2019

Our PAT decreased by approximately RM0.97 million or 58.1% to RM0.70 million in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: RM1.67 million) mainly due to the decrease in GP of RM0.68 million as well as the recognition of income tax provision in 2020 due to the expiry of our pioneer status on 13 August 2019 (Please refer to Sections 4.16(ii), 5.1(xii) and 9.9 of this Information Memorandum for further information). Our Group's PAT margin decreased to 18.0% for the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: 34.0%) as a result of lower GP margin as well as the recognition of income tax provision in 2020.

9.11 Key financial ratios

	Audited		Unaudited	
	FYE 2018	FYE 2019	10M-FPE 31 October 2019	10M-FPE 31 October 2020
Trade payables turnover period (day) ⁽¹⁾	<i>Negligible</i>	1	<i>Negligible</i>	1
Current ratio (times) ⁽²⁾	2.4	1.0	4.8	7.4

Notes:

$$(1) \quad \frac{\text{Trade payables}}{\text{Cost of sales}} \times \text{No. of days in that year/period}$$

$$(2) \quad \frac{\text{Total current assets}}{\text{Total current liabilities}}$$

9.12 Trade payables

	Audited		Unaudited	
	FYE 2018	FYE 2019	10M-FPE 31 October 2019	10M-FPE 31 October 2020
Trade payables	2,730	4,904	2,940	4,902
Cost of sales	2,324,825	3,201,550	2,680,735	2,336,238
Trade payables turnover period (day)	<i>Negligible</i>	1	<i>Negligible</i>	1

The credit period granted by our suppliers ranges from 1 to 30 days. Our trade payables turnover periods were within the credit period granted for the respective financial years and periods under review.

9. MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Our trade payables turnover period is generally lower as majority of our cost of sales consist of payment processing fee charged by telecommunication service providers (or their appointed agents) which provides payment gateway services to our Group. They collect subscription fees on behalf of us from our readers via direct carrier billing services and charges payment processing fee for using their payment gateway services. The subscription fees remitted to us are net of payment processing fee.

9.13 Current ratio

FYE 2019 vs FYE 2018

Current ratio decreased to 1.0 time in the FYE 2019 (FYE 2018: 2.4 times) mainly due to the amount owing to holding company (i.e., Leopard) of RM2.5 million in the FYE 2019 (FYE 2018: RM Nil) pursuant to the share capital reduction which was lodged on 11 December 2019.

10M-FPE 31 October 2020 vs 10M-FPE 31 October 2019

Current ratio increased to 7.4 times in the 10M-FPE 31 October 2020 (10M-FPE 31 October 2019: 4.8 times) mainly due to higher cash and bank balances as well as the zerorisation of amount owing to holding company (i.e., Leopard). On 16 March 2020, the amount owing to holding company of RM0.30 million was repaid. On 1 June 2020, the remaining balance of amount owing to holding company of RM2.20 million was capitalised into the share capital of NSB. As at the LPD, our Group has no outstanding amount due to holding company.

9.14 Significant factors affecting our financial position and results of operations

Section 5 “Risk Factors” of this Information Memorandum details several risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our financial position and results of operations. You should consider carefully the risk factors set out therein before making a decision on whether an investment in our Shares is suitable for you in light of your circumstances, risk appetite and financial resources.

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10. OTHER INFORMATION

10.1 Material contracts

Save for the SSA for the Acquisition, there are no other material contracts (not being contracts entered into in the ordinary course of business) as at the LPD which have been entered by our Group within the 2 years immediately preceding the date of this Information Memorandum.

10.2 Material litigation

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

10.3 Contingent liabilities

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

10.4 Declaration by advisers

- (i) TA Securities confirms that there is no existing or potential conflict of interest in its capacity as the Approved Adviser, Placement Agent and Continuing Adviser pursuant to our Proposed Listing.
- (ii) Crowe Malaysia PLT confirms that there is no existing or potential conflict of interests in its capacity as the Auditors for our Proposed Listing.
- (iii) Olivia Lim & Co confirms that there is no existing or potential conflict of interest in its capacity as the Due Diligence Solicitor for our Proposed Listing.
- (iv) Providence Strategic Partners Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our Proposed Listing.

10.5 Responsibility statements

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

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

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APPENDIX I

AUDITED FINANCIAL STATEMENTS OF NSB FOR THE FYE 2019

NOVELPLUS SDN. BHD.
(Incorporated in Malaysia)
Registration No : 201101039517 (967639 - A)

FINANCIAL REPORT
for the financial year ended 31 December 2019

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NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITY

The Company is principally engaged in the development, operation and management of an online novel platform.

RESULTS

RM

Profit after taxation for the financial year

1,582,936

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company reduced its issued and paid-up share capital from RM3,000,000 to RM500,000 by way of cancellation of 2,500,000 ordinary shares held by the sole shareholder of the Company; and
- (b) there were no issues of debentures by the Company.

NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

DIRECTORS' REPORT

DIRECTORS

The names of directors who served during the financial year and up to the date of this report are as follows:-

DATO' LIM THEAN KEONG
LAI CHIA YEE

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES			AT 31.12.2019
	AT 1.1.2019	BOUGHT	SOLD	
<u>Ordinary Shares in the holding company.</u>				
<u>- Leopard Venture Sdn. Bhd.</u>				
DATO' LIM THEAN KEONG	85	-	-	85
LAI CHIA YEE	15	-	-	15

By virtue of their shareholdings in the holding company, Dato' Lim Thean Keong and Lai Chia Yee are deemed to have interests in shares of the Company and its related corporation during the financial year to the extent of the holding company's interest, pursuant to Section 8 of the Companies Act 2016 in Malaysia.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the director of the Company during the financial year are disclosed in Note 19 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SIGNIFICANT EVENT DURING THE REPORTING PERIOD

The significant events during the financial year are disclosed in Note 23 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 24 to the financial statements.

HOLDING COMPANY

The holding company is Leopard Venture Sdn. Bhd., a company incorporated in Malaysia.

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NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 19 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 28 SEP 2020



Dato' Lim Thean Keong



Lai Chia Yee

NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Lim Thean Keong and Lai Chia Yee, being the two directors of Novelplus Sdn. Bhd., state that, in our opinion, the financial statements set out on pages 12 to 52 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 28 SEP 2020



Dato' Lim Thean Keong



Lai Chia Yee

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

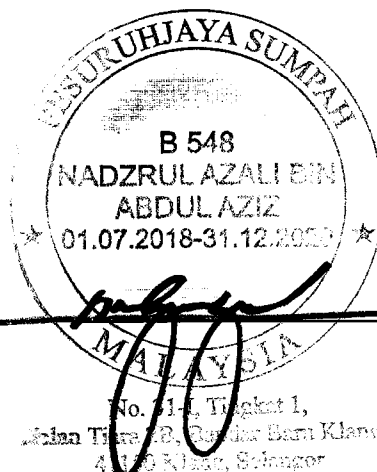
I, Dato' Lim Thean Keong, being the director primarily responsible for the financial management of Novelplus Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 12 to 52 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Dato' Lim Thean Keong, at Klang
in the State of Selangor Darul Ehsan
on this 28 SEP 2020



Dato' Lim Thean Keong

Before me



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)
Registration No : 201101039517 (967639 - A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Novelplus Sdn. Bhd., which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 52.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report but does not include the financial statements of the Company and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVELPLUS SDN. BHD. (CONT'D)

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

Our opinion on the financial statements of the Company does not cover the directors' report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the directors' report and, in doing so, consider whether the directors' report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the directors' report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVELPLUS SDN. BHD. (CONT'D)

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 financial statements of the Company, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Company'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 financial statements of the Company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVELPLUS SDN. BHD. (CONT'D)

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

OTHER MATTERS

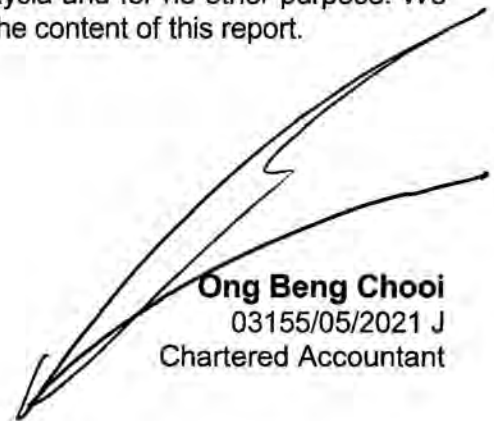
- (1) The financial statements of the Company for the preceding financial year ended 31 December 2018 were audited by another firm of Chartered Accountants who issued an unmodified opinion in their report dated 16 May 2019.
- (2) As stated in Note 4.1 to the financial statements, Novelplus Sdn. Bhd. adopted Malaysian Financial Reporting Standards on 1 January 2019 with a transition date of 1 January 2018. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statement of financial position of the Company as at 31 December 2018 and 1 January 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year ended 31 December 2018 and related disclosures.
- (3) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Shah Alam

28 SEP 2020



Ong Beng Chooi
03155/05/2021 J
Chartered Accountant

NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

STATEMENT OF FINANCIAL POSITION As AT 31 DECEMBER 2019

	NOTE	31.12.2019 RM	Restated 31.12.2018 RM	Restated 1.1.2018 RM
ASSETS				
NON-CURRENT ASSETS				
Equipment	6	162,702	200,452	242,785
Right-of-use asset	7	48,692	76,517	104,342
Intangible assets	8	789,584	587,379	298,356
		<u>1,000,978</u>	<u>864,348</u>	<u>645,483</u>
CURRENT ASSETS				
Other receivables, deposits and prepayments	9	1,090,639	673,232	369,168
Cash and cash equivalents	10	2,008,474	760,863	303,582
		<u>3,099,113</u>	<u>1,434,095</u>	<u>672,750</u>
TOTAL ASSETS		<u>4,100,091</u>	<u>2,298,443</u>	<u>1,318,233</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	11	500,000	3,000,000	3,000,000
Retained profits/(Accumulated losses)		226,006	(1,356,930)	(2,461,928)
TOTAL EQUITY		<u>726,006</u>	<u>1,643,070</u>	<u>538,072</u>
NON-CURRENT LIABILITIES				
Lease liability	12	22,958	52,364	80,451
Deferred tax liabilities	13	170,000	-	-
		<u>192,958</u>	<u>52,364</u>	<u>80,451</u>
CURRENT LIABILITIES				
Trade payables	14	4,904	2,730	-
Other payables and accruals	15	146,817	72,192	171,684
Amount owing to a director	16	500,000	500,000	500,000
Amount owing to holding company	17	2,500,000	-	-
Lease liability	12	29,406	28,087	26,826
Current tax liabilities		-	-	1,200
		<u>3,181,127</u>	<u>603,009</u>	<u>699,710</u>
TOTAL LIABILITIES		<u>3,374,085</u>	<u>655,373</u>	<u>780,161</u>
TOTAL EQUITY AND LIABILITIES		<u>4,100,091</u>	<u>2,298,443</u>	<u>1,318,233</u>

