

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF KUCINGKO BERHAD (FORMERLY KNOWN AS KUCINGO SDN BHD) (“KUCINGKO” OR THE “COMPANY”) DATED 28 JUNE 2024 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Securities website at www.bursamalaysia.com (“Website”).

Availability and Location of Paper / Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Prospectus from the Company or the Issuing House, Malaysian Issuing House Sdn. Bhd.. Alternatively, the applicant may obtain a copy of the Prospectus subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This IPO and the distribution of the Electronic Prospectus are subject to Malaysian law. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, the Directors, the Promoters, the Principal Adviser, the Sponsor, the Underwriter and the Placement Agent named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves, and to observe such restrictions.

Close of Application

Applications will be accepted from **10.00 a.m. on 28 June 2024** and will close at **5.00 p.m. on 12 July 2024**. In the event there is any change to the timetable, the Company will advertise the notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia and announce it on Bursa Securities.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities, being the stock exchange the Company is seeking listing on. Users' access to the Website and the use of the contents of the Website and / or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind and shall not at any time be relied upon as such.

SAY YES
TO **KUCINGKO**
Join our Pixel to Profit Journey
#pixeltoprofit



KUCINGKO BERHAD (FORMERLY KNOWN AS KUCINGO SDN BHD)
H-G-03A GLOMAC SQUARE, JALAN SS6/16A, KELANA JAYA, 47301 PETALING JAYA, MALAYSIA
maomao@kucingko.com

PROSPECTUS

Kucingko

PROSPECTUS

THE IPO

THE DISCLAIMER

DATED
ON 28
06/24

Principal Adviser, Sponsor, Underwriter and
Placement Agent



KUCINGKO

KUCINGKO BERHAD (FORMERLY KNOWN AS KUCINGO SDN BHD)
Registration No. 202301011068 (1504989-A)
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

- (I) PUBLIC ISSUE OF 100,000,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:
 - (A) 25,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - (B) 10,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS; AND
 - (C) 65,000,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- (II) OFFER FOR SALE OF 100,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN IPO PRICE OF RM0.30 PER SHARE PAYABLE IN FULL UPON APPLICATION.

No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

Bursa Securities has approved the admission of our Company to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and registration of this Prospectus should not be taken to indicate that Bursa Securities recommends our IPO or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment.

Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 190.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THIS ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

kenanga KENANGA INVESTMENT BANK BERHAD
Registration No. 197301002193 (15678-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

All defined terms used in this Prospectus are defined under “Presentation of Financial and Other Information” commencing on page viii, “Definitions” commencing on page x and “Glossary of Technical Terms” commencing on page xvii.

RESPONSIBILITY STATEMENTS

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

Kenanga Investment Bank Berhad, being our Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to our IPO, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for the listing of and quotation for our Shares. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Form, has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is published solely in connection with our IPO. Our Shares are offered solely based on the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Offerors, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Offerors, Principal Adviser, Sponsor, Underwriter and Placement Agent, or any of their respective directors, or any other persons involved in our IPO.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. This Prospectus does not and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

Our Company, Directors, Promoters, Offerors, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of our Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability in relation thereto, whether or not any enquiry or investigation is made in connection therewith.

It is your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which our IPO or you are or might be subjected to. Neither we nor our Directors, Promoters, Offerors, Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to our IPO shall accept any responsibility or liability in the event that any other application made by you shall become illegal, unenforceable, avoidable or void in any such country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and this Prospectus registered with Bursa Securities are the same.

The internet is not a fully secured medium. Your Internet Share Application may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us, our Principal Adviser or Issuing House. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, information, files or other materials provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, files, information or other materials.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, i.e. to the extent that the content of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions may be viewed via web browser or other relevant software. The Internet Participating Financial Institutions are not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institutions and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium; and
- (iii) the Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

Events	Indicative dates
Issuance of Prospectus/Opening of Application	10:00 a.m., 28 June 2024
Closing of Application	5:00 p.m., 12 July 2024
Balloting of Application	16 July 2024
Allotment/Transfer of our IPO Shares to successful applicants	23 July 2024
Listing	26 July 2024

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and announce it on Bursa Securities' website accordingly.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation. Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “Kucingko” and “our Company” in this Prospectus are to Kucingko Berhad, references to the “Kucingko Group” or “our Group” are to our Company and our Subsidiaries taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “you” are to our prospective investors.

Any reference in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any legislation, statute or statutory provision shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or 2 decimal place, where applicable and hence may not be exact. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

All reference to dates and times are references to dates and times in Malaysia unless otherwise stated. All references to the “LPD” in this Prospectus are to 28 May 2024, which is the latest practicable date prior to the registration of this Prospectus with Bursa Securities.

This Prospectus includes statistical data provided by us and various third parties. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where there is no source stated, it can be assumed that the information originates from us or is extracted from the Independent Market Research Report prepared by Vital Factor (as defined in this Prospectus) which is included in Section 8 of this Prospectus. Vital Factor has been appointed to provide an Independent Market Research Report. In compiling its data for the review, Vital Factor had relied on its research methodology, industry sources, published materials, its own private databases and direct contacts within the industry.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail. The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, future plans and prospects, and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Group's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our services and general industry environment;
- (ii) our future financial performance, earnings, cash flow and liquidity;
- (iii) our business strategies and future growth opportunities;
- (iv) our future plans and objectives;
- (v) our ability to pay dividends; and
- (vi) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the general economic, business, social, political and investment environment globally;
- (ii) government policy, legislation and regulation;
- (iii) other factors which may or may not be within our control;
- (iv) relationship with our customers and the orders which we will receive from them;
- (v) shortage of skilled and semi-skilled employees;
- (vi) competitive environment in the industry which we operate; and
- (vii) delays or problems encountered in implementing our business strategies.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 9 of this Prospectus on "Risk Factors" and Section 12.3 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of our Issue Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC.

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the terms are defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP

Bowleh	:	Bowleh Sdn Bhd (Registration No. 201701042933 (1257106-H))
Fuloso	:	Fuloso Sdn Bhd (Registration No. 201801045770 (1307802-K))
Inspidea	:	Inspidea Sdn Bhd (Registration No. 200201012802 (580465-T))
Kucingko or Company	:	Kucingko Berhad (formerly known as Kucingo Sdn Bhd) (Registration No. 202301011068 (1504989-A))
Toonigami	:	Toonigami Sdn Bhd (Registration No. 200801004656 (805940-X))
Tourific	:	Tourific Sdn Bhd (Registration No. 199901025996 (500896-D))

GENERAL

ACE Market	:	ACE Market of Bursa Securities
Acquisition	:	Acquisition by Kucingko of the entire equity interest in Inspidea for a purchase consideration of RM9,559,999.93, wholly satisfied by the issuance of 399,999,997 new Shares at an issue price of RM0.0239 per Share, which was completed on 9 May 2024
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the ACE Market
Application	:	Application for our IPO Shares by way of Application Form, the Electronic Share Application or the Internet Share Application
Application Form(s)	:	Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
ATM	:	Automated teller machine
Board	:	Board of Directors of Kucingko
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-Laws	:	By-laws governing the LTIP
CAGR	:	Compound annual growth rate
Cat Ching	:	Cat Ching Sdn Bhd (Registration No. 202301028369 (1522292-V)), a private limited company incorporated and owned by See Chin Joo (53.05%) and Ooi Kok Hong (46.95%) to hold our Shares
CCM	:	Companies Commission of Malaysia

DEFINITIONS (CONT'D)

CDS	:	Central Depository System
CDS Account(s)	:	An account established by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
Central Depositories Act or SICDA	:	Securities Industry (Central Depositories) Act 1991
CFO / CCC	:	Certificate of fitness for occupation / certificate of completion and compliance
CMSA	:	Capital Markets and Services Act 2007
COVID-19	:	Coronavirus disease 2019
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	An electronic copy of this Prospectus that has been registered with Bursa Securities, which is being issued, circulated, distributed, stored or hosted on digital platforms or electronic storage mediums. This includes, but is not limited to, website, mobile application, email, compact disc, thumb drive and cloud-based storage
Electronic Share Application	:	Application for our IPO Shares through a Participating Financial Institution's ATM
Eligible Persons	:	Executive directors and employees who meet the criteria of eligibility for participation in the LTIP in accordance with the By-Laws
EPS	:	Earnings per Share
ESGS	:	Employees' share grant scheme
ESOS	:	Employees' share option scheme
ESOS Options	:	Options granted or to be granted under the ESOS to subscribe for new Shares pursuant to the contract constituted by the acceptance of an offer made in accordance with the terms and conditions of the offer and the By-Laws
Financial Years Under Review	:	FYE 2020, FYE 2021, FYE 2022 and FYE 2023, collectively
FYE	:	Financial year ended / ending 31 December, as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit
IFRS	:	International Financial Reporting Standards
IMR Report	:	Independent Market Research Report on the 2D animation production industry prepared by Vital Factor

DEFINITIONS (CONT'D)

Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Applications, which is set out in Section 16.6 of this Prospectus
Internet Share Application	:	Application for the Issue Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	RM0.30 per IPO Share, being the price payable by investors under the Public Issue and Offer for Sale
IPO Shares	:	Issue Shares and Offer Shares, collectively
Issue Shares	:	New Shares to be issued by our Company under the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
IT	:	Information technology
Kenanga IB or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	Kenanga Investment Bank Berhad (Registration No. 197301002193 (15678-H)), our principal adviser, sponsor, underwriter and placement agent
Kucingko Group or Group	:	Kucingko and our Subsidiaries, collectively
Listing	:	Listing of and quotation for our entire enlarged issued share capital on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	28 May 2024, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities
LTIP	:	Long-term incentive plan comprising ESOS and ESGS
LTIP Committee	:	The committee appointed from time to time by our Board pursuant to the By-Laws to administer the LTIP
Malaysia Digital Status	:	Malaysia Digital Status (formerly known as Multimedia Super Corridor Malaysia Status)
Malaysian Public	:	Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
MCO	:	Movement control order issued by the Government under the Prevention and Control of Infectious Disease Act, 1988 and the Police Act, 1967 as a preventive measure to curb the spread of COVID-19 in Malaysia effective from 18 March 2020
MDEC	:	Malaysia Digital Economy Corporation Sdn Bhd (Registration No. 199601016995 (389346-D))

DEFINITIONS (CONT'D)

MFRS	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
MITI	:	The Ministry of Investment, Trade and Industry of Malaysia
MyIPO	:	Intellectual Property Corporation of Malaysia
NA	:	Net assets
NBV	:	Net book value
Netval Ventures	:	Netval Ventures Sdn Bhd (Registration No. 200001007031 (509636-H))
Offer for Sale	:	The invitation by our Offerors to selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	100,000,000 existing Shares to be offered by our Offerors under the Offer for Sale as follows:

Offerors	No. of Offer Shares	(¹) % of enlarged issued share capital of our IPO
Koo Hong @ Ku Hong Hai	60,000,084	12.00
Tri Dynasty Holdings Sdn Bhd	8,000,011	1.60
Eng Lian Management Sdn Bhd	4,000,006	0.80
Lu Pat Sdn Bhd	4,000,006	0.80
Tham Choy Yong	19,599,887	3.92
Chang Tat Cyan	4,400,006	0.88
Total	100,000,000	20.00

Note:

(1) Based on the enlarged total number of 500,000,000 Shares after the IPO.

Offerors	:	Koo Hong @ Ku Hong Hai, Tri Dynasty Holdings Sdn Bhd, Eng Lian Management Sdn Bhd, Lu Pat Sdn Bhd, Tham Choy Yong and Chang Tat Cyan, collectively
Official List	:	A list specifying all securities which have been admitted for listing which have not been removed from the ACE Market
Participating Financial Institutions(s)	:	The participating financial institution(s) for the Electronic Share Application, which is set out in Section 16.5 of this Prospectus
PAT	:	Profit after taxation
PATAMI	:	Profit after taxation attributable to the owners of our Company
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple

DEFINITIONS (CONT'D)

Pink Form Allocations	:	Allocation of 10,000,000 Issue Shares to eligible Directors, employees of our Group and persons who have contributed to our success, as further detailed in Section 4.3.1(ii) of this Prospectus
Promoters	:	See Chin Joo, Ooi Kok Hong and Cat Ching, collectively
Prospectus	:	This prospectus dated 28 June 2024
Public Issue	:	The invitation by our Company to the Malaysian Public to subscribe for the Issue Shares at the IPO Price, payable in full upon Application, subject to the terms and conditions of this Prospectus
R&D	:	Research and development
Record of Depositors	:	A record of securities holders established by Bursa Depository in accordance with the Rules of Bursa Depository
Reporting Accountant or Russell Bedford	:	Russell Bedford LC PLT (LLP0030621-LCA & AF1237), our Auditors and Reporting Accountants
Retail Offering	:	Offering of 35,000,000 IPO Shares at the IPO Price, to be allocated in the following manner: <ul style="list-style-type: none"> (i) 25,000,000 IPO Shares available for application by the Malaysian Public; and (ii) 10,000,000 IPO Shares available for application by the eligible Directors and employees as well as persons who have contributed to our success
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Share Registrar	:	Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))
Share(s)	:	Ordinary share(s) in our Company
SMEs	:	Small and medium enterprises
Specified Shareholders	:	Promoters and Offerors, collectively
Subsidiaries	:	Bowleh, Fuloso, Inspidea, Toonigami and Tourific, collectively
Underwriting Agreement	:	The underwriting agreement dated 17 May 2024 entered into between our Company and Kenanga IB pursuant to our Listing
USA	:	United States of America
Vital Factor or IMR	:	Vital Factor Consulting Sdn Bhd (Registration No. 199301012059 (266797-T)), our independent business and market research consultants

DEFINITIONS (CONT'D)**CURRENCIES AND UNITS**

AUD	:	Australian Dollar, the lawful currency of Australia
CAD	:	Canadian Dollar, the lawful currency of Canada
EUR	:	Euro, the lawful currency of the European Union
HKD	:	Hong Kong Dollar, the lawful currency of Hong Kong Special Administrative Region
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
USD	:	United States Dollar, the lawful currency of the USA
SGD	:	Singapore Dollar, the lawful currency of Singapore
sq. ft.	:	Square feet
%	:	Per centum

CUSTOMERS OF OUR GROUP

The following are details of our customers whose names have been redacted for confidentiality throughout this Prospectus due to the confidentiality provisions in agreements entered with our customers. The confidentiality provisions are the conditions of our contracts placed by our customers. We have sought consent from our customers for the inclusion of their names in this Prospectus. However, our customers are unable to accede to the said request or have not responded.

Customer A Group	:	Customer A Group comprises 3 related companies that operates in the entertainment industry. They are subsidiaries of a listed entity on National Association of Securities Dealers Automated Quotations (NASDAQ) market with headquarters in New York, USA and offices in Germany, Canada, Australia, Sweden, United Kingdom, Singapore and others. Customer A Group is a global media and entertainment group with portfolio of contents, brands and franchises across television, film, streaming services and games
Customer B Group	:	Customer B Group comprises 2 related companies and are animation production companies. Their headquarters are in Los Angeles, California, USA and they have other offices in New York, USA and Vancouver, Canada
Customer C Group	:	Customer C Group comprises 6 related companies based in Canada. They are part of a group of companies that operates in the entertainment industry including creation and production of animated content and live-action television and film products, licensing programme development, editorial projects, talent scouting, merchandising, toy production and animated production for third parties. The headquarters of Customer C Group is in Italy
Customer D	:	Customer D is an animation production company specialising in animated television series. Customer D's operations are based in France with offices in Paris and Lille
Customer E Group	:	Customer E Group comprises 3 related companies operating within the animation production sector with offices based in USA

DEFINITIONS (CONT'D)

- Customer F : Customer F is an animation production company involved in, amongst others, feature films, short films, television series and commercial content based in Paris, France
- Customer G Group : Customer G comprises 2 related companies operating in the entertainment industry and is a producer and distributor of content for children programme with headquarters in London, United Kingdom and also operations in Netherland
- Customer H Group : Customer H Group comprises 4 related companies that operates in the entertainment industry and is a producer, distributor and licensor of animated content with headquarters in Halifax, Canada and operations worldwide including United Kingdom. It is a public listed entity on the Toronto Stock Exchange
- Customer I : Customer I operates in the entertainment industry and is a producer and developer of animated programs and feature films with headquarters in California, USA. It is a subsidiary of a public listed entity on the National Association of Securities Dealers Automated Quotations (NASDAQ) market which provide streaming services including TV series, films and games with approximately 231 million subscribers in over 190 countries
- Customer J : Customer J operates in the entertainment industry and is a producer and distributor of animated content for children and adults with headquarters in Paris, France and also operations Vietnam.
- Customer K : Customer K operates in the animation and digital entertainment industry with operational facility in Georgia, USA.
- Customer M : Customer M operates in the entertainment industry and is a producer of animated content with operational facility in Singapore.