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	NOTE	2019 RM	Restated 2018 RM
REVENUE	18	5,873,917	4,150,313
COST OF SALES		(3,201,550)	(2,324,825)
GROSS PROFIT		2,672,367	1,825,488
OTHER INCOME		41,984	13,054
SELLING AND MARKETING EXPENSES		(530,649)	(331,580)
ADMINISTRATIVE AND OTHER EXPENSES		(427,653)	(397,614)
FINANCE COSTS		(3,113)	(4,374)
PROFIT BEFORE TAXATION	19	1,752,936	1,104,974
INCOME TAX (EXPENSE)/REVERSAL	20	(170,000)	24
PROFIT AFTER TAXATION		1,582,936	1,104,998
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,582,936	1,104,998
PROFIT AFTER TAXATION ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,582,936	1,104,998
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,582,936	1,104,998

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	NOTE	SHARE CAPITAL RM	(ACCUMULATED LOSSES)/RETAINED PROFITS RM	TOTAL EQUITY RM
Balance at 31.12.2017:				
- As previously stated		3,000,000	(2,710,414)	289,586
- Effects of transition to MFRSs:				
- MFRS 138	25	-	224,820	224,820
- MFRS 16	25	-	(2,935)	(2,935)
- Prior year adjustment	25	-	26,601	26,601
Balance at 1.1.2018 - restated		3,000,000	(2,461,928)	538,072
Profit after taxation/Total comprehensive income for the financial year		-	1,104,998	1,104,998
Balance at 31.12.2018/1.1.2019		3,000,000	(1,356,930)	1,643,070
Reduction in share capital	11	(2,500,000)	-	(2,500,000)
Profit after taxation/Total comprehensive income for the financial year		-	1,582,936	1,582,936
Balance at 31.12.2019		500,000	226,006	726,006

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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	NOTE	2019 RM	Restated 2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Profit before taxation		1,752,936	1,104,974
Adjustments for:-			
Amortisation of intangible assets		165,552	127,657
Depreciation of equipment		37,750	42,333
Depreciation of right-of-use asset		27,825	27,825
Interest expense		3,113	4,374
Interest income		(41,984)	(13,054)
Operating profit before working capital changes		1,945,192	1,294,109
Increase in other receivables, deposits and prepayments		(417,407)	(304,064)
Increase/(Decrease) in trade and other payables		76,799	(96,762)
CASH FROM OPERATIONS		1,604,584	893,283
Interest paid		(3,113)	(4,374)
Tax paid		-	(1,176)
NET CASH FROM OPERATING ACTIVITIES		1,601,471	887,733
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Interest received		41,984	13,054
Addition of intangible assets		(367,757)	(416,680)
NET CASH FOR INVESTING ACTIVITIES		(325,773)	(403,626)
CASH FLOW FOR FINANCING ACTIVITY			
Repayment of lease liability	21(b)	(28,087)	(26,826)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,247,611	457,281
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		760,863	303,582
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	21(a)	2,008,474	760,863

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a private company limited by shares, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.
Principal place of business	:	B-13-6, Block B, Megan Avenue 11, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 September 2020.

2. PRINCIPAL ACTIVITY

The Company is principally engaged in the development, operation and management of an online novel platform.

3. HOLDING COMPANY

The holding company is Leopard Venture Sdn. Bhd., a company incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. BASIS OF PREPARATION (CONT'D)

- 4.1 These are the Company's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Company were prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS").

The transition to MFRSs is accounted for in accordance with MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', with 1 January 2018 as the date of transition. An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 5 to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. There were no material financial impacts on the transition from MPERS to MFRSs except as disclosed in Note 25 to the financial statement.

During the current financial year, the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements except as disclosed in Note 26 to the financial statement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. BASIS OF PREPARATION (CONT'D)

- 4.2 The Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon their initial application.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical Accounting Estimates And Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

Amortisation of Intangible Assets

The estimates for the residual values, useful lives and related amortisation charges for the development costs are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation 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 amortisation charges could be revised. The carrying amount of development costs at the reporting date is disclosed in Note 8 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Functional and Foreign Currencies

The financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

Transactions in foreign currencies are converted into the Company's functional currency on initial recognition using exchange rates at the transaction dates. At the end of the reporting period, foreign currency monetary assets and liabilities are retranslated at the exchange rates of that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

5.3 Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Financial Instruments (Cont'd)

(a) *Financial Assets*

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Financial Instruments (Cont'd)

(a) *Financial Assets (Cont'd)*

Debt Instruments (Cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

(b) *Financial Liabilities*

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Financial Instruments (Cont'd)

(c) *Equity Instruments*

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) *Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Equipment

Equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the asset over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Furniture, fittings and office equipment	20%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of an equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amounts is recognised in profit or loss.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Intangible Assets

(a) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure in relation to mobile application platform is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 10 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 Intangible Assets (Cont'd)

(b) Novel Content

Novel content is initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other directly attributable cost of preparing the asset for its intended use.

Subsequent to initial recognition, the novel content is stated at cost less accumulated amortisation and any impairment losses. Amortisation is recognised in profit or loss on a straight-line method to write off the depreciable amount of the asset over their estimated useful lives. The principal annual rate used for this purpose is as follows:-

Novel content library	2 years
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The amortisation method, useful life and residual value will be reviewed if there is a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits. Any changes are accounted for as a change in accounting estimate.

Expenditure initially recognised as an expense is not recognised as an asset in the subsequent period.

5.6 Impairment

(a) *Impairment of Financial Assets*

The Company recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Impairment (Cont'd)

(a) *Impairment of Financial Assets (Cont'd)*

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(b) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows 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 it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Impairment (Cont'd)

(b) *Impairment of Non-Financial Assets (Cont'd)*

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.7 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Company recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Leases (Cont'd)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

5.8 Income Taxes

(a) *Current Tax*

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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).

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 Income Taxes (Cont'd)

(b) *Deferred Tax*

Deferred tax is recognised using the liability method for all temporary differences other than those that arise 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 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 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 recognised are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

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5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 Employee Benefits

(a) *Short-term Benefits*

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Company.

(b) *Defined Contribution Plans*

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

5.11 Revenue from Contracts With Customers

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Company recognises revenue when (or as) it transfers control over a product or service to a customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Services

Revenue is recognised over time in the period in which the services are rendered.

5.12 Revenue from Other Sources and Other Operating Income

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

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6. EQUIPMENT

CARRYING AMOUNT	AT 1.1.2019 RM	DEPRECIATION CHARGES RM	AT 31.12.2019 RM
Furniture, fittings and office equipment	98,801	(23,264)	75,537
Renovation	101,651	(14,486)	87,165
Total	200,452	(37,750)	162,702

CARRYING AMOUNT	AT 1.1.2018 RM	DEPRECIATION CHARGES RM	AT 31.12.2018 RM
Furniture, fittings and office equipment	126,647	(27,846)	98,801
Renovation	116,138	(14,487)	101,651
Total	242,785	(42,333)	200,452

31.12.2019	AT COST RM	ACCUMULATED DEPRECIATION RM	CARRYING AMOUNT RM
Furniture, fittings and office equipment	184,002	(108,465)	75,537
Renovation	144,864	(57,699)	87,165
Total	328,866	(166,164)	162,702

31.12.2018	AT COST RM	ACCUMULATED DEPRECIATION RM	CARRYING AMOUNT RM
Furniture, fittings and office equipment	184,002	(85,201)	98,801
Renovation	144,864	(43,213)	101,651
Total	328,866	(128,414)	200,452

1.1.2018	AT COST RM	ACCUMULATED DEPRECIATION RM	CARRYING AMOUNT RM
Furniture, fittings and office equipment	184,002	(57,355)	126,647
Renovation	144,864	(28,726)	116,138
Total	328,866	(86,081)	242,785

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7. RIGHT-OF-USE ASSET

	AT 1.1.2019 RM	DEPRECIATION CHARGE RM	AT 31.12.2019 RM
NET CARRYING AMOUNT			
Office building	76,517	(27,825)	48,692

	As Previously Reported RM	1.1.2018 Initial Application of MFRS 16 RM	As Restated RM	Depreciation Charge RM	At 31.12.2018 RM
Carrying amount					
Office building	-	104,342	104,342	(27,825)	76,517

	31.12.2019 RM	31.12.2018 RM	1.1.2018 RM
Analysed by:			
Cost	139,123	139,123	139,123
Accumulated depreciation	(90,431)	(62,606)	(34,781)
	<u>48,692</u>	<u>76,517</u>	<u>104,342</u>

8. INTANGIBLE ASSETS

	AT 1.1.2019 RM	ADDITIONS RM	AMORTISATION RM	AT 31.12.2019 RM
CARRYING AMOUNT				
Mobile application platform	472,996	333,107	(69,546)	736,557
Novel content library	114,383	34,650	(96,006)	53,027
Total	<u>587,379</u>	<u>367,757</u>	<u>(165,552)</u>	<u>789,584</u>

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8. INTANGIBLE ASSETS (CONT'D)

CARRYING AMOUNT	At 1.1.2018 RM	ADDITIONS RM	AMORTISATION RM	At 31.12.2018 RM
Mobile application platform	224,820	287,927	(39,751)	472,996
Novel content library	73,536	128,753	(87,906)	114,383
Total	298,356	416,680	(127,657)	587,379

	At Cost RM	ACCUMULATED AMORTISATION RM	ACCUMULATED IMPAIRMENT LOSS RM	At 31.12.2019 RM
31.12.2019				
Mobile application platform	862,584	(126,027)	-	736,557
Novel content library	420,444	(265,348)	(102,069)	53,027
Total	1,283,028	(391,375)	(102,069)	789,584

31.12.2018				
Mobile application platform	529,477	(56,481)	-	472,996
Novel content library	385,794	(169,342)	(102,069)	114,383
Total	915,271	(225,823)	(102,069)	587,379