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GLOSSARY OF TECHNICAL TERMS

The following technical terms used in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

2D	:	Two-dimension, it refers to a type of animation process which involve images that are flat or two-dimension created on a flat surface with image variations only on the width and height
3D	:	Three-dimension, it refers to a type of animation process which involve images that gives the illusion that they are three-dimension moving in a three-dimension space with image variations in width, height and depth
AI	:	Artificial intelligence
Animation	:	A process of digitally creating a series of still images that are slightly different from one another, compiling them in sequence and displaying them at a fast pace to simulate the illusion of movement
Asset creation	:	A process of creating digital elements for use in various media production such as animation or electronic games. In the context of this Prospectus, asset creation is for animation. These assets may include graphics, still images, animations, audio files or any other type of digital content that can be used for animation production
Character rigs	:	Digital skeleton of an animated character created using specialised software to control the movement and facial expression of the character
Cloud storage	:	A remote data storage facility commonly accessible through the internet and/or private network
Compositing	:	A process in which multiple digital images are combined to create a final, seamless image. It involves placing differing layers of elements on top of each other in each frame to achieve the desired visual effect. This may include adding lighting, special effects and adjusting the size and position of each element to ensure they fit seamlessly
Content producer	:	In the context of this Prospectus, it refers to the producer of an animated content where they coordinate and oversees the production of an animated content from the initial planning up to the distribution of the content
Creative retakes	:	Changes and amendments made on finished but not finalised animated content as a result of changes by the customer. Such changes are variations to the original production specifications and may include character design, backgrounds, or the overall aesthetics of the project. Creative retakes are commonly chargeable
Display resolution	:	Refers to the number of pixels, both horizontally and vertically, that a digital display (such as a computer monitor, television or smartphone screen) is capable of displaying. The resolution is usually expressed as the total number of pixels, such as "1920 x 1080" for full high definition, or "3840 x 2160" for 4,000 ultra-high definitions. The higher the resolution, the more detailed and sharper the image will appear on the screen, up to a certain point where the human eye may not be able to perceive any further difference
Eased motion	:	Refers to the motion that accelerates and decelerates gradually

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Feature film	:	A full-length film typically between 90 minutes and 120 minutes commonly targeted for cinema release as well as for streaming
First take	:	Refers to the first version of the completed but not finalised animation content and is subjected to further adjustments, corrections and editing for a revised version which is known as retake. Retakes may include technical retakes and/or creative retakes
fps	:	Frames per second
Frame rate	:	The number of frames required to create a single second of animated content to simulate movements and the unit of measure is fps
Frames	:	In the context of this report, it refers to the still images created for the production of animated content
Games	:	In the context of this Prospectus, it refers to electronic games or video games. It is a type of interactive entertainment played using electronic devices such as computers, gaming consoles, input devices, mobile phones and tablets
Generative artificial intelligence	:	It refers to the use of AI in computing to generate new and often original content or responses in the form of images, sound or textual information, without direct human intervention or direction. The generative AI tool may receive input instructions in text, still images, moving images and sound combined with other specifications and instructions for the generative AI tool to respond with new content or answer posed questions
In-between frames	:	Frames that fill in as movement frames between the start and end frames (key frames) to create smooth and fluid animation
Key frames	:	It refers to the starting and ending frames that are required within a particular action or scene. They are the most essential frames in an animation sequence as they are the base for the intended motion and also help establish the timing and pacing of the animation process
Library	:	In the context of this Prospectus, a library refers to a virtual storage facility for digital data such as textual, visual and audio files, or computing instructions and programs
Life-action	:	It refers to media such as film, television and videos that use real persons, movable and immovable properties, real or set-up locations and physical effects to create a story for entertainment, content for news or education and training purposes
Linear motion	:	Refers to the motion where the object or character moves at a constant speed in a straight line from one point to another
Pre-production package	:	Refers to materials to serve as the project brief, technical specifications and instructions for the production of animated content. Typically, it includes the storyboard, character design and background design
Rendering	:	It refers to the process of using computing software to create the final version of animated content suitable to be viewed by an audience. The process of rendering combines the individual frames of the animated content to create a seamless and high-quality final product

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Retakes	:	It refers to changes made to completed but not finalised animated content, it may include technical retakes and/or creative retakes
Runtime	:	It refers to the duration of the animated content
Short film	:	A self-contained story from start to end which is shorter in duration compared to a complete television series or a feature film
Streaming platforms	:	Refers to a digital platform where users watch or listen to media content such as television series, feature films, short films, music and talks on demand without having to first download the content
Technical retakes	:	Refers to correction of technical errors in the animation content, such as timing or movement issues, or other technical aspects of the production. Technical retakes are commonly not chargeable as they are considered mistakes made by the production company
Television series	:	A connected set of animated content stories commonly referred to as episodes created commonly for television broadcast but may also be broadcasted or streamed over digital media platforms
Voice-over	:	Refers to the lines recorded by artists which are used in visual contents including animated content to narrate the action or dialogue of the scene

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Designation)	Address	Nationality	Gender
Lim Chor Ghee <i>(Independent Non-Executive Chairman)</i>	2A Jalan Mahligai 1E/KU2 Bandar Bukit Raja 41050 Klang Selangor	Malaysian	Male
See Chin Joo <i>(Executive Director)</i>	12G Jalan Dungun Damansara Heights 50490 Kuala Lumpur	Malaysian	Male
Ooi Kok Hong <i>(Executive Director)</i>	Unit 07-02 The Westside One 1 Jalan Residen Utama Desa Parkcity 52200 Kuala Lumpur	Malaysian	Male
Quah Bee Fong <i>(Independent Non-Executive Director)</i>	11 Jalan Bunga Kemboja 6 Taman Muda Cheras 56100 Kuala Lumpur	Malaysian	Female
Elaine Law Soh Ying <i>(Independent Non-Executive Director)</i>	No. 24, Jalan Bidara 7 Bandar Botanik 41200 Klang Selangor	Malaysian	Female
Puar Chin Jong <i>(Independent Non-Executive Director)</i>	22 Jalan Residensi 1 Taman Residensi Sri Utara Off Jalan Ipoh Rawang 68100 Kuala Lumpur	Malaysian	Male
Ku Chia Loon <i>(Non-Independent Non-Executive Director)</i>	BB-38-02, 10 Mont' Kiara No. 4, Jalan Kiara 1 50480 Kuala Lumpur	Malaysian	Male

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1. CORPORATE DIRECTORY (CONT'D)**AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Puar Chin Jong	Chairperson	Independent Non-Executive Director
Quah Bee Fong	Member	Independent Non-Executive Director
Elaine Law Soh Ying	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Quah Bee Fong	Chairperson	Independent Non-Executive Director
Puar Chin Jong	Member	Independent Non-Executive Director
Elaine Law Soh Ying	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Elaine Law Soh Ying	Chairperson	Independent Non-Executive Director
Quah Bee Fong	Member	Independent Non-Executive Director
Puar Chin Jong	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES : Wong Youn Kim (MAICSA 7018778)
CCM Practicing Certificate No. 201908000410

Lim Li Heong (MAICSA 7054716)
CCM Practicing Certificate No. 202008001981

Wong Mee Kiat (MAICSA 7058813)
CCM Practicing Certificate No. 202008001958

Acclime Corporate Services Sdn Bhd
(Registration No.: 199901021060 (495960-D))
Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur

Telephone No: : (603) 2280 6388
Facsimile No. : (603) 2280 6399

REGISTERED OFFICE : Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur

Telephone No : (603) 2280 6388
Facsimile No. : (603) 2280 6399

HEAD OFFICE / PRINCIPAL PLACE OF BUSINESS : H-G-03A Glomac Square
Jalan SS6/16A, Kelana Jaya
47301 Petaling Jaya
Selangor

Telephone No : (603) 7880 9934
Email : maomao@kucingko.com
Website : www.kucingko.com

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT : Kenanga Investment Bank Berhad
Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur

Telephone No : (603) 2172 2888
Facsimile No. : (603) 2172 2776

SOLICITORS FOR OUR LISTING : Foong & Partners
13-1, Menara 1MK
Kompleks 1 Mont' Kiara
No 1 Jalan Kiara Mont' Kiara
50480 Kuala Lumpur

Telephone No. : (603) 6419 0822
Facsimile No. : (603) 6419 0823

1. CORPORATE DIRECTORY (CONT'D)

- AUDITORS AND REPORTING ACCOUNTANTS** : Russell Bedford LC PLT
Firm No. LLP0030621-LCA & AF1237
Suite 37, Level 21, Mercu 3
No.3, Jalan Bangsar, KL Eco City
59200 Kuala Lumpur
- Telephone No : (603) 2202 6666
Facsimile No. : (603) 2202 6688
Partner-in-charge : Lew Chui Hoong
Approval No. : 03481/01/2026 J
Qualification : Malaysian Institute of Accountants
(MIA Membership No. 31723)
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd
V Square @ PJ City Centre (VSQ)
Block 6, Level 6
Jalan Utara
46200 Petaling Jaya
Selangor
- Telephone No : (603) 7931 3188
Facsimile No. : (603) 7931 2188
Person-in-charge : Wooi Tan
Qualification : Master of Business Administration
from the New South Wales Institute
of Technology (now known as
University of Technology Sydney),
Australia; Bachelor of Science from
the University of New South Wales,
Australia and a Fellow of the
Australian Marketing Institute and
Institute of Managers and Leaders,
Australia (formerly known as the
Australian Institute of Management)
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
- Telephone No. : 03-7890 4700
Facsimile No. : 03-7890 4680
- SHARE REGISTRAR** : Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
- Telephone No. : 03-7890 4700
Facsimile No. : 03-7890 4680
- LISTING SOUGHT** : ACE Market of Bursa Securities

2. APPROVALS AND CONDITIONS

2.1 APPROVALS FROM RELEVANT AUTHORITIES

2.1.1 Bursa Securities

Bursa Securities had, via its letter dated 4 April 2024, approved our Admission, Listing and the listing of and quotation for the new Shares to be issued pursuant to the LTIP.

The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submit the following information in respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: <ul style="list-style-type: none"> (i) name of shareholders; (ii) number of Shares; and (iii) date of expiry of the moratorium for each block of Shares. 	Complied
2.	Confirmation that approvals from other relevant authorities have been obtained for implementation of our Listing proposal;	Complied
3.	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;	Complied
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Kucingko on the first day of Listing;	To be complied
6.	In relation to the public offering to be undertaken by Kucingko, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) level of subscription of public balloting and placement; (ii) basis of allotment/allocation; (iii) a table showing the distribution for placement tranche as per the prescribed format by Bursa Securities; and (iv) disclosure of placees who become substantial shareholders of Kucingko arising from the public offering, if any. <p>Kenanga IB to ensure that the overall distribution of Kucingko's securities is properly carried out to mitigate any disorderly trading in the secondary market;</p>	To be complied
7.	Kucingko/Kenanga IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Kucingko to the Official List of the ACE Market;	To be complied

2. APPROVALS AND CONDITIONS (CONT'D)

No.	Details of conditions imposed	Status of compliance
8.	Kenanga IB is required to submit a confirmation to Bursa Securities of full compliance of the LTIP pursuant to Rule 6.44(1) of the Listing Requirements and state the effective date of implementation of the LTIP; and	To be complied
9.	Kucingko is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the LTIP at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

2.1.2 SC

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

The SC had, via its letter dated 8 April 2024, taken note that our Company is exempted from the Bumiputera equity requirement for public listed companies ("**Bumiputera Equity Requirement**").

Our subsidiary, namely Inspidea, was awarded the Multimedia Super Corridor Malaysia Status by MDEC on 9 June 2004, which was subsequently replaced by Malaysia Digital Status on 4 July 2022. Inspidea was the major contributor to our Group's PAT for the Financial Years Under Review and accordingly, our Company is exempted from the Bumiputera Equity Requirement.

Nevertheless, if we undertake subsequent proposals which involve:

- (i) a transfer of our listing status to the Main Market of Bursa Securities; or
- (ii) any acquisition which results in a significant change in our business direction or policy,

we must submit such application to the SC under the Bumiputera Equity Requirement for a reassessment.

2.1.3 MITI

MITI had, via its letter dated 9 January 2024, taken note of our Listing and that we are exempted from having to comply with the Bumiputera Equity Requirement in light of the Malaysia Digital Status awarded to our subsidiary, Inspidea.

2. APPROVALS AND CONDITIONS (CONT'D)

2.2 MORATORIUM ON OUR SHARES

In compliance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

- (i) the moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (ii) upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of our total number of issued shares (adjusted for any bonus issue or subdivision of shares) shall remain under moratorium for a further period of 6 months ("**Second 6-Month Moratorium**"); and
- (iii) upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders' may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of the Shares held under moratorium.

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2. APPROVALS AND CONDITIONS (CONT'D)

The details of our Specified Shareholders and their Shares which will be subject to moratorium are as follows:

Specified Shareholders	Year 1				Year 2		Year 3	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares during the Year 2 Moratorium		Moratorium shares during the Year 3 Moratorium	
	No. of Shares held	(1) %	No. of Shares held	(1) %	No. of Shares held	(1) %	No. of Shares held	(1) %
Cat Ching	172,889,216	34.58	172,889,216	34.58	150,000,000	30.00	75,000,000	15.00
See Chin Joo	⁽²⁾ 300,001	0.06	300,001	0.06	-	-	-	-
Ooi Kok Hong	⁽²⁾ 300,001	0.06	300,001	0.06	-	-	-	-
Koo Hong @ Ku Hong Hai	76,266,580	15.25	76,266,580	15.25	-	-	-	-
Tri Dynasty Holdings Sdn Bhd	10,168,874	2.03	10,168,874	2.03	-	-	-	-
Eng Lian Management Sdn Bhd	5,084,437	1.02	5,084,437	1.02	-	-	-	-
Lu Pat Sdn Bhd	5,084,437	1.02	5,084,437	1.02	-	-	-	-
Tham Choy Yong	24,913,568	4.98	24,913,568	4.98	-	-	-	-
Chang Tat Cyan	5,592,885	1.12	5,592,885	1.12	-	-	-	-
Total	300,599,999	60.12	300,599,999	60.12	150,000,000	30.00	75,000,000	15.00

Notes:

(1) Based on our enlarged total number of 500,000,000 Shares after our IPO.

(2) Includes the allocation of 300,000 Shares under the Pink Form Allocations.

2. APPROVALS AND CONDITIONS (CONT'D)

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the abovementioned moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by our Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

In accordance with Rule 3.19(2) of the Listing Requirements, where the specified shareholder or vendor 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 shares in the unlisted corporation for the moratorium period.

In compliance with Rule 3.19(2) of the Listing Requirements, the following shareholders have undertaken not to sell, transfer or assign their shareholdings in the respective corporations for the duration of the moratorium period:

- (i) See Chin Joo and Ooi Kok Hong, being the shareholders of Cat Ching;
- (ii) Lim Koon Hock, Hiew Shyh Heong and Khor Yew Loong, being the shareholders of Tri Dynasty Holdings Sdn Bhd;
- (iii) Eng Lian Enterprise Sdn Bhd, being the sole shareholder of Eng Lian Management Sdn Bhd;
- (iv) Ng Lu Pat and The Nehsons Trust Company Bhd, being the shareholders of Lu Pat Sdn Bhd as well as Eng Lian Enterprise Sdn Bhd, being the holder of preference shares in Lu Pat Sdn Bhd;
- (iv) Aripeka Investments Pte Ltd, Ng Earn Chin, Yvonne Po Leng Lam, The Nehsons Trust Company Bhd and Lu Pat Sdn Bhd, being the shareholders of Eng Lian Enterprise Sdn Bhd;
- (v) Geraldine Marie Tse Chian Ng, Ng Earn Chin, Ng Ling Li, Ng Tee Chuan and Yvonne Po Leng Lam, being the shareholders of The Nehsons Trust Company Bhd;
- (vi) Aripeka Investments Ltd, being the sole shareholder of Aripeka Investments Pte Ltd; and
- (vii) Ng Lu Siong @ Ng Soon Huat, being the sole shareholder of Aripeka Investments Ltd.

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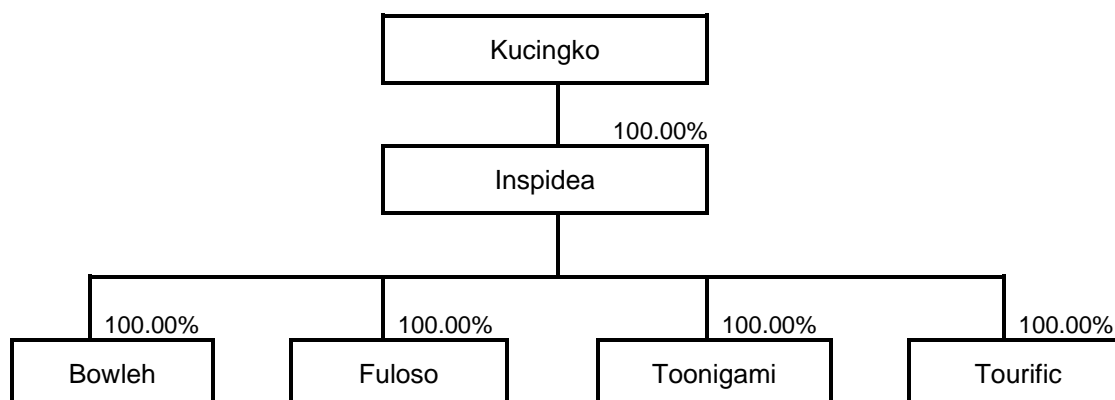
3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 OVERVIEW

We were incorporated in Malaysia under the Act on 23 March 2023 as a private limited company under the name of Kucingo Sdn Bhd. On 24 July 2023, we changed our name to Kucingko Sdn Bhd. We subsequently converted into a public limited company on 11 September 2023 and assumed our present name of Kucingko Berhad to facilitate our Listing.

As at the LPD, our Group's structure is as follows:



Further details of our Subsidiaries are set out in Section 6.5 of this Prospectus.

3.2 PRINCIPAL DETAILS OF OUR IPO

3.2.1 Allocation

Our IPO involves the Public Issue of 100,000,000 new Shares and Offer for Sale of 100,000,000 existing Shares, representing an aggregate of 40.00% of our enlarged number of issued Shares, at the IPO Price of RM0.30 per IPO Share, subject to the terms and conditions of this Prospectus. The allocation of our IPO Shares shall be in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(1) %
Malaysian Public	25,000,000	5.00	-	-	25,000,000	5.00
Pink Form	10,000,000	2.00	-	-	10,000,000	2.00
Allocations						
Private placement to selected investors	65,000,000	13.00	100,000,000	20.00	165,000,000	33.00
	100,000,000	20.00	100,000,000	20.00	200,000,000	40.00

Note:

(1) Based on the enlarged total number of 500,000,000 Shares after our IPO.