1.1.2018				
Mobile application platform	241,550	(16,730)	-	224,820
Novel content library	257,041	(81,436)	(102,069)	73,536
Total	498,591	(98,166)	(102,069)	298,356

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9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31.12.2019 RM	31.12.2018 RM	1.1.2018 RM
Other receivables	1,079,458	662,519	353,446
Deposits	6,400	6,400	6,500
Prepayments	4,781	4,313	9,222
	<u>1,090,639</u>	<u>673,232</u>	<u>369,168</u>

10. CASH AND CASH EQUIVALENTS

	31.12.2019 RM	31.12.2018 RM	1.1.2018 RM
Highly liquid investment	1,868,110	706,158	239,088
Cash and bank balances	140,364	54,705	64,494
	<u>2,008,474</u>	<u>760,863</u>	<u>303,582</u>

11. SHARE CAPITAL

	2019 NUMBER OF SHARES	2018 NUMBER OF SHARES	2019 RM	2018 RM
Issued and Fully Paid-Up				
Ordinary Shares:				
At 1 January	3,000,000	3,000,000	3,000,000	3,000,000
Share reduction	(2,500,000)	-	(2,500,000)	-
At 31 December	<u>500,000</u>	<u>3,000,000</u>	<u>500,000</u>	<u>3,000,000</u>

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) The Company reduced its issued and paid up share capital from RM3,000,000 to RM500,000 by way of cancellation of 2,500,000 ordinary shares held by the sole shareholder of the Company.

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12. LEASE LIABILITY

	2019 RM	2018 RM
At 1 January		
- As previously reported	80,451	-
- Initial application of MFRS 16	-	107,277
As restated	80,451	107,277
Interest expense recognised in profit or loss (Note 19)	3,113	4,374
Repayment of principal	(28,087)	(26,826)
Repayment of interest expense	(3,113)	(4,374)
	52,364	80,451
Analysed by:		
Current liabilities	29,406	28,087
Non-current liabilities	22,958	52,364
At 31 December	52,364	80,451

13. DEFERRED TAX LIABILITIES

	AT 1.1.2019 RM	RECOGNISED IN PROFIT OR LOSS (NOTE 20) RM	AT 31.12.2019 RM
<u>Deferred Tax Liabilities</u>			
Equipment	-	14,000	14,000
Right-of-use asset	-	(1,000)	(1,000)
Intangible assets	-	176,000	176,000
	-	189,000	189,000
<u>Deferred Tax Asset</u>			
Tax losses	-	(19,000)	(19,000)
Total	-	170,000	170,000

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13. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised deferred tax asset

Deferred tax asset has not been recognised in respect of the following item (stated at gross):

	31.12.2019 RM	31.12.2018 RM	1.1.2018 RM
Unutilised tax losses	<u>-</u>	<u>1,576,000</u>	<u>2,412,000</u>

14. TRADE PAYABLES

The normal trade credit terms granted to the Company range from 1 to 30 days (2018 - 1 to 30 days).

15. OTHER PAYABLES AND ACCRUALS

	31.12.2019 RM	31.12.2018 RM	1.1.2018 RM
Other payables	106,978	59,553	148,516
Accruals	39,839	12,639	23,168
	<u>146,817</u>	<u>72,192</u>	<u>171,684</u>

16. AMOUNT OWING TO A DIRECTOR

The amount owing is unsecured, interest-free and repayable upon demand. The amount owing is to be settled in cash.

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17. AMOUNT OWING TO HOLDING COMPANY

The amount owing is unsecured, interest-free and repayable upon demand.

18. REVENUE

	2019 RM	2018 RM
<u>Revenue recognised at a point in time:-</u>		
Subscription	5,847,806	4,119,911
Advertisement	26,111	30,402
	<u>5,873,917</u>	<u>4,150,313</u>

19. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):-

	2019 RM	2018 RM
Amortisation of intangible assets	165,552	127,657
Auditors' remuneration:		
- audit fee		
- Crowe Malaysia PLT	21,000	-
- other auditors	-	4,000
- non-audit fee		
- Crowe Malaysia PLT	7,000	-
Depreciation of equipment	37,750	42,333
Depreciation of right-of-use asset	27,825	27,825
Director's non-fee emoluments:		
- salaries and SOCSO	127,363	101,506
- defined contribution benefits	14,963	11,838

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19. PROFIT BEFORE TAXATION (CONT'D)

Profit before taxation is arrived at after charging/(crediting) (Cont'd):-

	2019 RM	2018 RM
Interest expense on lease liability	3,113	4,374
Lease expenses:		
- rental of office equipment	4,116	4,046
- rental of premises	31,200	31,200
- rental of storage	129,929	117,443
Staff costs:		
- short-term employee benefits	89,711	125,918
- defined contribution benefits	8,177	6,995
Realised foreign exchange loss	343	223
Interest income	(41,984)	(13,054)

20. INCOME TAX EXPENSE

	2019 RM	2018 RM
Current tax:		
- overprovision in the previous financial year	-	(24)
Deferred tax (Note 13):		
- for the financial year	170,000	-
	<u>170,000</u>	<u>(24)</u>

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20. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	2019 RM	2018 RM
Profit before taxation	<u>1,752,936</u>	<u>1,104,974</u>
Tax at the statutory tax rate of 24%	420,705	265,194
Tax effects of:-		
Non-deductible expenses	84	13,939
Non-taxable gain	(10,076)	(3,133)
Overprovision of current tax in the previous financial year	-	(24)
Utilisation of deferred tax asset previously not recognised	<u>(240,713)</u>	<u>(276,000)</u>
Income tax expense for the financial year	<u>170,000</u>	<u>(24)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year.