3. PROSPECTUS SUMMARY (CONT'D)

3.2.2 The principal statistics of our IPO

Share capital

Issued Shares as at the date of this Prospectus	400,000,000
Shares to be issued pursuant to the Public Issue	100,000,000
Enlarged number of issued Shares upon Listing	500,000,000
IPO Price per Share (RM)	0.30
Market capitalisation upon Listing based on the IPO Price (RM)	<u>150,000,000</u>
Total gross proceeds to be raised by our Company from the Public Issue (RM)	30,000,000
Total gross proceeds to be raised by our Offerors from the Offer for Sale (RM)	30,000,000

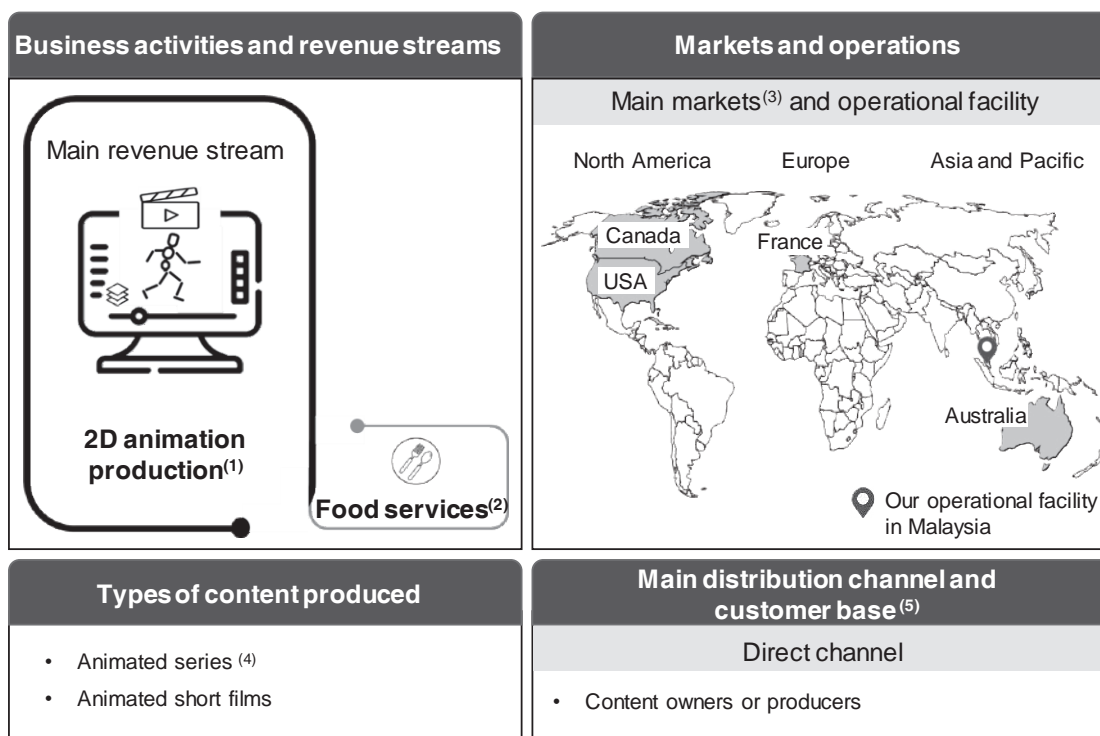
Please refer to Section 4 of this Prospectus for further details of our IPO.

3.2.3 Moratorium on our Shares

In compliance with the Listing Requirements, our Specified Shareholders' entire shareholdings after IPO will be held under moratorium. Further details on the moratorium are set out in Section 2.2 of this Prospectus. Save for the above, there is no other moratorium imposed on our Shares.

3.3 SUMMARY OF OUR BUSINESS AND OPERATIONAL HIGHLIGHTS

Our business model is depicted as follows:



3. PROSPECTUS SUMMARY (CONT'D)**Notes:**

- (1) Our revenue from 2D animation production accounted for 99.70% (RM14.88 million), 99.50% (RM17.59 million), 99.59% (RM23.39 million) and 99.76% (RM28.09 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.
- (2) Our revenue from food services accounted for 0.30% (RM0.04 million), 0.50% (RM0.09 million), 0.41% (RM0.10 million) and 0.24% (RM0.07 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.
- (3) Main markets are based markets with revenue contribution of on at least 10.00% of our total revenue for any of the Financial Years Under Review.
- (4) For the Financial Years Under Review, all of our 2D animation productions were mainly animated series for television broadcasting and digital online streaming.
- (5) For the Financial Years Under Review, we mainly serve customers who are content producers for the provision of 2D animation production services.

The main markets we serve are foreign countries, covering certain countries from regions including North America, Asia Pacific and Europe. Revenue from foreign countries collectively accounted for 99.70% (RM14.88 million), 99.50% (RM17.59 million), 99.59% (RM23.39 million) and 99.76% (RM28.09 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. Our revenue from foreign countries is entirely contributed by our 2D animation production services whereas revenue contribution from Malaysia was for our food services segment which accounted for 0.30% (RM0.04 million), 0.50% (RM0.09 million), 0.41% (RM0.10 million) and 0.24% (RM0.07 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

For the Financial Years Under Review, our revenue segmentation by geographical market is as follows:

Geographical markets	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
North America	7,393	49.54	11,447	64.77	21,893	93.22	20,815	73.92
Europe	2,062	13.82	5,736	32.45	1,351	5.75	6,805	24.17
Asia Pacific	5,468	36.64	492	2.78	241	1.03	539	1.91
TOTAL	14,923	100.00	17,675	100.00	23,485	100.00	28,159	100.00

Further details of our Group and overview of our business are set out in Sections 6 and 7 of this Prospectus.

3.4 IMPACT OF COVID-19

In FYE 2020, our financial performance was impacted by the COVID-19 pandemic mainly due to lower activities for our 2D animation production operations. In FYE 2021, our financial performance recovered where our total revenue increased by 18.44% from RM14.92 million in FYE 2020 to RM17.68 million in FYE 2021. In FYE 2022, our total revenue continued to increase by 32.87% from RM17.68 million in FYE 2021 to RM23.49 million in FYE 2022. In FYE 2023, our revenue increased by 19.90% from RM23.49 million in FYE 2022 to RM28.16 million in FYE 2023.

3. PROSPECTUS SUMMARY (CONT'D)

Further details on the impact of COVID-19 on our business operations and financial performance are set out in Section 7.13 of this Prospectus.

3.5 SUMMARY OF RISK FACTORS

Our business is subject to a number of risk factors, many of which are outside our control. Before investing in our Shares, you should carefully consider, along with the other matters, the risk factors (which may not be exhaustive) as set out in Section 9 of this Prospectus.

The following are some of the key risks that we are currently facing or that may occur in the future:

(i) We are dependent on certain major customers

Our revenue is based on contracts secured from customers from time to time. We are dependent on certain major customers, namely Customer A Group, Customer B Group, Customer C Group, Customer D, Customer H Group and Customer J where each of these customers accounted for more than 10.00% of our total revenue for at least one of the Financial Years Under Review. As these major customers collectively accounted for a significant portion of our total revenue, the loss of any one or a few of these major customers, if they are not replaced promptly either at comparable or higher contract values, it could adversely affect our business operations and financial performance. There is no assurance that we would be able to continue to retain these customers, or that the value of their contracts will not vary significantly from year to year.

(ii) Our financial performance is dependent on our ability to continually secure new and sizeable projects/contracts to sustain and grow our business

The nature of our business is project-based and we do not have contracts that provides us with recurrent revenue. The financial performance of our Group is dependent on our ability to continually secure new and sizeable projects/contracts to sustain and grow our business. As 2D animation production projects are typically awarded based on competitive bidding mainly through invitations to quote, we have to continue to submit proposals to bid for new projects.

As at the LPD, we have 10 on-going animation production projects with each of the contract value ranging between RM0.26 million to RM9.63 million. Furthermore, the contract period for our 10 on-going animation production projects ranges from 1 month up to 31 months. As at the LPD, our total unbilled order book amounted to RM23.32 million from these 10 on-going animation production projects which are expected to complete between FYE 2024 and FYE 2025. Further details on the order book are set out in Section 12.11 of this Prospectus.

In the event we are unable to secure sufficient new and sizable projects, our order book will decline over time and this would adversely affect our business sustainability and financial performance in the future.

(iii) Our business may be affected by the increasing popularity of free self-made life-action content or other free content distributed through social media platforms

As a 2D animation production service provider, our business may be affected by the performance of our customers' business in the entertainment industry which distributes content through conventional media such as television, pay-per-view and subscription-based streaming platforms. Our customers' business may lose viewership arising from the increasing popularity of free self-made short live-action content or other free content broadcasted over various social media platforms. If these competing contents grow in popularity at the expense of 2D animated content broadcasted over conventional

3. PROSPECTUS SUMMARY (CONT'D)

media, it may adversely affect our customers' business and subsequently the demand for our services.

3.6 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

(i) We have an established track record of 22 years in 2D animation production to sustain and grow our business

We have an established track record of 22 years in the provision of 2D animation production since the commencement of our business in 2002. During the initial years of our business, the focus was on the development of our proprietary 2D animation content where we were involved in the full production pipeline from story conceptualisation and design through to production and post-production. Since then and up to the LPD, we have developed 12 proprietary 2D animation content including 9 animated series, 1 animated short film, 1 graphic novel, and 1 animated character. Our proprietary contents include 2D animated series and short film with a total runtime of approximately 1,900 minutes.

(ii) We serve customers in foreign countries where our market coverage includes certain countries from North America, Asia Pacific and Europe regions to sustain and grow our business

We serve customers across 6 to 8 foreign countries for each of the Financial Years Under Review, which includes the following:

- (a) USA, Canada and Mexico from North America;
- (b) Australia, Singapore, Japan and Hong Kong from Asia Pacific; and
- (c) United Kingdom, France and Netherlands from Europe.

Revenue of our 2D animation production services are entirely derived from foreign countries which collectively accounted for 99.70% (RM14.88 million), 99.50% (RM17.59 million), 99.59% (RM23.39 million) and 99.76% (RM28.09 million) for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. This demonstrates our ability to tap into various foreign markets. Please refer to Section 7.3.1.2 of this Prospectus for further details on our revenue segmentation by geographical market.

Our ability to serve multiple markets covering numerous foreign countries as well as the entertainment market in North America provides us with potential business opportunities to sustain and grow our business.

(iii) We are involved in animation projects with a distribution network covering traditional television broadcasting and online streaming platforms to reach a global viewer base

Our customers are internationally recognised brand names in the entertainment industry and this include owners, producers and distributors of 2D animated series for the global market. Some of our internationally recognised customers include Warner Bros. Group and Titmouse Group and the notable animated contents where we carried out 2D animation production include Monster Beach, Lamput 3, The Harper House and Mao Mao Heroes of Pure Heart. To date, many of the contents of the animated series in which we were involved in the 2D animation production are screened over various formats including traditional television broadcasting as well as online streaming platforms to reach global viewers.

3. PROSPECTUS SUMMARY (CONT'D)

Depending on our customers' decision, our name may or may not be featured in the credits for the animated content in which we are involved. For the Financial Years Under Review, the percentage of our name being featured in the credits for animated content are as follows:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>
Credit accorded	5	7	4	2
Total animated content involved	36	28	20	20
Percentage (%)	13.89	25.00	20.00	10.00

Our involvement in producing 2D animation content for internationally recognised brand names with global distribution capabilities raises our profile as an animation production service provider with our existing and prospective customers.

(iv) We have experience and technical knowledge in managing and maintaining a large pool of skilled personnel

For the Financial Years Under Review, we have been managing a total of 159, 147, 191 and 260 technical and skilled staffs for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. This includes animators, background artists, compositing artists and production coordinators. Our skilled personnel involved in animation production are equipped with technical skills and knowledge, including animation techniques, background illustration and painting, as well as the expertise to transform a host of single frames into an animated video using software.

Our workflow has been structured to manage and maintain a large pool of skilled staff across multiple projects. Our workflow takes into consideration, amongst others, resource allocation and planning, production schedule and budgeting as well as quality control. Our project manager will monitor the overall workflow to ensure that the project can be completed within the time and budget as agreed with the customers. We utilise a customised animation production management software to monitor and review the progress and performance of the personnel to optimise our workflow.

(v) We have experienced directors and a management team to grow our business

We have experienced directors and a management team to grow our business.

Our Executive Director, See Chin Joo has over 22 years of experience in the 2D animation production industry. He is responsible for providing management guidance, and strategic advice to the key management personnel of our Group as well as overseeing the portfolio of finance, sales and marketing, and human resources processing of our Group. Our Executive Director, Ooi Kok Hong has over 22 years of experience in the 2D animation production industry and is responsible for providing strategic guidance and direction to the running of animation production, including talent acquisition, resource planning, process improvement, and technology development and deployment within our Group.

They are supported by our key management personnel comprising of our Head of Planning, Leong Mei Cian and Head of Animation, Mohd Faizal Bin Mohd Wazir who has over approximately 11 and 15 years of experience respectively in the 2D animation production industry.

Further details of our competitive strengths are set out in Section 7.5 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)**3.7 BUSINESS STRATEGIES AND FUTURE PLANS**

Our business strategies and plans are to continue with our existing business activities in 2D animation production and leverage from our core competencies to grow our business where for domestic expansion, we plan to set up branch offices in Sabah and Sarawak, undertake technical resources expansion and upgrading our existing operational office in Selangor. In addition, we plan to set up sales office in USA for foreign expansion.

Further details of our business strategies and future plans are set out in Section 7.6 of this Prospectus.

3.8 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP

As at the LPD, our Directors and key senior management are as follows:

Name	Designation
<u>Directors</u>	
Lim Chor Ghee	Independent Non-Executive Chairman
See Chin Joo	Executive Director
Ooi Kok Hong	Executive Director
Quah Bee Fong	Independent Non-Executive Director
Elaine Law Soh Ying	Independent Non-Executive Director
Puar Chin Jong	Independent Non-Executive Director
Ku Chia Loon	Non-Independent Non-Executive Director
<u>Key senior management</u>	
See Chin Joo	Executive Director
Ooi Kok Hong	Executive Director
Leong Mei Cian	Head of Planning
Mohd Faizal Bin Mohd Wazir	Head of Animation

Further details of our Directors and key senior management are set out in Sections 5.2 and 5.4 of this Prospectus.

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3. PROSPECTUS SUMMARY (CONT'D)

3.9 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS OF OUR GROUP

The details of our Promoters and/or substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality / Place of Incorporation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1) (%)	No. of Shares	(1) (%)	No. of Shares	(2) (%)	No. of Shares	(2) (%)
Promoters and substantial shareholders									
Cat Ching	Malaysia	172,889,216	43.22	-	-	172,889,216	34.58	-	-
See Chin Joo	Malaysian	1	*	172,889,216	⁽³⁾ 43.22	⁽⁴⁾ 300,001	0.06	172,889,216	⁽³⁾ 34.58
Ooi Kok Hong	Malaysian	1	*	172,889,216	⁽³⁾ 43.22	⁽⁴⁾ 300,001	0.06	172,889,216	⁽³⁾ 34.58
Substantial shareholder									
Koo Hong @ Ku Hong Hai	Malaysian	136,266,664	34.07	-	-	76,266,580	15.25	-	-

Notes:

* *Less than 0.01%.*

(1) *Based on the number of 400,000,000 Shares after the completion of the Acquisition and before our IPO.*

(2) *Based on the enlarged number of 500,000,000 Shares after our IPO assuming that the Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.*

(3) *Deemed interested by virtue of his interest in Cat Ching pursuant to Section 8 of the Act.*

(4) *Assuming he fully subscribe for his allotment under the Pink Form Allocations.*

Further details of our Promoters, substantial shareholders and their shareholdings in our Company are set out in Section 5.1 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)**3.10 FINANCIAL HIGHLIGHTS**

The following table sets out a summary of the combined financial information of our Group for the Financial Years Under Review.

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Combined statements of comprehensive income				
Revenue	14,923	17,675	23,485	28,159
Profit from operations ⁽¹⁾	4,892	8,099	9,393	10,718
PBT	4,890	8,151	9,434	10,797
PAT attributable to:				
- Owners of the Company	3,680	6,487	7,979	8,359
- Non controlling interests	(3)	(3)	-	-
Combined statements of cash flows				
Net cash flows from operating activities	4,168	5,350	10,539	8,854
Net cash flows from / (used in) investing activities	40	(1,386)	(176)	(3,073)
Net cash flows used in financing activities	(1,400)	(7,842)	(6,361)	(7,060)
Net changes in cash and cash equivalents	2,808	(3,878)	4,002	(1,279)
Cash and cash equivalents at beginning of the financial year	10,469	13,277	9,399	13,401
Cash and cash equivalents at end of the financial year	13,277	9,399	13,401	12,122
Other selected financial information				
EBITDA (RM'000)	6,211	9,144	10,423	11,900
PBT margin (%)	32.77	46.12	40.17	38.34
PAT margin (%)	24.64	36.68	33.97	29.68
Gearing ratio (times)	0.07	0.06	0.04	0.05
Current ratio (times)	5.23	5.86	4.28	3.93

Note:

(1) Refers to the earnings before finance income, finance costs and income tax expense our Group.

Further details of our Group's financial information are set out in Section 12 of this Prospectus.

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3. PROSPECTUS SUMMARY (CONT'D)**3.11 UTILISATION OF PROCEEDS**

Based on the IPO Price of RM0.30, the total gross proceeds of RM30.00 million from the Public Issue will be utilised by our Group in the following manner:

Description of utilisation	Amount of proceeds		Estimated timeframe for utilisation upon Listing
	RM'000	%	
Capacity expansion	17,767	59.22	Within 36 months
USA sales office	4,377	14.59	Within 36 months
Working capital	4,256	14.19	Within 12 months
Listing expenses	3,600	12.00	Immediate
Total	30,000	100.00	

Further details on the utilisation of proceeds are set out in Section 4.7 of this Prospectus.

3.12 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

We target a payout ratio of not less than 40.00% of our PAT attributable to owners of our Company after taking into account our Group's working capital requirements, subject to any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

The dividends declared and paid by our Group for the Financial Years Under Review are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Dividends declared	10,661	⁽²⁾ 6,703	6,204	5,019
Dividends paid	1,716	10,661	6,703	6,204
PAT	3,677	6,484	7,979	8,359
Dividend payout ratio ⁽¹⁾ (%)	289.94	103.38	77.75	60.04

Notes:

- (1) Computed as dividends declared divided by PAT which also include dividend in specie.
- (2) Includes dividend in specie via the distribution of 2,348,830 ordinary shares in Arboratory Limited to its shareholders.

The dividends declared and paid for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 were funded via internally generated funds.

Further information of our dividend policy is set out in Section 12.13 of this Prospectus.

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATIONS

Application for our IPO Shares will open at 10.00 a.m. on 28 June 2024 and will remain open until 5.00 p.m. on 12 July 2024.

Late Applications will not be accepted.

4.2 INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

Events	Indicative Date
Issuance of Prospectus/Opening of Application	10.00 a.m., 28 June 2024
Closing of Application	5.00 p.m., 12 July 2024
Balloting of Application	16 July 2024
Allotment/Transfer of our IPO Shares to successful applicants	23 July 2024
Listing	26 July 2024

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and announce it on Bursa Securities' website accordingly.

4.3 PARTICULARS OF OUR IPO

4.3.1 Public Issue

A total of 100,000,000 Issue Shares, representing 20.00% of our enlarged total number of Shares are offered at the IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

25,000,000 Issue Shares, representing 5.00% of our enlarged total number of Shares, will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 12,500,000 Issue Shares will be made available to public investors; and
- (b) 12,500,000 Issue Shares will be made available to Bumiputera public investors.