21. CASH FLOW INFORMATION

(a) The cash and cash equivalents comprise the following:-

	2019 RM	2018 RM
Highly liquid investment	1,868,110	706,158
Cash and bank balances	<u>140,364</u>	<u>54,705</u>
	<u>2,008,474</u>	<u>760,863</u>

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21. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease Liabilities RM	Total RM
2019		
At 1 January	80,451	80,451
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(28,087)	(28,087)
Repayment of interests	(3,113)	(3,113)
	(31,200)	(31,200)
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss (Note 12)	3,113	3,113
At 31 December	52,364	52,364
2018		
At 1 January	-	-
Effects on adoption of MFRS 16	107,277	107,277
At 1 January, as restated	107,277	107,277
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(26,826)	(26,826)
Repayment of interests	(4,374)	(4,374)
	(31,200)	(31,200)
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss (Note 12)	4,374	4,374
At 31 December	80,451	80,451

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22. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

22.1 Financial Risk Management Policies

The Company's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risks

(i) Foreign Currency Risk

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Company's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Company) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

2019	United States Dollar RM	Ringgit Malaysia RM	Total RM
Financial liabilities			
Trade payables	-	4,904	4,904
Other payables and accruals	100,413	46,404	146,817
Amount owing to a director	-	500,000	500,000
Amount owing to holding company	-	2,500,000	2,500,000
Lease liability	-	52,364	52,364
	100,413	3,103,672	3,204,085

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial Risk Management Policies (Cont'd)

(a) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

2018	United States Dollar RM	Ringgit Malaysia RM	Total RM
Financial liabilities			
Trade payables	-	2,730	2,730
Other payables and accruals	56,720	15,472	72,192
Amount owing to a director	-	500,000	500,000
Lease liability	-	80,451	80,451
	<u>56,720</u>	<u>598,653</u>	<u>655,373</u>

Except as disclosed above, the other financial assets and financial liabilities are not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currency as at the end of the reporting period, with all other variables held constant:-

	2019 (Decrease)/ Increase RM	2018 (Decrease)/ Increase RM
Effects on profit after taxation		
United States Dollar:		
- strengthened by 5%	(3,816)	(2,155)
- weakened by 5%	<u>3,816</u>	<u>2,155</u>

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial Risk Management Policies (Cont'd)

(a) Market Risks (Cont'd)

(ii) Interest Rate Risk

The Company does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

(iii) Equity Price Risk

The Company does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from other receivables. The Company 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 Company minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Company does not have any major concentration of credit risk related to any customer or counterparty.

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(ii) *Exposure to Credit Risk*

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Company after deducting any allowance for impairment losses (where applicable).

(iii) *Assessment of Impairment Losses*

At each reporting date, the Company assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact they are still subject to enforcement activities.

Other Receivable

The Company applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Company assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

The Company considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Cash and Bank Balances

The Company considers the bank has low credit risk. In addition, the bank balance is insured by Government agencies. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 - 5 YEARS RM
2019					
Trade payables	-	4,904	4,904	4,904	-
Other payables and accruals	-	146,817	146,817	146,817	-
Amount owing to a director	-	500,000	500,000	500,000	-
Amount owing to holding company	-	2,500,000	2,500,000	2,500,000	-
Lease liability	4.60	52,364	54,600	31,200	23,400
		3,204,085	3,206,321	3,182,921	23,400
2018					
Trade payables	-	2,730	2,730	2,730	-
Other payables and accruals	-	72,192	72,192	72,192	-
Amount owing to a director	-	500,000	500,000	500,000	-
Lease liability	4.60	80,451	85,800	31,200	54,600
		655,373	660,722	606,122	54,600

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.2 Capital Risk Management

The Company defines capital as the total equity and debt of the Company. The objective of the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its businesses and related shareholders value. To achieve this objective, the Company 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 its shareholders or issuing new shares.

The Company monitors and maintains a prudent level of total debt to total equity ratio to optimize shareholders value and to ensure compliance with debt covenants and regulatory, if any.

There was no change in the Company's approach to capital management during the financial year.

22.3 Classification of Financial Instruments

	2019 RM	Restated 2018 RM
Financial Assets		
<u>Amortised Cost</u>		
Other receivables and deposits	1,085,858	668,919
Cash and cash equivalents	2,008,474	760,863
	<u>3,094,332</u>	<u>1,429,782</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Trade payables	4,904	2,730
Other payables and accruals	146,817	72,192
Amount owing to a director	500,000	500,000
Amount owing to holding company	2,500,000	-
Lease liability	52,364	-
	<u>3,204,085</u>	<u>574,922</u>

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.4 Fair Value Information

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The fair values of the financial assets and financial liability of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

23. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

On 25 October 2019, the paid-up share capital and issued number of shares of the Company to be reduced from RM3,000,000 comprising 3,000,000 ordinary shares in the Company to RM500,000 comprising 500,000 ordinary shares by the cancellation of 2,500,000 ordinary shares held by the sole shareholder of the Company.

24. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 1 June 2020, the paid-up and issued share capital of the Company was increased from RM500,000 comprising 500,000 ordinary shares in the Company to RM2,700,000 comprising 2,700,000 ordinary shares by way of allotment and issuance of 2,200,000 ordinary shares.
- (b) On 17 July 2020, the Company incorporated a wholly owned subsidiary, Clover Green Sdn. Bhd. with a share capital of RM2 at RM1 per share.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. TRANSITION TO THE MFRS FRAMEWORK

As stated in Note 4.1 to the financial statements, these are the first financial statements of the Company prepared in accordance with MFRSs. The accounting policies in Note 5 to the financial statements have been applied to all financial information covered under this set of financial statements.

In preparing the opening MFRS statements of financial position at 1 January 2018 (date of transition), the Company have adjusted amounts reported previously in financial statements prepared in accordance with MPERS. The financial impacts on the transition are as below:-

Statement of Financial Position (Extract)

	NOTE	MPERS RM	TRANSITION EFFECTS RM	PRIOR YEAR ADJUSTMENT RM	MFRS RM
Equipment	a	316,321	(73,536)	-	242,785
Right-of-use asset	b	-	104,342	-	104,342
Intangible assets	a	-	298,356	-	298,356
Other receivables, deposits and prepayments	c	342,567	-	26,601	369,168
Accumulated losses	abc	(2,710,414)	221,885	26,601	(2,461,928)
Lease liability:					
- non-current liabilities	b	-	80,451	-	80,451
- current liabilities	b	-	26,826	-	26,826

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NOVELPLUS SDN. BHD.

(Incorporated in Malaysia)

Registration No : 201101039517 (967639 - A)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

	NOTE	MPERS RM	TRANSITION EFFECTS RM	PRIOR YEAR ADJUSTMENT RM	MFRS RM
<u>Statement of Comprehensive Income for the financial year ended 1 January 2018 (Extract)</u>					
Administrative and other expenses	b	(1,200,467)	298,356	-	(902,111)

- (a) Prior to 1 January 2018, novel content library was classified as equipment and the development expenditure incurred for mobile application platform was expensed off in profit or loss. Upon transition to MFRS Framework, novel content library and development expenditure for mobile application platform were classified as intangible asset.
- (b) Upon transition to MFRSs, for leases that were classified as operating leases under MPERS, the Company measured the lease liabilities at the present value of the remaining lease payments at the date of transition to MFRSs, discounted using the Company's incremental borrowing rate at that date. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.
- (c) The prior year adjustment is in relation to understatement of revenue prior to 1 January 2018.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	As previously reported RM	As restated RM
<u>Statement of Financial Position (Extract):-</u>		
<u>Non-current assets</u>		
Equipment	316,321	242,785
Rights-of-use asset	-	104,342
Intangible assets	-	298,356
<u>Current assets</u>		
Trade receivables	325,884	-
Other receivables, deposits and prepayments	16,683	369,168
Other financial asset	239,088	-
Cash and cash equivalents	64,494	303,582
<u>Equity</u>		
Accumulated losses	(2,710,414)	(2,461,928)
<u>Non-current liabilities</u>		
Lease liability	-	80,451
<u>Current liabilities</u>		
Trade payables	234	-
Other payables and accruals	171,450	171,684
Lease liability	-	26,826

APPENDIX II

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NSB AND CLOVER
GREEN FOR THE 10M-FPE 31 OCTOBER 2020**

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NSB AND CLOVER GREEN FOR THE 10M-FPE 31 OCTOBER 2020

(Unless otherwise stated, the abbreviations used herein shall be the same as those stated in the “Definitions” section of this Information Memorandum.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 10M-FPE 31 OCTOBER 2020

	Unaudited	
	10M-FPE 31 October 2019 RM	10M-FPE 31 October 2020 RM
Revenue	4,907,971	3,881,919
Cost of sales	(2,680,735)	(2,336,238)
GP	2,227,236	1,545,681
Other income	32,297	56,912
Selling and marketing expenses	(246,250)	(339,620)
Administrative and other operating expenses	(343,046)	(412,830)
Finance costs	(2,685)	(3,093)
PBT	1,667,552	847,050
Income tax expenses	-	(150,000)
PAT	1,667,552	697,050

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UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NSB AND CLOVER GREEN FOR THE 10M-FPE 31 OCTOBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2020

	Unaudited		Audited
	As at 31 October		As at 31 December
	2019 RM	2020 RM	2019 RM
<u>ASSETS</u>			
<u>Non-current assets</u>			
Equipment	168,993	137,477	162,702
Right-of-use asset	53,330	148,582	48,692
Intangible assets	752,677	1,031,233	789,584
	975,000	1,317,292	1,000,978
<u>Current assets</u>			
Other receivables, deposits and prepayments	1,036,400	753,798	1,090,639
Cash and cash equivalents	1,951,030	2,204,291	2,008,474
	2,987,430	2,958,089	3,099,113
Total assets	3,962,430	4,275,381	4,100,091
<u>EQUITY AND LIABILITIES</u>			
<u>Equity</u>			
Share capital	3,000,000	2,700,000	500,000
Retained earnings	310,622	923,056	226,006
Total equity	3,310,622	3,623,056	726,006
<u>Non-current liabilities</u>			
Lease liability	27,953	80,560	22,958
Deferred tax liabilities	-	170,000	170,000
	27,953	250,560	192,958
<u>Current liabilities</u>			
Trade payables	2,940	4,902	4,904
Other payables and accruals	91,732	265,700	146,817
Amount owing to a director	500,000	-	500,000
Lease liability	29,183	71,163	29,406
Current tax liabilities	-	60,000	-
	623,855	401,765	3,181,127
Total liabilities	651,808	652,325	3,374,085
Total equity and liabilities	3,962,430	4,275,381	4,100,091