4. DETAILS OF OUR IPO (CONT'D)**(ii) Eligible Directors, employees of our Group and persons who have contributed to our success**

10,000,000 Issue Shares, representing 2.00% of our enlarged total number of Shares, will be reserved for application by the eligible Directors, employees of our Group and persons who have contributed to our success in the following manner:

Category	Number of persons	Number of Issue Shares allocated
Eligible Directors ⁽¹⁾	8	2,900,000
Eligible employees of our Group ⁽²⁾	83	6,390,000
Persons who have contributed to our success ⁽³⁾	4	710,000
Total	95	10,000,000

Notes:

(1) *The criteria of allocation to our eligible Directors and directors of our Subsidiaries are based on, amongst others, their respective roles and responsibilities in our Group.*

The number of Issue Shares under the Pink Form Allocations to be allocated to our eligible Directors is set out below:

Name of Directors	Designation	Number of Issue Shares allocated
<i>Lim Chor Ghee</i>	<i>Independent Non-Executive Chairman</i>	<i>300,000</i>
<i>See Chin Joo</i>	<i>Executive Director</i>	<i>300,000</i>
<i>Ooi Kok Hong</i>	<i>Executive Director</i>	<i>300,000</i>
<i>Quah Bee Fong</i>	<i>Independent Non-Executive Director</i>	<i>300,000</i>
<i>Elaine Law Soh Ying</i>	<i>Independent Non-Executive Director</i>	<i>300,000</i>
<i>Puar Chin Jong</i>	<i>Independent Non-Executive Director</i>	<i>300,000</i>
<i>Ku Chia Loon</i>	<i>Non-Independent Non-Executive Director</i>	<i>300,000</i>
Total		2,100,000

The number of Issue Shares under the Pink Form Allocations to be allocated to director of our Subsidiaries is set out below:

Name of director	Designation	Number of Issue Shares allocated
<i>Wooi Yaik Seng</i>	<i>Director of Inspidea, Toonigami and Tourific</i>	<i>800,000</i>

4. DETAILS OF OUR IPO (CONT'D)

(2) *The criteria of allocation to our eligible employees (as approved by our Board) are based on, amongst others, the following factors:*

- (i) *the eligible employee must be a full time and confirmed employee and on the payroll of our Group; and*
- (ii) *the number of Issue Shares allocated to our eligible employees is based on their seniority, position, length of service, past performance and respective contribution made to our Group as well as other factors deemed relevant by our Board.*

The number of Issue Shares allocated under this category is inclusive of the allocation to our key senior management. The number of Issue Shares to be allocated to our key senior management under the Pink Form Allocations is set out below:

<i>Name of key senior management</i>	<i>Designation</i>	<i>Number of Issue Shares allocated</i>
<i>Leong Mei Cian</i>	<i>Head of Planning</i>	<i>400,000</i>
<i>Mohd Faizal Bin Mohd Wazir</i>	<i>Head of Animation</i>	<i>400,000</i>
<i>Total</i>		<i>800,000</i>

(3) *The number of Pink Form Allocations to persons who have contributed to our success comprising, amongst others, our suppliers and business associates shall be based on their length of business relationship with our Group, the level of their current and past contribution and support to our Group and as approved by our Board.*

As at the LPD, to the extent known to our Company:

- (i) save as disclosed in Section 4.3.1(ii) of this Prospectus, there are no substantial shareholders, Directors or key senior management of our Company who have indicated that they intend to subscribe for the IPO Shares; and
- (ii) there is no person who have indicated that they intend to subscribe for more than 5.00% of our IPO Shares.

(iii) Private placement

65,000,000 Issue Shares, representing 13.00% of our enlarged number of issued Shares, will be made available by way of private placement to selected investors.

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4. DETAILS OF OUR IPO (CONT'D)

4.3.2 Offer for Sale

Concurrent with the Public Issue, the Offerors will offer 100,000,000 Offer Shares representing 20.00% of our enlarged total number of Shares, by way of private placement to selected investors at the IPO Price. The Offer Shares to be offered by each Offerors and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Address	Position / Relationship with our Group	Shareholdings before our IPO		Offer for Sale			Shareholdings after Offer for Sale/our IPO	
			No. of Shares	(1) %	No. of Shares	(1) %	(2) %	No. of Shares	(2) %
Koo Hong @ Ku Hong Hai	BB-38-01 10 Mont' Kiara No. 4 Jalan Kiara 1 50480 Kuala Lumpur	Substantial shareholder	136,266,664	34.07	60,000,084	15.00	12.00	76,266,580	15.25
Tri Dynasty Holdings Sdn Bhd	9G Jalan Industri PBP 3/2 Taman Industri Pusat Bandar Puchong 47100 Selangor	Shareholder	18,168,885	4.54	8,000,011	2.00	1.60	10,168,874	2.03
Eng Lian Management Sdn Bhd	Tingkat 4, Lin Ho Building 15, Jalan Hang Lekiu 50100 Kuala Lumpur	Shareholder	9,084,443	2.27	4,000,006	1.00	0.80	5,084,437	1.02
Lu Pat Sdn Bhd	6 & 8 Jalan Gereja 3 rd Floor 50100 Kuala Lumpur	Shareholder	9,084,443	2.27	4,000,006	1.00	0.80	5,084,437	1.02
Tham Choy Yong	No. 79, Jalan SS2/41 47300 Petaling Jaya Selangor	Shareholder	44,513,455	11.13	19,599,887	4.90	3.92	24,913,568	4.98
Chang Tat Cyan	No. 65, Jalan SS21/3 Damansara Utama 47400 Petaling Jaya Selangor	Shareholder	9,992,891	2.50	4,400,006	1.10	0.88	5,592,885	1.12
Total			227,110,781	56.78	100,000,000	25.00	20.00	127,110,781	25.42

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (1) *Based on the total number of 400,000,000 Shares after the completion of the Acquisition and before our IPO.*
- (2) *Based on the enlarged total number of 500,000,000 Shares after our IPO.*

Our Offerors are also Specified Shareholders in our Group, whereby a moratorium will be imposed on the sale, transfer or assignment of Shares held by them as set out in Section 2.2 of this Prospectus.

Based on the IPO Price, the Offer for Sale will raise gross proceeds of approximately RM30.00 million, which will accrue entirely to our Offerors. Our Offerors will bear all the expenses relating to the Offer for Sale, which is estimated to be approximately RM0.75 million.

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4. DETAILS OF OUR IPO (CONT'D)**4.3.3 Underwriting arrangement and allocation of our IPO Shares**

In summary, our IPO Shares will be allocated in the following manner:

	Issue Shares		Offer Shares		IPO Shares	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
Retail Offering						
- Malaysian Public (via balloting)	25,000,000	5.00	-	-	25,000,000	5.00
- Eligible Directors, employees of our Group and persons who have contributed to our success	10,000,000	2.00	-	-	10,000,000	2.00
Private placement						
- Selected investors	65,000,000	13.00	100,000,000	20.00	165,000,000	33.00
Total	100,000,000	20.00	100,000,000	20.00	200,000,000	40.00

Note:

(1) Based on the enlarged total number of 500,000,000 Shares after our IPO.

The retail offering has been fully underwritten, while the private placement is not underwritten. Irrevocable undertakings will be obtained from the identified selected investors to subscribe for our IPO Shares available under the private placement.

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view:

- (i) to broaden our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities; and
- (ii) to establish a liquid and adequate market for our Shares.

4.3.4 Clawback and re-allocation

Our IPO Shares will be subject to the following clawback and reallocation provisions:

- (i) any Issue Shares not subscribed for under the Pink Form Allocations will be made available for application by other eligible Directors, employees of our Group and person who have contributed to our success who have applied for excess IPO Shares in addition to their pre-determined allocation ("**Excess IPO Shares**") and will be allocated on a fair and equitable basis in the following priority:
 - (a) firstly, allocation on a pro-rata basis to our eligible Directors and employees of our Group who have applied for Excess IPO Shares based on the number of Excess IPO Shares applied for;
 - (b) secondly, allocation of any balance Excess IPO Shares after item (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess IPO Shares based on the number of Excess IPO Shares applied for; and

4. DETAILS OF OUR IPO (CONT'D)

- (c) thirdly, to minimise odd lots.
- (ii) after (i) above, if any of our Issue Shares made available to the eligible Directors, employees of our Group and persons who have contributed to our success under the Pink Form Allocations are undersubscribed, such Issue Shares will be made available for application by way of private placement to selected investors;
- (iii) if there is an under-subscription in the private placement to selected investors and there is an over-subscription by the Malaysian Public, our Issue Shares may be clawed back from the private placement to selected investors and reallocated to the Malaysian Public; and
- (iv) if there is an under-subscription by the Malaysian Public and there is an over-subscription in the private placement to selected investors, our Issue Shares may be clawed back from the allocation to Malaysian Public and reallocated to selected investors via private placement.

Any Issue Shares made available for application by the Malaysian Public, and the eligible Directors, employees of our Group and persons who have contributed to our success, not applied for after being subject to the clawback and reallocations provisions above will be underwritten by the Underwriter based on the terms of the Underwriting Agreement.

The clawback and reallocation provisions will not apply in the event there is an over-subscription of the Issue Shares allocated to the Malaysian Public and Pink Form Allocations.

4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirement as set out in the Listing Requirements or as approved by Bursa Securities. There is no over-allotment or “greenshoe” option that will result in an increase in the number of our IPO Shares.

In the event of an over-subscription, acceptance of Application by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.00% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our Admission. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing.

In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4.3.6 LTIP

In conjunction with our Listing, we established a LTIP of up to 10.00% of the total number of issued Shares of our Company, comprising ESOS and ESGS, to be granted to the Eligible Persons.

The LTIP is intended to provide our Company with the flexibility to determine the most appropriate instrument or combination of instruments to reward and retain Eligible Persons whose services are vital to the continued growth and performance of our Group. It is also intended to incentivise the Eligible Persons for their commitment, dedication and loyalty towards attainment of higher performance.

4. DETAILS OF OUR IPO (CONT'D)

The LTIP will be administered by the LTIP Committee and will be governed by the By-Laws. The members of the LTIP Committee comprise one of our Executive Director and two of our Independent Non-Executive Directors as follows:

Name	Designation	Directorship
See Chin Joo	Chairman	Executive Director
Lim Chor Ghee	Member	Independent Non-Executive Director
Quah Bee Fong	Member	Independent Non-Executive Director

The ESOS involves the grant of options to the Eligible Persons to subscribe for new Shares in our Company throughout the duration of the LTIP at a subscription price per Share to be determined in accordance with the By-Laws, whereas the ESGS involves grant of Shares in our Company to the Eligible Persons, i.e. the Eligible Persons are not required to pay any subscription price for the Shares in our Company.

In implementing the LTIP, the LTIP Committee may, at its discretion, decide that any vesting of Shares comprised in an award under the LTIP ("**LTIP Award**") shall be satisfied through:

- (i) the issuance of new Shares;
- (ii) the acquisition and transfer of existing Shares (including treasury shares, if any);
- (iii) any other methods as may be permitted by the Act; or
- (iv) a combination of any of the above.

In considering the modes of satisfaction as referred to in (i) to (iv) above, the LTIP Committee will take into consideration factors such as, amongst others, the prevailing market price of the Shares, funding considerations, dilutive effects of any such issuance on our Company's share capital base, and cash requirements of our Group.

The salient features of the LTIP are as follows:

(i) **Maximum number of Shares available under the LTIP**

Not more than 10.00% of the total number of issued Shares of our Company (excluding treasury shares, if any) at any one time throughout the duration of the LTIP.

(ii) **Maximum allowable allocation and basis of allocation**

At the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the seniority, job grading, length of service and/or contribution to our Group by the Eligible Persons and/or other matters which the LTIP Committee may in its sole and absolute discretion deem fit, subject always to the following:

- (a) Eligible Persons do not participate in the deliberation or discussion of their own allocation and the allocation to any person connected with them;
- (b) the number of Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20.00% or more in the total number of issued Shares (excluding treasury shares) of our Company, shall not exceed 10.00% of the total number of Shares to be made available under the LTIP; and

4. DETAILS OF OUR IPO (CONT'D)

- (c) not more than 80.00% of the new Shares available under the ESOS and ESGS shall be allocated in aggregate to the executive Directors and key senior management.

The maximum allocation of 80.00% to the executive Directors and key senior management was determined to incentivise the Directors for their contribution towards development, growth and success and strategic direction to drive long term shareholder value enhancement of our Group and to incentivise the senior management of our Group for their commitment, dedication and loyalty towards attainment of higher performance.

The LTIP Committee shall be entitled in its discretion to determine the aggregate maximum number of Shares that may be allocated between the ESOS and the ESGS which shall not in aggregate exceed 10.00% of the total number of issued Shares (excluding treasury shares, if any) from time to time, and to any one class/grade of Eligible Person.

(iii) Eligibility

Subject to the discretion of the LTIP Committee, any Eligible Persons of our Group shall be eligible to be considered for the offer of ESOS Options under the ESOS and share grant under the ESGS, if the following eligibility criteria are fulfilled:

- (a) he/she has attained the age of at least 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) he/she is employed on full time basis and is on the payroll of any company within our Group, and who has been confirmed in service/employment as a full-time employee of our Group, and has not at the relevant point in time served a notice of resignation or received a notice of termination;
- (c) in respect of an executive Director, the executive Director must have been appointed as an executive Director for such period as may be determined by the LTIP Committee prior to and up to the date of the LTIP Award and has not at the relevant point in time served a notice of resignation or received a notice of termination; and/or
- (d) he/she falls within any other categories or criteria as may be determined by the LTIP Committee from time to time in its absolute discretion.

Our LTIP Committee may, at any time and from time to time, before and after a LTIP Award is granted, have the sole and absolute discretion to:

- (a) limit the exercise of the ESOS Options to a maximum number of new Shares and/or such percentage of the total new Shares comprised in the ESOS Options during such periods within the option period;
- (b) subject the exercise of the ESOS Options and/or ESGS to any vesting condition determined by the LTIP Committee at its sole and absolute discretion including but not limited to performance targets being achieved before an ESOS Options and/or ESGS can be exercised;
- (c) impose any other terms and conditions (including the time period to exercise the ESOS Options or ESGS) as the LTIP committee may, in its sole discretion deems appropriate including amending or varying any terms and conditions imposed earlier; and/or

4. DETAILS OF OUR IPO (CONT'D)

- (d) stagger the allocation of ESOS Options and/or ESGS available over the duration of the LTIP and to determine the vesting period (if any) for the ESOS Options and/or ESGS granted under the LTIP.

(iv) Subscription price

The subscription price of each Share comprised in any ESOS Option shall be:

- (a) in respect of any ESOS Option granted in conjunction with our IPO, be the IPO Price; or
- (b) in respect of any ESOS Option granted after our IPO, at the discretion of the LTIP Committee, be based on a discount of not more than 10.00% or such higher limit as may be permitted from time to time by Bursa Securities or any other relevant authorities to 5-day volume weighted average market price of our Shares transacted on Bursa Securities immediately preceding the offer date.

(v) Duration of the LTIP

The LTIP shall be in force for a period of 5 years commencing from the effective date upon full compliance with the Listing Requirements and may be extended by our Board at its absolute discretion, without having to obtain the approval of our shareholders, for up to another 5 years immediately from the expiry of the first 5 years, and shall not in aggregate exceed 10 years from the effective date of implementation of the LTIP, being the date of full compliance with all relevant provisions of the Listing Requirements in relation to the LTIP.

(vi) Rights of grantees

The ESOS Options shall not carry any rights to vote at any general meeting of our Company. The grantees shall not in any event be entitled to any dividends, rights or other entitlements on his/her unexercised ESOS Options.

In the event that a resolution is passed or a court order is made for the winding up of our Company, all outstanding LTIP Awards shall be automatically terminated and be of no further force and effect commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding up or liquidation of our Company, all rights to exercise and/or vest the LTIP Awards shall automatically be suspended from the date of presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise and/or vest the LTIP awards shall accordingly be unsuspending.

(vii) Ranking of the new Shares to be issued under the LTIP

The new Shares to be allotted and issued under the LTIP will be subject to the provisions of our Constitution and will, upon allotment and issuance, rank equally in all respects with our existing Shares including voting rights, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid to our shareholders for which the relevant entitlement date precedes the date of issuance of the new Shares pursuant to the LTIP.

In respect of the existing Shares to be transferred to the ESGS grantees pursuant to the vesting of the Shares comprised in an ESGS grant, such Shares rank equally in all respects with our existing Shares. However, the ESGS grantee shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the Shares are credited into the CDS Accounts of the ESGS grantees on or prior to the relevant entitlement date of such dividends, rights, allotments and/or other distributions.

4. DETAILS OF OUR IPO (CONT'D)**(viii) Alteration of share capital and adjustment**

In the event of an alteration in the share capital of our Company during the duration of the LTIP, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction or any other variation of capital, the LTIP Committee may, at its discretion, determine whether:

- (a) in respect of the ESOS, the option price and/or the number of unvested or unexercised ESOS Options and the option price and/or number of ESOS Options in respect of which future ESOS awards may be granted under the ESOS; and
- (b) in respect of the ESGS, the ESGS grant price and/or number of Shares comprised in unvested ESGS,

shall be adjusted, and if so, the manner in which such adjustments should be made, as provided for in the By-Laws.

Save as provided for in the By-Laws, the external auditors or the principal adviser selected by our Board (acting as an expert and not as an arbitrator) shall confirm in writing that the adjustments are in their opinion fair and reasonable.

Any fraction of a Share arises from the adjustment, the number of Shares comprised in any award of ESOS Options and ESGS grant shall automatically be rounded down to the nearest whole number.

(ix) Listing of and quotation for the new Shares to be issued arising from the exercise of the LTIP

The LTIP is conditional upon the listing of our Company on the ACE Market of Bursa Securities and any new Shares to be issued pursuant to the LTIP will be listed and quoted on the ACE Market of Bursa Securities.

Prior to the full vesting of any LTIP Awards to the Eligible Persons, such LTIP awards that remain unvested or unexercised or unsatisfied (as the case may be) shall be automatically terminated and ceased or be deemed to cease to be valid in the event of the termination or cessation of employment of the grantee with our Group, in which event the termination of LTIP Awards shall be effective on the grantee's last day of employment.

The proposed specific allocation of the ESOS Options to the Eligible Persons in conjunction with our Listing is as follows:

Name	Designation	No. of ESOS Options allocated
See Chin Joo	Executive Director	2,500,000
Ooi Kok Hong	Executive Director	2,500,000
Leong Mei Cian	Head of Planning	600,000
Mohd Faizal Bin Mohd Wazir	Head of Animation	600,000
Other employees	-	8,100,000
Total		14,300,000

4. DETAILS OF OUR IPO (CONT'D)

The exercise price for the above ESOS Options shall be the IPO Price. The above ESOS Options to be granted shall vest over 4 tranches, commencing from the first anniversary of the date of the Listing as follows:

First anniversary of the date of the Listing	10.00%
Second anniversary of the date of the Listing	20.00%
Third anniversary of the date of the Listing	30.00%
Fourth anniversary of the date of the Listing	40.00%

Our Executive Directors, See Chin Joo and Ooi Kok Hong have abstained from voting in respect of their direct and/or indirect shareholdings in our Company on the resolutions pertaining to the specific allocations of the above ESOS Options to themselves. Any further offer, allocation or allotment under the LTIP to any of our executive Directors or persons connected to them (if any), shall require the prior approval of our shareholders in a general meeting.

The grant of the ESOS Options in conjunction with our Listing will not have an immediate effect on the consolidated NA and NA per Share until such time new Shares are issued when the ESOS Options are exercised. Any potential effect on the consolidated NA per Share would depend on the number of ESOS Options that have vested and the exercise price of the ESOS Options, which shall be the IPO Price.

Further details of the LTIP are set out in the By-Laws in Section 15 of this Prospectus.

4.3.7 Share capital, classes of shares and rankings

Upon completion of our IPO, our share capital will be as follows:

Details	No. of Shares	RM
As at the date of this Prospectus	400,000,000	9,560,003
To be issued under the Public Issue	100,000,000	⁽¹⁾ 29,292,000
Enlarged issued Shares upon Listing	500,000,000	38,852,003

Note:

(1) *Calculated based on the IPO Price and after deducting the estimated listing expenses of approximately RM708,000 which is directly attributable to the Public Issue and allowed to be debited against the share capital of our Company.*

The Offer for Sale will not have any effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares. Our Issue Shares will, upon allotment and issuance, rank equally in all respect with our existing Shares including voting rights and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

4. DETAILS OF OUR IPO (CONT'D)

At any general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representatives. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held.

4.4 BASIS OF ARRIVING AT THE IPO PRICE

Our IPO Price was determined and agreed upon by us and our Principal Adviser, Sponsor, Underwriter and Placement Agent after taking into consideration the following factors:

- (i) PE multiple of approximately 17.95 times based on our EPS of approximately 1.67 sen for the FYE 2023 (calculated based on our PAT attributable to owners of our Company for the FYE 2023 of approximately RM8.36 million and our enlarged total number of 500,000,000 Shares upon Listing);
- (ii) our pro forma combined NA per Share of RM0.09 as at 31 December 2023 based on our enlarged number of issued Shares of 500,000,000 Shares, after our IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 4.7 of this Prospectus;
- (iii) our competitive strengths as described in Section 7.5 of this Prospectus;
- (iv) our business strategies and future plans as described in Section 7.6 of this Prospectus; and
- (v) the industry overview and prospects as set out in the IMR Report in Section 8 of this Prospectus.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to carefully consider the risk factors as set out in Section 9 of this Prospectus.

4.5 OBJECTIVES OF OUR IPO

The purposes of our IPO are as follows:

- (i) to enable our Group to raise funds for the purposes set out in Section 4.7 of this Prospectus;
- (ii) to gain recognition through our Group's listing status which will enhance our Group's reputation in the marketing of our services and to retain and attract new, skilled employees in the industry; and
- (iii) to enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities, as and when they arise.

4. DETAILS OF OUR IPO (CONT'D)**4.6 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and our enlarged number of issued Shares of 500,000,000 upon Listing, our total market capitalisation is estimated to be RM150,000,000.

4.7 DILUTION

Dilution is the amount by which the IPO Price exceeds our pro forma combined NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<u>RM</u>
IPO Price	0.30
Pro forma combined NA per Share as at 31 December 2023 after the Acquisition but before our Public Issue	0.04
Pro forma combined NA per Share as at 31 December 2023 after the Acquisition, the Public Issue and the utilisation of proceeds from the Public Issue	0.09
Increase in pro forma combined NA per Share attributable to existing shareholders	0.05
Dilution in pro forma combined NA per Share to new public investors	0.21
Dilution in pro forma combined NA per Share as a percentage of IPO Price	70%

Further details of our pro forma NA per Share as at 31 December 2023 are set out in Section 12 of this Prospectus.

Save as disclosed below, there has been no acquisition or allotment of any of our Shares by/to our Directors, Promoters, direct substantial shareholders, key senior management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares in the past 3 years prior to the date of this Prospectus:

<u>Name</u>	<u>No. of Shares allotted</u>	<u>Total consideration (RM)</u>	<u>Average effective cost for each Share (RM)</u>
<u>Promoters, Directors and substantial shareholders⁽¹⁾</u>			
See Chin Joo	⁽²⁾ 1	-	1.0000
Ooi Kok Hong	⁽²⁾ 1	-	1.0000
<u>Promoter and substantial shareholder</u>			
Cat Ching	⁽³⁾ 172,889,216	⁽⁴⁾ 4,132,052	0.0239
<u>Substantial shareholder</u>			
Koo Hong @ Ku Hong Hai	⁽³⁾ 136,266,664	⁽⁴⁾ 3,256,773	0.0239

Notes:

- (1) See Chin Joo and Ooi Kok Hong are deemed substantial shareholders of our Company by virtue of their interest in Cat Ching pursuant to Section 8 of the Act.
- (2) Subscriber's Shares pursuant to the incorporation of our Company.
- (3) Allotted pursuant to the Acquisition.
- (4) The total consideration for these Shares was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited consolidated NA of Inspidea as at 31 December 2022 and the final dividend declared for the FYE 2022 pursuant to the Acquisition.

4. DETAILS OF OUR IPO (CONT'D)**4.8 UTILISATION OF PROCEEDS**

Based on the IPO Price of RM0.30, the total gross proceeds of RM30.00 million from the Public Issue will be utilised by our Group in the following manner:

Allocation of proceeds	Amount of proceeds		Estimated timeframe for utilisation upon Listing
	RM'000	%	
Capacity expansion	17,767	59.22	Within 36 months
USA sales office	4,377	14.59	Within 36 months
Working capital	4,256	14.19	Within 12 months
Listing expenses	3,600	12.00	Immediate
Total	30,000	100.00	

4.8.1 Capacity expansion

Our Group intends to utilise proceeds raised of approximately RM17.77 million to increase capacity by setting up branch offices in Sabah and Sarawak to source and tap into talent pools in animation production there, as well as refurbishment of existing production facilities in Selangor to expand our production workforce.

The details of utilisation for the capacity expansion are as follows:

Details of utilisation	RM'000
Setting up production branch office in Sabah ⁽¹⁾	5,524
Setting up production branch office in Sarawak ⁽²⁾	6,330
Expansion of Group's workforce in Selangor ⁽³⁾	5,913
Total	17,767

Notes:

- (1) We have earmarked approximately RM5.52 million for the setting up of a production branch office in Kota Kinabalu, Sabah with a total built-up area of 1,800 sq. ft. As at the LPD, our Group is still in the process of identifying a suitable location in Kota Kinabalu, Sabah for the establishment of a production branch office. The breakdown of the costs is as follows:

Details of utilisation	RM'000
Capital expenditure for office renovation and the purchasing of new workstations and office equipment	753
Staff costs ^(a) and operational expenditure such as rental, payment of utilities, professional fees and software subscription for animation production	4,771
Total	5,524

4. DETAILS OF OUR IPO (CONT'D)**Note:**

- (a) For Sabah's production branch office, it includes hiring of 35 personnel including animation technical personnel and admin staff between FYE 2024 and FYE 2026.
- (2) We have earmarked approximately RM6.33 million for the setting up of a production branch office in Kuching, Sarawak with a total built-up area of 3,200 sq. ft. As at the LPD, our Group is still in the process of identifying a suitable location in Kuching, Sarawak for the establishment of a production branch office. The breakdown of the costs is as follows:

<u>Details of utilisation</u>	<u>RM'000</u>
Capital expenditure for office renovation and the purchasing of new workstations and office equipment	860
Staff costs ^(a) and operational expenditure such as rental, payment of utilities, professional fees and software subscription for animation production	5,470
Total	6,330

Note:

- (a) For Sarawak's production branch office, it includes hiring of 40 personnel including animation technical personnel and admin staff between FYE 2024 and FYE 2026.
- (3) We have earmarked approximately RM5.91 million for the for the expansion of our Group's workforce in Selangor. The breakdown of the costs is as follows:

<u>Details of utilisation</u>	<u>RM'000</u>
Refurbishment of existing production facilities and the purchasing of new workstations and office equipment	2,326
Staff costs ^(a) and operational expenditure such as software subscription for animation production	3,587
Total	5,913

Note:

- (a) It includes hiring of 30 animation technical personnel between FYE 2024 and FYE 2026. As at the LPD, our Group has 243 animation technical personnel.

Please refer to Section 7.6.1.1 of this Prospectus for further details on the capacity expansion in Sabah and Sarawak.

4.8.2 USA sales office

Our Group intends to utilise proceeds raised of approximately RM4.38 million to set up a sales office in the USA to better facilitate client management in that geographical region and to be more effective in sales and marketing initiatives including more frequent physical interactions and engagement, and better networking opportunities with potential customers.

Presently, although we do not have physical presence or business entity in any of the foreign countries, our Group was able to secure 2D animation production projects from customers in foreign countries including the USA. All our projects are carried out in Malaysia as all of our 2D animation production works are undertaken digitally, where we receive the pre-production package and we deliver our completed production works through the internet. Communications with our customers in the USA are mainly through e-mails and virtual meetings.

4. DETAILS OF OUR IPO (CONT'D)

The sales office in the USA is intended to serve 2 purposes including addressing potential business opportunities with prospective customers as well as continuing to serve the requirements of the Group's existing customers in North America.

By having a physical presence in the USA, we are able to enhance our customer service coverage efforts, increase our business development activities as well as widen the channel that potential customers could reach us. We will be able to have face-to-face interactions and provide localised support to potential customers within North America.

As at the LPD, our Group is still in the process of identifying a suitable location in Los Angeles for the establishment of the branch office. The proceeds raised would be used for:

Details of utilisation	RM'000
Purchasing of new workstations and office equipment	32
Staff costs ^(a) and operational expenditure such as rental, professional fees and software subscription	4,345
Total	4,377

Note:

- (1) *Hiring of 1 sales and marketing personnel and 1 business development personnel between FYE 2024 and FYE 2026.*

As at the LPD, the sales and marketing force of our Group consists of 2 employees.

4.8.3 Working capital

Our Group intends to utilise proceeds raised of approximately RM4.26 million for its working capital requirements which may include, but are not limited to general selling and distribution expenses, and general administrative expenses including staff-related costs of the Group.

While the breakdown of such use has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation, on a best estimate basis, the allocation of the proceeds to be utilised for each component of the working capital are as follows:

Details of utilisation	RM'000
Payroll expenses for animation technical personnel	847
Marketing support expenses such as travelling expenses, international tradeshow participation, branding and advertising	2,154
Administrative expenses such as remunerations for administrative staff and directors, legal and professional fees and office upkeep and maintenance	1,255
Total	4,256

4. DETAILS OF OUR IPO (CONT'D)**4.8.4 Listing expenses**

Our listing expenses are estimated to be approximately RM3.60 million representing about 13.27% of the gross proceeds from our Public Issue, details of which are as follows:

Estimated listing expenses	RM'000
Professional fees ⁽¹⁾	2,298
Brokerage, underwriting and placement fees	708
Regulatory fees	85
Printing, advertising and other miscellaneous expenses	509
Total	3,600

Note:

(1) *Includes fees for the Principal Adviser, Solicitors, Reporting Accountants, Independent Market Researcher, Issuing House and other professional advisers.*

In the event the actual listing expenses is lower than the allocation of RM3.60 million, the excess will be used for working capital purposes. However, if the actual listing expenses are higher than the estimated, the shortfall will be funded out of the portion allocated for working capital purposes and/or internally generated funds.

Pending the utilisation of the proceeds from our Public Issue for the above intended purposes, the unutilised proceeds will be placed in interest-bearing accounts with licenced financial institutions in Malaysia and/or money market deposit instruments/funds. The interest income derived from such short-term placements and gains from money market deposit instruments will be used as additional working capital for our Group (e.g. payroll expenses for animation technical personnel, marketing support expenses and administrative expenses).

4.8.5 Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale. The Offer for Sale is expected to raise gross proceeds of RM30.00 million which will accrue entirely to our Offerors. Our Offerors will bear all the expenses relating to the Offer for Sale including the placement fee, which is estimated to be approximately RM0.75 million.

4.9 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES**4.9.1 Underwriting commission**

Kenanga IB, as our Underwriter, has agreed to underwrite 35,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission at the rate of 2.50% of the total value of the underwritten Shares.

4.9.2 Brokerage fee

We will pay brokerage fee in respect of the 25,000,000 Issue Shares made available to the Malaysian Public via balloting at the rate of 1.00% on the IPO Price in respect of all successful applications that bear the stamp of either Kenanga IB, the participating organisations of Bursa Securities, the members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

4. DETAILS OF OUR IPO (CONT'D)

4.9.3 Placement fee

Our Placement Agent has agreed to place out 165,000,000 IPO Shares comprising 65,000,000 Issue Shares and 100,000,000 Offer Shares to selected investors.

We will pay our Placement Agent a placement fee of between 0.50% to 2.50% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of between 0.50% to 2.50% of the value of those Offer Shares placed out by our Placement Agent will be borne entirely by the Offerors.

4.10 SALIENT TERMS OF THE UNDERWRITING ARRANGEMENT

Pursuant to the Underwriting Agreement entered on 17 May 2024, our Underwriter has agreed to underwrite 35,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations ("**Underwritten Shares**") on the terms and conditions as set out in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:

- (i) the obligations of our Underwriter under the Underwriting Agreement are conditional upon the following conditions precedent being satisfied or fulfilled:
 - (a) the Underwriting Agreement having been duly executed by our Company and our Underwriter (collectively, the "**Parties**") and stamped within the statutory time frame and has not been terminated or rescinded pursuant to the provisions in the Underwriting Agreement and the Underwriting Agreement remaining in full force and effect and no breach in respect of the Underwriting Agreement has occurred;
 - (b) there having been on or prior to the last date and time for receipt of application and payment for the Public Issue in accordance with this Prospectus and the Application Form(s) ("**Offer Documents**") ("**Closing Date**"), neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of our Company and any company within our Group, which is material in the context of our Listing and Public Issue from that set forth in the Offer Documents, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of our Underwriter, which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of and/or failure by our Company to perform any of the warranties or undertakings contained in the Underwriting Agreement;
 - (c) the delivery to our Underwriter:
 - (aa) prior to the date of the registration of this Prospectus, a copy certified as a true copy by an authorised officer of our Company of the constitution of our Company and all the resolutions of the Directors and if applicable, the shareholders in general meeting approving the Underwriting Agreement (including the execution of the Underwriting Agreement), this Prospectus (including the issuance of the Offer Documents), the proposed Listing, the Public Issue and the issue and allotment of the Issue Shares under the Public Issue and confirming

4. DETAILS OF OUR IPO (CONT'D)

that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Offer Documents; and

- (bb) a certificate, in the form or substantially in the form contained in the Underwriting Agreement, dated the date of this Prospectus signed by duly authorised officers of our Company stating amongst others, that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Section 4.10(i)(b) of this Prospectus;
- (d) the Offer Documents being in the form and substance satisfactory to our Underwriter;
- (e) the delivery to our Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of our Company as our Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Company and the companies within our Group;
- (f) our Underwriter having been satisfied that sufficient arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (g) our Listing and Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (h) our Company having complied and that our Listing and Public Issue is in compliance with all applicable laws and the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
- (i) our Company having fully complied with all the conditions which are required to be complied with prior to the issuance of the Offer Documents or the Closing Date imposed by Bursa Securities and/or the SC in respect of our Listing and Public Issue;
- (j) the registration with Bursa Securities of the Offer Documents and such other documents as may be required in accordance with the CMSA in relation to our Listing and the lodgement of this Prospectus with the CCM on or before its issuance;
- (k) Bursa Securities has agreed and approved on or prior to the Closing Date to the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the ACE Market, and if such approvals shall be conditional, all conditions thereto being in terms acceptable to our Underwriter on or prior to the Closing Date being reasonably satisfied and such approval not being withdrawn, revoked, suspended, terminated or lapsed and that such listing and quotation shall be granted 2 clear Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from Bursa Depository confirming that the securities accounts of all successful applicants have been duly credited and the Issuing House has confirmed that the notices of allotment have been despatched to entitled holders;
- (l) the approval of the directors of our Company via a resolution for the appointment of our Underwriter;

4. DETAILS OF OUR IPO (CONT'D)

- (m) this Prospectus having been issued within sixty (60) days of the date of the Underwriting Agreement or within such extended period as may be determined by our Underwriter;
 - (n) the issue of the Issue Shares having been approved by Bursa Securities and any other relevant authorities and the shareholders of our Company in a general meeting and such authorisation has not been amended, withdrawn, revoked, suspended, terminated or lapsed and all conditions of the approval has been complied with;
 - (o) all necessary approvals and authorisations required in relation to our Listing and Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (p) our Underwriter having been satisfied that on or prior to the Closing Date, there is no breach of, or failure on the part of our Company to comply with, any of its obligations under the Underwriting Agreement which would give rise to a material adverse effect; and
 - (q) all the resolutions remaining in full force and effect as at the Closing Date and none having been rescinded, revoked or varied.
- (ii) if any of the conditions set out in Section 4.10(i) of this Prospectus is not satisfied by the Closing Date, our Underwriter shall thereupon be entitled to terminate the Underwriting Agreement and in that event, except for the liability of our Company for the payment of the underwriting commission and the costs and expenses as provided under the Underwriting Agreement incurred prior to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by either Parties against each other, and the Parties shall be released and discharged from their respective obligations under the Underwriting Agreement provided that our Underwriter may at its discretion and with respect to its obligations, waive compliance with any of the provisions of Section 4.10(i) of this Prospectus. Thereafter, the Underwriting Agreement shall be terminated and be of no further force and effect and none of the Parties shall have a claim against the other, save and except in respect of any antecedent breaches. Our Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice our Underwriter's rights under the Underwriting Agreement.
- (iii) notwithstanding anything contained in the Underwriting Agreement, our Underwriter may by notice in writing to our Company given at any time before the date of our Listing, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:
- (a) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within 14 days from the date of receipt of the notice by our Underwriter to our Company in writing informing our Company of such breach or by the Closing Date, whichever is earlier;
 - (b) there is withholding of information which is required to be disclosed by or to our Underwriter, pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by our Underwriter to our Company in writing or as stipulated in the notice informing our Company of such breach which, in the reasonable opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our Listing, or the distribution or sale of the Issue Shares;