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NSB AND CLOVER GREEN FOR THE 10M-FPE 31 OCTOBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 10M-FPE 31 OCTOBER 2020

	Share capital	(Accumulated losses) / Retained earnings	Total equity
	RM	RM	RM
Balance at 1 January 2019	3,000,000	(1,356,930)	1,643,070
Profit for the financial period	-	1,667,552	1,667,552
Balance at 31 October 2019	3,000,000	310,622	3,310,622
Balance at 1 January 2020	500,000	226,006	726,006
Issuance of 2,200,000 new ordinary shares by capitalising the amount owing to holding company	2,200,000	-	2,200,000
Profit for the financial period	-	697,050	697,050
Balance at 31 October 2020	2,700,000	923,056	3,623,056

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UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF NSB AND CLOVER GREEN FOR THE 10M-FPE 31 OCTOBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 10M-FPE 31 OCTOBER 2020

	Unaudited	
	10M-FPE 31 October 2019 RM	10M-FPE 31 October 2020 RM
<u>Cash flows from operating activities</u>		
PBT	1,667,552	847,050
<u>Adjustments for:-</u>		
Amortisation of intangible assets	137,739	136,407
Depreciation of equipment	31,459	32,323
Depreciation of right-of-use asset	23,187	34,376
Interest expense	2,685	3,093
Interest income	(32,297)	(35,312)
Operating profit before working capital changes	1,830,325	1,017,937
(Increase)/Decrease in other receivables, deposits and prepayments	(363,168)	336,841
Increase in trade and other payables	19,750	118,881
Cash from operations	1,486,907	1,473,659
Interest paid	(2,685)	(3,093)
Tax paid	-	(90,000)
Net cash flows from operating activities	1,484,222	1,380,566
<u>Cash flows for investing activities</u>		
Interest received	32,297	35,312
Additions of intangible assets	(303,037)	(378,056)
Additions of equipment	-	(7,098)
Net cash flows for investing activities	(270,740)	(349,842)
<u>Cash flows for financing activities</u>		
Repayment of lease liability	(23,315)	(34,907)
Repayment to holding company	-	(300,000)
Repayment to a director	-	(500,000)
Net cash flows for financing activities	(23,315)	(834,907)
Net increase in cash and cash equivalents	1,190,167	195,817
Cash and cash equivalents at beginning of the financial year	760,863	2,008,474
Cash and cash equivalents at end of the financial period	1,951,030	2,204,291

A. EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL REPORT FOR THE 10M-FPE 31 OCTOBER 2020

1. BASIS OF PREPARATION

The interim consolidated financial statements of NSB and Clover Green 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 Securities.

This interim financial report should be read in conjunction with the Audited Financial Statements of NSB for the FYE 2019 and the accompanying explanatory notes attached to this interim financial report.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by NSB and Clover Green in this interim consolidated financial report are consistent with those adopted in the Audited Financial Statements of NSB for the FYE 2019 as disclosed in Appendix I of this Information Memorandum except for the adoption of amendments to standards that are effective for the Group for the financial year beginning 1 January 2020 as follows:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of these amendments did not have any material impact on the interim financial report of the Group.

3. SEASONAL AND CYCLICAL FACTORS

The business operations of NSB and Clover Green are not significantly affected by any seasonal or cyclical factors.

4. 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 NSB and Clover Green during the current financial period.

5. 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.

6. DEBT AND EQUITY SECURITIES

Save for the issuance of 2,200,000 ordinary shares of NSB to Leopard due to the capitalisation of amount owing to Leopard, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period.

7. SEGMENTAL INFORMATION

The consolidated revenue of NSB and Clover Green are derived from 3 segments which are online reading, advertisement and print-on-demand. Please refer to Section 9.2 of this Information Memorandum for further details.

8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL PERIOD

Save for the completion of the Acquisition on 27 January 2021, there were no material events subsequent to the end of the current financial period. Please refer to Section 3.3 of this Information Memorandum for further details.

9. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

10. CAPITAL COMMITMENTS

There is no other material capital commitment in respect of property, plant and equipment as at 31 October 2020.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

1. REVIEW OF PERFORMANCE

The consolidated revenue of NSB and Clover Green decreased from RM4.91 million in 10M-FPE 31 October 2019 to RM3.88 million in 10M-FPE 31 October 2020. Please refer to Section 9 of this Information Memorandum for details of the review of the consolidated financial performance of NSB and Clover Green.

2. COMMENTARY ON PROSPECTS

The Board is of the view that the Group will continue to enjoy favourable prospects in line with the growing demand for e-books in Southeast Asia together with the future plans of the Group as set out in Section 4.18 of this Information Memorandum. Please refer to Section 4.19 of this Information Memorandum for details of the Group's prospects.

3. DIVIDEND

The Board did not recommend any dividend for the current financial period.

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