4. DETAILS OF OUR IPO (CONT'D)

- (c) there shall have occurred, happened or come into effect, or which in the reasonable opinion of our Underwriter is likely to occur, any material and adverse change to the business or financial condition of our Company or our Group;
- (d) there shall have occurred, happened or come into effect any of the following circumstances:
- (1) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing;
 - (2) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);
 - (3) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, national emergency, civil war or commotion, hijacking, terrorism;
 - (4) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power;
 - (5) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, outbreak of disease, epidemics, pandemic, the imposition of lockdowns or similar measures to control the spread of any epidemic or other acts of God;
 - (6) any government requisition or other occurrence of any nature whatsoever which is reasonably likely to have a material adverse effect or materially affect the success of our Listing;
 - (7) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for 3 consecutive Market Days or more; and/or
 - (8) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the ACE Market due to exceptional financial circumstances or otherwise,
- which, (in the reasonable opinion of our Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group, the success of our Listing and/or Public Issue, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms;
- (e) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within

4. DETAILS OF OUR IPO (CONT'D)

- 14 days from the date of receipt of notice by our Underwriter to our Company in writing informing our Company of such breach or by the Closing Date, whichever is earlier;
- (f) the approval of Bursa Securities for our Listing is revoked, or withdrawn, or subject to the conditions not acceptable to our Underwriter;
 - (g) the Closing Date does not occur by 12 July 2024 or such other extended date as may be agreed in writing by our Underwriter;
 - (h) the Public Issue is stopped or delayed by our Company or any regulatory authorities for any reason whatsoever (unless such delay has been approved by our Underwriter);
 - (i) any commencement of legal proceedings or action against any member of our Group or any of their directors which would have or is likely to have a material adverse effect or make it impracticable to enforce contracts to allot and/or transfer the Issue Shares;
 - (j) any of the resolutions or approvals referred to in the Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have a material adverse effect; or
 - (k) any material statements contained in the Offer Documents has become or been discovered to be untrue, inaccurate or misleading in any respect, or matters have arisen or have been discovered which would, if any of the Offer Documents were to be issued at that time, constitute a material omission therefrom as of the latest practicable date of the Offer Documents.
- (iv) in the event of termination pursuant to Section 4.10(iii) of this Prospectus, the respective Parties shall, save and except for any antecedent breach, be released and discharged from their obligations without prejudice to their rights under the Underwriting Agreement whereupon the Underwriting Agreement shall be of no further force or effect save for amongst others, the following:
 - (a) the liability of our Company for the payment of costs and expenses as provided under the Underwriting Agreement incurred prior to or in connection with such termination shall remain;
 - (b) the liability of our Company for the payment of the Underwriting Commission as provided in the Underwriting Agreement shall remain; and
 - (c) our Company shall cause and procure the return any moneys paid without interest thereon to our Underwriter within 7 Market Days of the receipt of such notice of termination from our Underwriter.
 - (v) in the event that the Underwriting Agreement is terminated pursuant to Section 4.10(iii)(d) of this Prospectus, our Underwriter and our Company may confer with a view to defer our Listing and Public Issue by amending its terms, or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither our Underwriter nor our Company shall be under any obligation to enter into a fresh agreement.

4. DETAILS OF OUR IPO (CONT'D)

- (vi) our Company shall further cause and procure the refund to our Underwriter the subscription monies, if any, paid by our Underwriter for the subscription of the Underwritten Shares pursuant to the Underwriting Agreement not later than 7 days after our Company's receipt of the termination notice from our Underwriter, failing which our Underwriter shall be entitled to charge interest at the rate of 8% per annum on the amount outstanding to be calculated on a daily basis until the date of full payment of the amount outstanding.
- (vii) in the event of any of the following force majeure events, our Underwriter may amongst others, at any time prior to or on the Listing Date terminate the Underwriting Agreement by giving notice to our Company:
- (a) any new law, regulation, directive, policy or ruling or any material change in any law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of our Underwriter or any event or series of events beyond the reasonable control of our Underwriter or which seriously affects or will seriously affect the business of our Company and/or the companies within our Group;
 - (b) any act or acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour disputes, any unavailability of transportation or severe economic dislocation, natural catastrophe, earthquake, typhoon, acts of warfare, sabotages, outbreak of war, outbreak of disease, epidemics, pandemic, the imposition of lockdowns or similar measures to control the spread of any epidemic, acts of terrorism or the declaration of a state of national emergency;
 - (c) any material adverse change or development involving a prospective change in national or international monetary, financial, political or economic conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia or overseas) or currency exchange rates or the occurrence of any combination of any of the foregoing which adversely affects or could have been reasonably expected to affect:
 - (1) the business of our Company and/or our Group; or
 - (2) the success of our Listing and Public Issue;
 - (d) the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (1) on or after the date of the Underwriting Agreement; and
 - (2) prior to the Closing Date,

lower than 85% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for 3 consecutive Market Days; and/or
 - (e) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for 3 consecutive Market Days.

4. DETAILS OF OUR IPO (CONT'D)

- (viii) upon delivery of the notice of termination pursuant to Section 4.10(vii) of this Prospectus, the Underwriting Agreement will terminate where after each Party's rights and obligations will cease and none of the Parties will have any claim against each other save and except such claims in respect of the costs and expenses of our Underwriter as set out in the Underwriting Agreement and our Company shall return any moneys paid without interest thereon to our Underwriter within 7 Market Days of the receipt of such notice of termination from our Underwriter.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters and substantial shareholders' shareholdings

The following table shows the shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name	Nationality / Place of incorporation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	⁽¹⁾ (%)	No. of Shares	⁽¹⁾ (%)	No. of Shares	⁽²⁾ (%)	No. of Shares	⁽²⁾ (%)
<u>Promoters and substantial shareholders</u>									
Cat Ching	Malaysia	172,889,216	43.22	-	-	172,889,216	34.58	-	-
See Chin Joo	Malaysian	1	*	⁽³⁾ 172,889,216	43.22	⁽⁴⁾ 300,001	0.06	⁽³⁾ 172,889,216	34.58
Ooi Kok Hong	Malaysian	1	*	⁽³⁾ 172,889,216	43.22	⁽⁴⁾ 300,001	0.06	⁽³⁾ 172,889,216	34.58
<u>Substantial shareholder</u>									
Koo Hong @ Ku Hong Hai	Malaysian	136,266,664	34.07	-	-	76,266,580	15.25	-	-

Notes:

* Less than 0.01%.

(1) Based on the total number of 400,000,000 Shares after completion of the Acquisition and before our IPO.

(2) Based on the enlarged total number of 500,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his direct interest in Cat Ching pursuant to Section 8(4) of the Act.

(4) Assuming that the Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

Save for our Promoters and substantial shareholders above, there are no:

- (i) other substantial shareholders with a deemed interest in our Company; or
- (ii) other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

As at the LPD, our Promoters and substantial shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between our Company and its shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of our Company.

5.1.2 Profiles of Promoters and substantial shareholders

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

- (i) **See Chin Joo**
(*Executive Director, Promoter, substantial shareholder and key senior management*)

See Chin Joo, a Malaysian aged 53, is the Executive Director, Promoter, substantial shareholder and key senior management of our Group. He was appointed to our Board on 23 March 2023, and he also sits on the board of all our subsidiaries. He is also a shareholder of Cat Ching, which is our Promoter and substantial shareholder. He has over 22 years of experience in the animation production industry.

He graduated with a Bachelor of Commerce, Finance and Accounting from the University of Melbourne, Australia in March 1994. In July 2016, he was selected as an Endeavor Entrepreneur in the 65th Endeavor International Selection Panel in Bali.

He began his career with an accounting firm, Coopers & Lybrand, as an Audit Assistant in the audit department in November 1994. In January 1995, he left Coopers & Lybrand to pursue his career in capital markets when he joined KLOFFE Capital Sdn Bhd, a company principally involved in the business of options and future exchange, as a Compliance and Surveillance Officer from February 1995 to August 1996 where he was involved in the surveillance of market trading activities on the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE).

In September 1996, he joined SBB Securities Sdn Bhd (subsequently known as RC Holdings Sdn Bhd), a company principally involved in the business of stockbroking and equity research, as a Financial Analyst where he was involved in doing general equity research work. He later left SBB Securities Sdn Bhd in April 1997 to join a multinational brokerage network, J.M. Sassoon Research (M) Sdn Bhd, a company principally involved in the business of equity research, as an Investment Analyst from April 1997 to December 1999 where he was responsible for doing equity research in the motor, media and telecommunication sector. He continued his work on equity research in the motor, media and telecommunication sector when he joined HLG Securities Sdn Bhd, a company principally involved in the business of stockbroking, corporate finance and equity research, as a Research Analyst from January 1999 to May 1999.

In December 1999, he along with Ooi Kok Hong, our Executive Director, co-founded Tourific (currently our subsidiary), then a software distribution and systems integration company where See Chin Joo assumed the role as the Sales and Marketing Director. As the Sales and Marketing Director, he is primarily responsible for the financial and administration of Tourific.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

Subsequently, he and Ooi Kok Hong decided to venture into the animation production industry where they co-founded an animation production company, Inspidea in May 2002. Similarly, See Chin Joo assumed the role as the Sales and Marketing Director of Inspidea where he is responsible for overseeing the sales, marketing, finance and day-to-day operations of Inspidea.

See Chin Joo, together with Ooi Kok Hong, are instrumental in and has contributed significantly to the growth and development of our Group from a 4-person team to 230 artists and designers, becoming one of the largest creative studio in Malaysia and South East Asia.

As our Executive Director, he is responsible for providing management guidance, and strategic advice to the key management and personnel of our Group as well as overseeing the portfolio of finance, sales and marketing, and human resources processing.

He is also a director of other private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

(ii) **Ooi Kok Hong** (*Executive Director, Promoter, substantial shareholder and key senior management*)

Ooi Kok Hong, a Malaysian aged 53, is the Executive Director, Promoter, substantial shareholder and key senior management of our Group. He was appointed to our Board on 23 March 2023, and he also sits in the board of all our subsidiaries. He is also a shareholder of Cat Ching, which is our Promoter and substantial shareholder. He has over 22 years of experience in the animation production industry.

He graduated with a Bachelor of Science (Housing, Building and Planning) from Universiti Sains Malaysia in August 1995. He subsequently obtained a Master of Science (Planning) from Universiti Sains Malaysia in August 1996. In July 2016, he was selected as an Endeavor Entrepreneur in the 65th Endeavor International Selection Panel in Bali.

He began his career with Perunding Alam Bina Sdn Bhd, a company principally involved in the business of architectural and landscape consultancy services, as an Urban Planner in July 1996 where he was involved in the preparation and presentation of proposals of urban planning for development projects to local authorities. In September 1996, he left Perunding Alam Bina Sdn Bhd to pursue his career in information technology (IT) when he joined Bentley Systems (Malaysia) Sdn Bhd, a company principally involved in the business of providing customer interfacing support services to Bentley System International Limited and provide technical support and/or other services to customers located in Malaysia, as a Geo-Engineering Specialist from October 1996 to November 1999 where he was involved in providing pre-sales and post-sales technical support for engineering software developed by Bentley Systems (Malaysia) Sdn Bhd.

In December 1999, he along with See Chin Joo, our Executive Director, co-founded Tourific (currently our subsidiary), then a software distribution and systems integration company, where Ooi Kok Hong assumed the role as the Technology Director. As the Technology Director, he is primarily responsible for the technical sales training of software developed by Tourific.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Subsequently, he and See Chin Joo decided to venture into the animation production industry where they co-founded an animation production company, Inspidea in May 2002. Ooi Kok Hong then assumed the role as the Managing Director of Inspidea where he is responsible for the management, intellectual property development and animation production of Inspidea.

Ooi Kok Hong, together with See Chin Joo, are instrumental in and has contributed significantly to the growth and development of our Group from a 4-person team to 230 artists and designers, becoming one of the largest creative studio in Malaysia and South East Asia.

As our Executive Director, he is responsible for providing strategic guidance and direction to the running of animation production, including talent acquisition, resource planning, process improvement, and technology development and deployment within our Group.

He is also a director of other private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

(iii) **Cat Ching** (Promoter and substantial shareholder)

Cat Ching is the Promoter and substantial shareholder of our Company. Cat Ching was incorporated by See Chin Joo and Ooi Kok Hong to hold Shares in our Company.

Cat Ching was incorporated on 25 July 2023 in Malaysia under the Act as a private limited company. Cat Ching is principally involved in the activities of holding companies.

As at the LPD, the issued share capital of Cat Ching is RM10,000.00 comprising 10,000 ordinary shares. The directors and shareholders of Cat Ching are as follows as at the LPD:

Name	Nature of involvement	Direct		Indirect	
		No. of shares	%	No. of shares	%
See Chin Joo	Director and shareholder	5,305	53.05	-	-
Ooi Kok Hong	Director and shareholder	4,695	46.95	-	-

As at the LPD, save for its shareholdings in our Company, Cat Ching does not have any subsidiary and associated companies.

(iv) **Koo Hong @ Ku Hong Hai** (Substantial shareholder)

Koo Hong @ Ku Hong Hai, a Malaysian aged 78, is the substantial shareholder of our Group.

Koo Hong @ Ku Hong Hai graduated with a Bachelor of Science in Electrical Engineering from the National Taiwan University, Taiwan in June 1971. He subsequently obtained a Diploma in Electronics from the University of Wales Institute of Science and Technology, United Kingdom in July 1972.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He began his career with Motorola (M) Sdn Bhd, a semiconductor manufacturing company as a Process Engineer in 1973. In 1978, he relocated to the Republic of Philippines when he was transferred to Motorola's entity in the Republic of Philippines as an Engineering Manager where he was responsible for the start-up of a new semiconductor plant. He was subsequently relocated back to Malaysia when he was transferred back to Motorola (M) Sdn Bhd in 1982 as a Quality Assurance Manager where he was responsible for quality assurance activities of the semiconductor plant in Malaysia.

He left Motorola (M) Sdn Bhd in 1985 and joined Carsem (M) Sdn Bhd, a company principally involved in the business of manufacturing and testing of semiconductor devices and electronic components, until 1991 as a General Manager where he was responsible for the day-to-day operations of the semiconductor plant. After he left Carsem (M) Sdn Bhd, he pioneered the startup of Unisem (M) Sdn Bhd (now known as Unisem (M) Berhad) in 1991 which is principally involved in the manufacturing of semiconductor devices where he was then appointed as the Chief Operation Officer, Vice President and Director of Unisem (M) Sdn Bhd. In June 1997, Unisem (M) Sdn Bhd was converted into a public company and assumed the name of Unisem (M) Berhad. Unisem (M) Berhad was listed on the Main Board of Bursa Securities (now known as the Main Market of Bursa Securities) in July 1998. Koo Hong @ Ku Hong Hai retired from Unisem (M) Berhad as a Director in April 2000.

After his retirement till present, he has not taken up any employment positions but has taken up a board seat in Netval Ventures since July 2000.

He is a person connected to our Non-Independent Non-Executive Director, Ku Chia Loon as he is the father of Ku Chia Loon.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company

The changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation are as follows:

Name	As at date of incorporation				Before our IPO				After our IPO					
	Direct		Indirect		Direct		Indirect		Direct		Indirect			
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(1)(%)	No. of Shares	(1)(%)	No. of Shares	(2) (%)	No. of Shares	(2) (%)		
Promoters and substantial shareholders														
Cat Ching	-	-	-	-	172,889,216	43.22	-	-	172,889,216	34.58	-	-		
See Chin Joo	1	50.00	-	-	1	* (3)	172,889,216	43.22	(4)	300,001	0.06	(3)	172,889,216	34.58
Ooi Kok Hong	1	50.00	-	-	1	* (3)	172,889,216	43.22	(4)	300,001	0.06	(3)	172,889,216	34.58
Substantial shareholder														
Koo Hong @ Ku Hong Hai	-	-	-	-	136,266,664	34.07	-	-	76,266,580	15.25	-	-		

Notes:

* Less than 0.01%.

(1) Based on the total number of 400,000,000 Shares after the completion of the Acquisition and before our IPO.

(2) Based on the enlarged total number of 500,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his direct interest in Cat Ching pursuant to Section 8(4) of the Act.

(4) Assuming that the Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.1.4 Promoters and/or substantial shareholders' remuneration and benefits

Save for the dividends paid or proposed to be paid to our Promoters and/or substantial shareholders and the aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

Further details of our dividend payment are set out in Section 12.13 of this Prospectus and further details of the remuneration and benefits paid or proposed to be paid to our Promoters and substantial shareholders are set out in Sections 5.2.5 of this Prospectus.

5.2 BOARD OF DIRECTORS

5.2.1 Our Board

Our Board comprises the following members:

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Date of appointment</u>	<u>Designation</u>
Lim Chor Ghee	55	Malaysian	15 September 2023	Independent Non-Executive Chairman
See Chin Joo	53	Malaysian	23 March 2023	Executive Director
Ooi Kok Hong	53	Malaysian	23 March 2023	Executive Director
Quah Bee Fong	54	Malaysian	15 September 2023	Independent Non-Executive Director
Elaine Law Soh Ying	46	Malaysian	15 September 2023	Independent Non-Executive Director
Puar Chin Jong	54	Malaysian	15 September 2023	Independent Non-Executive Director
Ku Chia Loon	48	Malaysian	15 September 2023	Non-Independent Non-Executive Director

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.2 Profiles of our Directors

The profiles of See Chin Joo and Ooi Kok Hong are set out in Section 5.1.2 of this Prospectus. The profiles of our other Directors are as follows:

(i) Lim Chor Ghee
(Independent Non-Executive Chairman)

Lim Chor Ghee, a Malaysian aged 55, is our Independent Non-Executive Chairman. He was appointed to our Board on 15 September 2023. He has over 20 years of experience in providing business consultancy services.

Lim Chor Ghee graduated with a Bachelor of Commerce from the University of Melbourne, Australia, in March 1993. In March 1997, he attained the status of Certified Practising Accountant from the Australian Society of Certified Practising Accountants (CPA). In April 1999, he was admitted as an Associate of the Malaysian Institute of Taxation. He is also a Chartered Accountant with the Malaysian Institute of Accountants since June 2001. Amongst his diverse academic achievements, Lim Chor Ghee has attained a Master of Business Administration from the Heriot-Watt University, United Kingdom, in February 2003. He also obtained a Master in International Studies from the University of Sydney, Australia, in August 2004.

He began his career with a tax consultancy firm, Coopers & Lybrand Taxation Services Sdn Bhd, as a Consultant from June 1993 to 1994 where he was responsible to assist clients in the preparation of tax returns. He later joined another tax consultancy firm, Price Waterhouse Tax Services Sdn Bhd, as a Senior Consultant from 1994 to 1996 where he was responsible in advisory and consultancy role focusing in tax services. Subsequently, he joined Star Cruises Administrative Services Sdn Bhd, a company principally involved in the business of investment holding, provision of ship management and administrative services, a wholly owned subsidiary of Star Cruise Limited (now known as Genting Hong Kong Limited), a holding company that operated Star Cruises, a cruise line operator, as Vice President, Legal and Corporate Affairs from April 1996 to February 2002 where he was responsible in overseeing the legal and corporate affairs of the entire Star Cruises group of companies. He then took a break from March 2002 to September 2004 during which he pursued 2 of the aforementioned Master degrees.

Upon completion of his postgraduate studies, he began his entrepreneurial journey through the formation of various business entities specialising in the provision of professional services such as audit, consultancy and management services. In October 2004, Lim Chor Ghee co-founded a trading and consultancy firm specialising in corporate consultancy, training services and cross border trade, Peligo Training Solutions Sdn Bhd (now known as Peligo Link Sdn Bhd), and in July 2007, he co-founded a management consultancy firm based in Singapore, Indochina Link Pte Ltd which primarily focuses on international trade and investment consultancy services. He is currently still active in both companies as a director and shareholder.

He assumed the role as the Executive Director with BDO Consulting Vietnam, a company based in Vietnam providing a broad range of professional service from November 2012 to April 2013, where he was responsible in the business development and client services of BDO Consulting Vietnam.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

In March 2014, he continued his business ventures when he co-founded a company based in Vietnam, Tricor Vietnam Co., Ltd (now known as Tricor Axcelasia Vietnam Co., Ltd) specialising in general management and consultancy services, and subsequently exited the said company when he divested his shareholdings in December 2020 and resigned as a director/legal representative in May 2023. In December 2016, he co-founded a company based in Vietnam, Tricor Services Vietnam Co., Ltd providing a broad range of professional services, and subsequently exited the said company when he divested his shareholdings in September 2020 and resigned as a director/legal representative in February 2023.

In May 2015, he co-founded IMM Group Pte Ltd, a company based in Singapore focusing on wealth management and investment migration services for clients based in Vietnam, which forms part of a group of entities under IMM Group Company Limited, a company based in Vietnam specialising in wealth management and investment migration services. He subsequently exited IMM Group Pte Ltd when he divested his shareholdings and resigned as a director in December 2022.

In addition to the above, he also served as a lecturer in multiple universities on an ad hoc basis, including when he was appointed as an Adjunct Professor in the area of Finance and Accounting at the Management and Science University, Malaysia, from February 2009 to February 2015.

In October 2023, he was appointed as a Senior Adviser of ADK Vietnam Lawyers, a law firm based in Vietnam, where he focuses on providing advice on mergers and acquisitions as well as environment, social and corporate governance (**ESG**).

He is also a director of other private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

(ii) **Quah Bee Fong**
(*Independent Non-Executive Director*)

Quah Bee Fong, a Malaysian aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 15 September 2023. She has over 10 years of experience of equity research and analysis with multiple financial advisory and stockbroking firms. She has also over 13 years of experience in investment management.

She graduated with a Bachelor of Commerce from the University of Guelph, Canada, in June 1995.

Upon graduation, Quah Bee Fong began her career as a Research Analyst with a financial advisory firm, Capital Dynamics Investment Advisory Services Sdn Bhd from 1995 to 1996. She subsequently joined Yamaichi Advisory Services (M) Sdn Bhd, a company principally involved in the business of investment advisory, as a Research Analyst from 1996 to 1997. She continued to work in the research field when she joined UT Securities (M) Sdn Bhd, a company principally involved in the business of stock and share broking, as the Head of Research from 1998 to 2000. She later joined another equity and investment research firm, OCBC Research (M) Sdn Bhd from 2000 to 2003 where she expanded her equity research coverage to public listed companies beyond Malaysia into Singapore, Hong Kong and China. In 2003, she joined RHB Research Institute Sdn Bhd, a company principally involved in the business of equity research, as an Equity Analyst, where she primarily focused in equity research, analysis and valuation for private and public listed companies in Malaysia.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

She grew progressively in Khazanah Nasional Berhad, when she joined in November 2005 as a Vice President in the Investments Division and was promoted to a Director in the Investments Division in 2012, a position she held till the completion of her employment tenure with Khazanah Nasional Berhad in March 2019. Her key responsibilities as a Vice President of Khazanah Nasional Berhad include to execute, manage and monitor the investment and divestment activities of Khazanah Nasional Berhad as well as the restructuring and re-organisation of her assigned portfolio companies. As a Director in the Investments Division of Khazanah Nasional Berhad, she sat on the boards of various creative and media companies within Khazanah Nasional Berhad's portfolio companies.

She served on the board of Astro Malaysia Holdings Berhad as a Non-Independent and Non-Executive Director from April 2015 to December 2017.

Since March 2019, she was involved in various charitable organisation. In August 2022, she assumed the role as the Head of Yu Cai Foundation (a position she still holds as at the LPD), which is a charitable foundation, focusing on advancement, uplifting and benefiting the underserved communities of Malaysia and to promote the learning of vernacular languages of Malaysia.

She is also a director of other private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

(iii) **Elaine Law Soh Ying** (*Independent Non-Executive Director*)

Elaine Law Soh Ying, a Malaysian aged 46, is our Independent Non-Executive Director. She was appointed to our Board on 15 September 2023.

She graduated with a degree in Bachelor of Laws in Law from the University of Leicester, United Kingdom in July 2000. She then undertook the professional law course in Malaysia from September 2000 until June 2001 and later obtained the Certificate in Legal Practice from the Legal Profession Qualifying Board Malaysia in March 2002. In September 2001, she returned to the University of Leicester, United Kingdom to pursue her Master of Laws (in International Commercial Law) ("**LLM**") and completed the same in September 2002. She was awarded the degree in LLM in January 2003.

After completion of the LLM, she commenced her pupillage with Messrs Raja, Darryl & Loh, a law firm, in October 2002 and thereafter was admitted as an Advocate and Solicitor of the High Court of Malaya in September 2003. She is also a Certified Professional Coach after having completed a coach training program accredited by the International Coaching Federation with Corporate Coach Academy, Malaysia in December 2021 and currently holds an Associate Certified Coach (ACC) credentialed by the International Coaching Federation.

She then joined Messrs Zain & Co, a law firm, as a Legal Associate from September 2003 to June 2006 where she was involved in civil litigation and arbitration matters. From June 2006 to December 2006, she joined Messrs Foong & Partners, a law firm, as a Legal Associate where she was primarily involved in corporate advisory work.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

Subsequently, she joined Messrs Azman Davidson & Co, a law firm, from January 2007 to June 2021 as a Legal Associate in the corporate and commercial department. She was promoted to Senior Associate in January 2011, and was subsequently admitted as Partner in January 2012 where she was one of the partners responsible for the corporate and commercial department as well as intellectual property department of the firm. While in Messrs Azman Davidson & Co., her practice areas encompassed advising on mergers and acquisitions (M&A), joint ventures, shareholders' agreements and foreign investments into Malaysia, as well as various commercial contracts drafting. She was also involved in advising on initial public offering exercises on Bursa Securities and acting as Malaysian counsel in initial public offering exercises on the Singapore Exchange. In the intellectual property practice area, she has provided advisory work relating to intellectual property laws and assisted clients in trademark registration.

In July 2021, Elaine Law Soh Ying joined Messrs Law Kuan Yew & Co, a law firm, as a Partner where she is currently still active and is specialising in the practise areas of corporate and commercial law as well as intellectual property law, particularly on trademark advisory and registration.

In October 2020, Elaine set up a sole proprietorship business, namely Emerging Leaders Coaching & Consulting which specialises in coaching, training and consulting. In November 2022, Elaine Law Soh Ying was appointed as the Independent Non-Executive Director of KJTS Group Berhad, an investment holding company where its subsidiaries are principally involved in the business of integrated building support services.

The details of her business, partnership and other directorships are set out in Section 5.2.4 of this Prospectus.

(iv) Puar Chin Jong
(*Independent Non-Executive Director*)

Puar Chin Jong, a Malaysian aged 54, is the Independent Non-Executive Director of our Group. He was appointed to our Board on 15 September 2023.

He obtained his Bachelor of Economics (Business Administration) from Universiti Malaya in 1994. In 2001, he was admitted as an Associate Member of the Chartered Institute of Management Accountants.

He began his career in 1994 in FACB Capital Sdn Bhd, a company principally involved in the business of investment holding, consultancy and money lending, a subsidiary of FACB Resorts Berhad (now known as Karambunai Corporation Berhad), a company which was listed on the Main Market of Bursa Securities until November 2019, as a Management Trainee in the Corporate Strategy & Research department and was subsequently promoted to Executive in the same department in 1995. In 1996, he was reassigned as an Executive in the Corporate Finance – Mergers & Acquisitions department and was subsequently promoted to Assistant Manager and Manager in the same department in 1997 and 1998 respectively. During his tenure with FACB Capital Sdn Bhd, he was responsible for managing financing and implementation of various mergers & acquisition exercises. Thereafter, he left FACB Capital Sdn Bhd in 1999.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

In 2000, he joined Petaling Tin Berhad (“**PTB**”), a company principally involved in the business of property development, investment holdings and provision of management services, as a Senior Manager of Corporate Finance where he was responsible for overseeing end to end mergers and acquisition operations, identifying and reviewing potential deals to enhance the overall shareholders’ value of PTB.

He subsequently left PTB in 2003 and joined Alliance Merchant Bank Berhad (now known as Alliance Investment Bank Berhad) (“**AIBB**”), a company principally involved in investment banking business including Islamic banking business and the provision of related financial services, as a Senior Manager in the Corporate Finance Department in the same year. In 2007, he was promoted to Vice President in the Corporate Finance department and Senior Vice President, Head of Capital Markets – Equity Execution in 2013. During his tenure with AIBB, he led the origination, structuring and management of deals while providing corporate and financial advice on a myriad of mergers & acquisitions, fund raising and takeover exercises as well as restructuring transactions and flotation.

In 2013, he joined RHB Investment Bank Berhad (“**RHBIB**”), a company principally involved in the business of merchant banking business, dealing in securities, stock, debt and derivatives, stock-broking business and the business of brokers and dealers in futures and option contracts, as a Senior Vice President of Corporate Finance. He was involved in corporate finance advisory exercises such as mergers and acquisitions, fund raising and corporate restructuring.

In 2016, he left RHBIB and joined S P Setia Berhad, a public company listed on the Main Market of Bursa Securities which is principally involved in the business of investment holdings, where its subsidiary companies are principally involved in property development and other property related business, as the Head of Corporate Affairs, Group Corporate Finance Division. During his tenure in S P Setia Berhad, he has been tasked to oversee the corporate finance, accounting, treasury, audit and taxation as well as investor relations for S P Setia Berhad group of companies. He left S P Setia Berhad as Divisional General Manager in 2022.

He is presently a Partner at Ecore Synergy PLT where he provides business management consultancy services as well as focuses in providing guidance and knowledge-sharing opportunities to young professionals in the field of corporate finance. As at the LPD, he is the Independent Non-Executive Director of SCC Holdings Berhad, a public listed company on ACE Market of Bursa Securities and Heng Hup Holdings Limited, a company listed on the Hong Kong Stock Exchange.

He brings with him approximately 30 years of experience in corporate finance and mergers and acquisitions.

He is also a director of other private limited and public listed companies, details of which are set out in Section 5.2.4 of this Prospectus.

(v) **Ku Chia Loon**
(*Non-Independent Non-Executive Director*)

Ku Chia Loon, a Malaysian aged 48, is our Non-Independent Non-Executive Director. He was appointed to our Board on 15 September 2023. He has over 20 years of experience as a consultant focusing in IT services and solutions area.

He graduated with a Bachelor of Engineering (Information Technology) from the University of Western Australia, Australia, in April 1999.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Upon his graduation, he began his career with Wildridge Technologies Sdn Bhd, a company based in Kuala Lumpur, Malaysia, primarily involved in the business of providing IT services and solutions, from 1999 to December 2000, where he primarily focused in the consultation of Windows and Microsoft Exchange systems design and deployment. In January 2001, he was transferred to I.S.A Technologies Sdn Bhd (now known as ISATEC Sdn Bhd), a company principally involved in the business of provision of products and contract programming services related to IT and telecommunication facilities, pursuant to an internal restructuring of Wildridge Technologies Sdn Bhd. Subsequently, he was promoted to assume the role as the Group Manager in consulting services, where he was responsible in IT solution proposals, project management, resource management and client management, a position he held until he left I.S.A Technologies Sdn Bhd in April 2008.

In June 2008, he set up his own business, Impreszions Services, an IT service provider specialising in web, product and mobile design services, where he focuses in web design consulting, client management, mobile application design architecture, as well as creating virtual reality and augmented reality solution. In May 2015, he co-founded Impreszions Solutions Sdn Bhd, a company principally involved in the provision of graphical application development services specialising in 3D visualisations, augmented reality and virtual reality solutions for architectural visualisations, where he also assumed the role as the director since its incorporation and up to the LPD. He is primarily responsible for the solutioning, sales and market, and day-to-day management of the company.

He is also a director of other private limited companies, details of which are set out in Section 5.2.4 of this Prospectus.

He is the son and the board representative of Koo Hong @ Ku Hong Hai, a substantial shareholder of our Group.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.3 Shareholdings of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

Name	Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	⁽¹⁾ (%)	No. of Shares	⁽¹⁾ (%)	No. of Shares	⁽²⁾ (%)	No. of Shares	⁽²⁾ (%)
Lim Chor Ghee	-	-	-	-	⁽⁴⁾ 300,000	0.06	-	-
See Chin Joo	1	*	⁽³⁾ 172,889,216	43.22	⁽⁴⁾ 300,001	0.06	⁽³⁾ 172,889,216	34.58
Ooi Kok Hong	1	*	⁽³⁾ 172,889,216	43.22	⁽⁴⁾ 300,001	0.06	⁽³⁾ 172,889,216	34.58
Quah Bee Fong	-	-	-	-	⁽⁴⁾ 300,000	0.06	-	-
Elaine Law Soh Ying	-	-	-	-	⁽⁴⁾ 300,000	0.06	-	-
Puar Chin Jong	-	-	-	-	⁽⁴⁾ 300,000	0.06	-	-
Ku Chia Loon	-	-	-	-	⁽⁴⁾ 300,000	0.06	-	-

Notes:

* Less than 0.01%.

(1) Based on the total number of 400,000,000 Shares after completion of the Acquisition and before our IPO.

(2) Based on the total enlarged number of 500,000,000 Shares after our IPO.

(3) Deemed interested by virtue of his direct interest in Cat Ching pursuant to Section 8(4) of the Act.

(4) Assuming that the Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.4 Principal directorships and business activities of our Directors outside our Group

Save as disclosed below, none of our Directors have any other principal directorships and principal business activities performed outside of our Group as at the LPD (“**Present Involvement**”), and within the past 5 years up to the LPD (“**Past Involvement**”):

(i) Lim Chor Ghee

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director	Involvement / % of shareholding held	Principal activities
<u>Present involvement</u>				
IMT Software Solutions Pte Ltd	3 October 2014	-	<ul style="list-style-type: none"> • Director 	<ul style="list-style-type: none"> • Development of software and applications (except games and cybersecurity) • Information technology consultancy (except cybersecurity)
Indochina Link Pte Ltd	26 December 2007	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 80.00%) 	<ul style="list-style-type: none"> • Management consultancy services • Convention/Conference organisers
Peligo Link Sdn Bhd	1 August 2006	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 51.00%) 	<ul style="list-style-type: none"> • Provide corporate consultancy, training services and cross border trade
<u>Past involvement</u>				
IMM Group Pte Ltd	26 May 2015	23 December 2022	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 20.00%)(¹) 	<ul style="list-style-type: none"> • Management consultancy services

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director	Involvement / % of shareholding held	Principal activities
Pearl Alto Resources Sdn Bhd	-	-	<ul style="list-style-type: none"> Shareholder (Direct: 7.50%)(2) 	<ul style="list-style-type: none"> Business of management consultants to render business management, industrial, commercial, financial, public relations, industrial relations and human resources services Explore and drill for produce, buy, sell and otherwise deal Supplier, retailer, dealer, distributor, merchant
Tricor Axcelasia Vietnam Co., Ltd.	13 March 2014	26 May 2023	<ul style="list-style-type: none"> Director/Legal Representative Shareholder (Direct: 30.00%)(3) 	<ul style="list-style-type: none"> Professional services
Tricor Services Vietnam Co. Ltd.	23 December 2016	22 February 2023	<ul style="list-style-type: none"> Director/Legal Representative Shareholder (Direct: 28.25%)(4) 	<ul style="list-style-type: none"> Professional services
TSV Services (Singapore) Pte Ltd	13 November 2014	1 April 2023	<ul style="list-style-type: none"> Director Shareholder (Direct: 25.00%)(5) 	<ul style="list-style-type: none"> Other holding companies Management consultancy services

Notes:

(1) He held 20.00% equity interest (direct) in IMM Group Pte Ltd prior to his divestment on 23 December 2022.

(2) He held 7.50% equity interest (direct) in Pearl Alto Resources Sdn Bhd prior to its dissolution on 26 November 2019.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (3) He held 30.00% equity interest (direct) in Tricor Axcelasia Vietnam Co., Ltd, prior to his divestment on 30 December 2020.
- (4) He held 28.25% equity interest (direct) in Tricor Services Vietnam Co. Ltd prior to his divestment on 21 September 2020.
- (5) He held 25.00% equity interest (direct) in TSV Services (Singapore) Pte Ltd prior to his divestment on 23 November 2020.

(ii) See Chin Joo

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director</u>	<u>Involvement / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
Arboratory Limited	18 October 2019	-	<ul style="list-style-type: none"> • Director • Shareholder (Indirect: 43.22%)⁽¹⁾ 	<ul style="list-style-type: none"> • Investment holding, where its subsidiaries are principally involved in software platform development and commercialisation
Cat Ching	25 July 2023	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 53.05%) 	<ul style="list-style-type: none"> • Activities of holding companies (incorporated to hold shares in Kucingko)
Defyx Sdn Bhd	5 October 2010	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 53.06% ordinary shares and 53.06% preference shares) 	<ul style="list-style-type: none"> • Investment holding. As at the LPD, it holds 43.22% direct equity interest in Arboratory Limited.
See Teow Chuan Holdings Sdn Bhd	18 June 2007	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 40.00%) 	<ul style="list-style-type: none"> • Property investment • Management and letting of property
Tapestreum Pte Ltd	7 February 2018	-	<ul style="list-style-type: none"> • Director • Shareholder (Indirect: 100.00%)⁽²⁾ 	<ul style="list-style-type: none"> • Publishing of games software / applications

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director	Involvement / % of shareholding held	Principal activities
Tessereum Limited	-	-	<ul style="list-style-type: none"> Shareholder (Indirect: 37.50% ordinary shares and 100.00% convertible preference shares)⁽³⁾ 	<ul style="list-style-type: none"> Developer for web based and mobile based software application
TSSRM Sdn Bhd	20 December 2013	-	<ul style="list-style-type: none"> Director Shareholder (Indirect: 100.00%)⁽⁴⁾ 	<ul style="list-style-type: none"> Business of developing software and application for the cloud, mobile and desktop, including but not limited to research and development of emerging technologies, design and development of software and programs for the cloud, enterprises and consumers Design and development of software and programs running on games and virtual infrastructure and consultancy services

Notes:

- (1) *Deemed interested pursuant to Section 8(4) of the Act; held via Defyx Sdn Bhd which in turn holds 43.22% direct equity interest in Arboratory Limited.*
- (2) *Deemed interested pursuant to Section 8(4) of the Act; held via Arboratory Limited which in turn holds 100.00% direct equity interest in Tapestreum Pte Ltd.*
- (3) *Deemed interested pursuant to Section 8(4) of the Act; held via Arboratory Limited which in turn holds 37.50% of the ordinary shares and 100.00% of the convertible preference shares of Tessereum Limited.*
- (4) *Deemed interested pursuant to Section 8(4) of the Act; held via Arboratory Limited which in turn holds 100.00% direct equity interest in TSSRM Sdn Bhd.*

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) Ooi Kok Hong

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director</u>	<u>Involvement / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
Arboratory Limited	18 October 2019	-	<ul style="list-style-type: none"> • Director • Shareholder (Indirect: 43.22%)⁽¹⁾ 	<ul style="list-style-type: none"> • Investment holding, where its subsidiaries are principally involved in software platform development and commercialisation
Cat Ching	25 July 2023	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 46.95%) 	<ul style="list-style-type: none"> • Activities of holding companies (incorporated to hold shares in Kucingko)
Defyx Sdn Bhd	5 October 2010	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 46.94% ordinary shares and 46.94% preference shares) 	<ul style="list-style-type: none"> • Investment holding. As at the LPD, it holds 43.22% direct equity interest in Arboratory Limited.
Ooi Labuan Foundation	10 September 2021	-	<ul style="list-style-type: none"> • Founder • Officer 	<ul style="list-style-type: none"> • Investment holding. It does not hold shares in any company as at the LPD.
Tapestreum Pte Ltd	7 February 2018	-	<ul style="list-style-type: none"> • Director • Shareholder (Indirect: 100.00%)⁽²⁾ 	<ul style="list-style-type: none"> • Publishing of games software / applications

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director	Involvement / % of shareholding held	Principal activities
Tessereum Limited	29 January 2021	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 31.25%) (Indirect: 37.50% ordinary shares and 100.00% convertible preference shares)⁽³⁾ 	<ul style="list-style-type: none"> • Developer for web based and mobile based software application
TSSRM Sdn Bhd	20 December 2013	-	<ul style="list-style-type: none"> • Director • Shareholder (Indirect: 100.00%)⁽⁴⁾ 	<ul style="list-style-type: none"> • Business of developing software and application for the cloud, mobile and desktop, including but not limited to research and development of emerging technologies, design and development of software and programs for the cloud, enterprise and consumer • Design and development of software and programs running on games and virtual infrastructure and consultancy services

Notes:

- (1) *Deemed interested pursuant to Section 8(4) of the Act; held via Defyx Sdn Bhd which in turn holds 43.22% direct equity interest in Arboratory Limited.*
- (2) *Deemed interested pursuant to Section 8(4) of the Act; held via Arboratory Limited which in turn holds 100.00% direct equity interest in Tapestream Pte Ltd.*
- (3) *Deemed interested pursuant to Section 8(4) of the Act; held via Arboratory Limited which in turn holds 37.50% of the ordinary shares and 100.00% of the convertible preference shares of Tessereum Limited.*
- (4) *Deemed interested pursuant to Section 8(4) of the Act; held via Arboratory Limited which in turn holds 100.00% direct equity interest in TSSRM Sdn Bhd.*

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iv) Quah Bee Fong

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director</u>	<u>Involvement/ % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
Academy For Silent Member ⁽¹⁾	26 October 2020	-	• Director	• For medical research, medical studies and training

Note:

(1) A public company limited by guarantee incorporated pursuant to the Act.

(v) Elaine Law Soh Ying

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director</u>	<u>Involvement / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
Emerging Leaders Coaching & Consulting ⁽¹⁾	-	-	• Sole Proprietor	• Coaching, training and consulting
Law Kuan Yew & Co	1 July 2021	-	• Partner	• Law firm specialising in the areas of corporate and commercial, property and real estate
KJTS Group Berhad	21 November 2022	-	• Independent Non-Executive Director	• Activities of holding companies, where its subsidiaries are principally involved in the business of integrated building support services

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Note:

(1) A registered business (sole proprietorship) pursuant to the Registration of Business Act 1956. It has not commenced business as at the LPD.

(vi) Puar Chin Jong

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director	Involvement / % of shareholding held	Principal activities
<u>Present involvement</u>				
1Advisory Sdn Bhd	4 June 2020	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 20.00%) 	<ul style="list-style-type: none"> • Financial consultancy services • Business management consultancy services
CMGI Berhad	8 September 2023	-	<ul style="list-style-type: none"> • Independent Non-Executive Director 	<ul style="list-style-type: none"> • Activities of holding companies. It does not hold shares in any company as at the LPD.
Ecore Synergy PLT ⁽¹⁾	19 February 2021	-	<ul style="list-style-type: none"> • Partner 	<ul style="list-style-type: none"> • Business management consultancy services • Activities of holding companies
Heng Hup Holdings Limited	19 February 2019	-	<ul style="list-style-type: none"> • Independent Non-Executive Director 	<ul style="list-style-type: none"> • Investment holding, where its subsidiaries are principally involved in trading of scrap ferrous metals, used batteries and other scraps
Inter Consultancy Service PLT ⁽²⁾	20 April 2022	-	<ul style="list-style-type: none"> • Partner 	<ul style="list-style-type: none"> • Accounting, bookkeeping, auditing activities and tax consultancy • Business management consultancy services • Financial consultancy services • Investment advisory services

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director	Involvement / % of shareholding held	Principal activities
SCC Holdings Berhad	26 May 2023	-	• Independent Non-Executive Director	<ul style="list-style-type: none"> • Investment holding, where its subsidiaries are principally involved in the business of sales, marketing and distribution of animal health product • Listed on ACE Market
<u>Past involvement</u>				
Homevest Sdn Bhd	1 July 2022	30 June 2023	• Director	<ul style="list-style-type: none"> • Activities of holding companies • Development of building projects for own operation, i.e., for renting of space in these buildings • Buying, selling, renting and operating of self-owned or leased real estate – residential buildings
I & P Supply Berhad	3 April 2019	11 January 2022	• Director	<ul style="list-style-type: none"> • Other retail sale not in stores, stalls or markets not elsewhere classified
Kesas Kenangan Sdn Bhd	15 August 2018	21 January 2022	• Director	<ul style="list-style-type: none"> • Property development and property investment
Setia Putrajaya Development Sdn Bhd	30 August 2018	27 January 2022	• Director	<ul style="list-style-type: none"> • Property development
Setia Putrajaya Sdn Bhd	30 August 2018	27 January 2022	• Director	<ul style="list-style-type: none"> • Property development, building construction, and investment holding

Notes:

- (1) *A limited liability partnership registered on 19 February 2021 pursuant to the Limited Liability Partnership Act 2012.*
- (2) *A limited liability partnership registered on 20 April 2022 pursuant to the Limited Liability Partnership Act 2012. It is dormant as at the LPD as it has not commenced business activities.*

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(vii) Ku Chia Loon

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Involvement / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
Impreszions Solutions Sdn Bhd	26 May 2015	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 50.00%) 	<ul style="list-style-type: none"> • Carrying on the business of service provider for graphical application development
Two Cents Incubation Sdn Bhd	13 March 2020	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 50.00%) 	<ul style="list-style-type: none"> • Organisation, promotions and/or management of event • Market research and public opinion polling • Advertising
<u>Past Involvement</u>				
Take Care Living Services Sdn Bhd ⁽¹⁾	17 June 2019	-	<ul style="list-style-type: none"> • Director • Shareholder (Direct: 50.00%) 	<ul style="list-style-type: none"> • Other social work activities without accommodation for the elderly and disabled

Note:

(1) He held 50.00% equity interest (direct) in Take Care Living Services Sdn Bhd prior to its dissolution on 20 March 2024 .

Save as disclosed above and in Section 11.1 of this Prospectus, as at the LPD, none of our Directors has any interest, direct or indirect, or directorship in other businesses or corporations. Notwithstanding the above and as disclosed in Section 11.1 of this Prospectus, there are no interest, direct or indirect, or directorship in other businesses or corporations by our Directors that may give rise to a situation of conflict of interest with our Group.

The involvement of our Executive Directors in the abovementioned business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities as well as their contribution to our Group.

The involvement of our Independent Non-Executive Directors and Non-Independent Non-Executive Director in other businesses or corporations outside our Group is not expected to affect their ability to perform their roles and responsibilities as well as their contribution to our Group as they do not act in any executive capacity and are not involved in the day-to-day operations of our Group.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.5 Directors' remuneration and benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid to our current Directors for services rendered to our Group for FYE 2023 and proposed to be paid for FYE 2024 are as follows:

FYE 2023	Salaries RM'000	Fees and allowances RM'000	Bonuses RM'000	Statutory contributions RM'000	Benefits- in-kind RM'000	Total RM'000
<u>Independent Non-Executive Chairman</u>						
Lim Chor Ghee	-	-	-	-	-	-
<u>Non-Independent Executive Directors</u>						
See Chin Joo	120	100	25	18	-	263
Ooi Kok Hong	132	100	27	20	-	279
<u>Independent Non-Executive Directors</u>						
Quah Bee Fong	-	-	-	-	-	-
Elaine Law Soh Ying	-	-	-	-	-	-
Puar Chin Jong	-	-	-	-	-	-
<u>Non-Independent Non-Executive Director</u>						
Ku Chia Loon	-	-	-	-	-	-
FYE 2024	Salaries RM'000	Fees and allowances RM'000	Bonuses RM'000	Statutory contributions RM'000	Benefits- in-kind RM'000	Total RM'000
<u>Independent Non-Executive Chairman</u>						
Lim Chor Ghee	-	⁽¹⁾ 55	-	-	-	55
<u>Non-Independent Executive Directors</u>						
See Chin Joo	⁽²⁾ 360	-	⁽³⁾ -	⁽⁴⁾ 43	-	403
Ooi Kok Hong	⁽²⁾ 360	-	⁽³⁾ -	⁽⁴⁾ 43	-	403
<u>Independent Non-Executive Directors</u>						
Quah Bee Fong	-	⁽¹⁾ 45	-	-	-	45
Elaine Law Soh Ying	-	⁽¹⁾ 45	-	-	-	45
Puar Chin Jong	-	⁽¹⁾ 46	-	-	-	46
<u>Non-Independent Non-Executive Director</u>						
Ku Chia Loon	-	⁽¹⁾ 45	-	-	-	45

Notes:

(1) Includes the fees and allowances for FYE 2023 (to be paid in FYE 2024) as well as the estimated amount for FYE 2024 as follows:

	FYE 2023	Estimated for FYE 2024	Total
	(RM'000)	(RM'000)	(RM'000)
Lim Chor Ghee	10	45	55
Quah Bee Fong	8	37	45
Elaine Law Soh Ying	8	37	45
Puar Chin Jong	8	38	46
Ku Chia Loon	8	37	45

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (2) *Estimated amount.*
- (3) *The bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined at a later date based on the individual's performance as well as our Group's performance, and will be subject to recommendation of our Remuneration Committee as well as the approval by our Board.*
- (4) *These comprise contribution to Employee Provident Fund and Social Security Organisation.*

The remuneration of our Directors, which includes salaries, fees and allowances, bonuses, as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board, subject to the provisions of our Constitution. Our Directors' fees and benefits must be further approved and endorsed by our shareholders at a general meeting.

5.3 BOARD PRACTICES

5.3.1 Directors' term of office

As at the LPD, the date of expiry of the current term of office for each of our Directors and the period that each of them has served in that office is as follows:

<u>Directors</u>	<u>Date of appointment</u>	<u>Date of expiry of the current term of office</u>	<u>Approximate no. of years and months in office up to the date of this Prospectus</u>
Lim Chor Ghee	15 September 2023	Subject to retirement at our third annual general meeting	Less than 1 year
See Chin Joo	23 March 2023	Subject to retirement at our second annual general meeting	1 year
Ooi Kok Hong	23 March 2023	Subject to retirement at our second annual general meeting	1 year
Quah Bee Fong	15 September 2023	Subject to retirement at our third annual general meeting	Less than 1 year
Elaine Law Soh Ying	15 September 2023	Subject to retirement at our fourth annual general meeting	Less than 1 year
Puar Chin Jong	15 September 2023	Subject to retirement at our fourth annual general meeting	Less than 1 year
Ku Chia Loon	15 September 2023	Subject to retirement at our fourth annual general meeting	Less than 1 year

Pursuant to Clause 94 of our Constitution, any Director appointed by our Board shall hold office only until the conclusion of the next annual general meeting and shall be eligible for re-election at such meeting.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Pursuant to Clause 96 of our Constitution, at each annual general meeting of our Company, 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3, shall retire from office provided always that all Directors including our Non-Independent Executive Director shall retire from office once at least in each 3 years as required by the Listing Requirements but shall be eligible for re-election.

A retiring Director shall retain office until the close of the meeting at which he retires. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between Directors of equal seniority, the Directors to retire shall (unless they otherwise agree among themselves) be determined from among them by lot.

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance (“MCCG”), which contains best practices and guidance for listed companies to improve or enhance their corporate governance, as it forms an integral part of their business operations and culture.

As at the LPD, our Company has adopted all the relevant recommended MCCG best practices in terms of the Board composition except having a Board comprising at least 30% women directors. In this regard, our Company endeavours to comply with such recommendation within two years following our Listing.

5.3.2 Audit and Risk Management Committee

The Audit and Risk Management Committee shall solely comprise of Independent Non-Executive Directors. The Audit and Risk Management Committee was constituted on 25 September 2023 by our Board with the function of assisting our Board in fulfilling its oversight responsibilities. The composition of our Audit and Risk Management Committee is set out below:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Puar Chin Jong	Chairperson	Independent Non-Executive Director
Quah Bee Fong	Member	Independent Non-Executive Director
Elaine Law Soh Ying	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee has full access to both internal and external auditors who in turn have access at all times to the Chairperson of our Audit and Risk Management Committee. The key duties and responsibilities of our Audit and Risk Management Committee as stated in its terms of reference include, amongst others, the following:

(i) Financial reporting

Review the Group’s quarterly results and year-end financial statements before submission to our Board for approval, focusing particularly on:

- (a) changes in or implementation of major accounting policy changes;
- (b) significant matters highlighted in the financial statements including the “Key Audit Matters” and significant and unusual events or transactions, and how these matters are addressed;
- (c) significant adjustments arising from the audit;

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (d) compliance with accounting standards and other legal requirements; and
- (e) the going concern assumption.

(ii) **External audit**

To conduct the following in respect of external audit: -

- (a) to consider and recommend to our Board on the appointment or re-appointment of external auditors, to consider the adequacy of experience and resources of the external auditors and determine the audit fees;
- (b) to review any letter of resignation from the external auditors and any questions of resignation or dismissal;
- (c) to annually assess the suitability, objectivity and independence of the external auditors, taking into consideration the following:
 - the competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - the Annual Transparency Report (“**ATR**”) of the external auditors, if applicable, or to engage with audit firms (for firms that are not required to issue ATR) on matters in relation to their governance and leadership structure as well as measures undertaken by the audit firm to uphold audit quality and manage risks;
 - the appropriateness of audit fees to support a quality audit;
 - the nature and extent of non-audit services rendered and the level of fees paid for such services relative to audit fees. In this connection, the Committee shall review and approve all proposed non-audit services, including proposed fees, prior to work commencement;
 - the conduct of and independence demonstrated by the external auditors throughout the audit engagement. In this connection, the Committee shall obtain written confirmation from the external auditors that they are, and have been, independent in accordance with all relevant professional and regulatory requirements; and
 - the conduct of an annual evaluation on the performance of the external auditors and undertaking follow-up measures, where necessary;
- (d) to discuss with the external auditors before the audit commences, their audit plan, the nature and scope of their audit and their co-ordination with component auditors where more than 1 audit firm is involved in the audit of our Group’s financial statements;
- (e) to review with the external auditors, their evaluation of the system of internal controls and their audit report and to report the same to our Board;
- (f) to review any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors and to report the same to our Board;

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (g) to review the external auditors' management letter and Management's response to their suggestions for improvements;
- (h) to review whether there is a reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment; and
- (i) to discuss and review the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts cannot be entered into should include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.

(iii) Internal audit

To review the following in respect of internal audit: -

- (a) suitability of the candidate to be hired as in-house internal auditors, his/her jobs description and remuneration;
- (b) adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
- (c) the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (d) the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function; and
- (e) review and approve any appointment, termination or resignation of the internal auditors.

Review with the internal auditors on the following and report the same to our Board:

- (a) the annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of our Group and that it has the necessary authority to carry out its work;
- (b) effectiveness of the internal audit processes as well as the adequacy of the resource requirements, competency and the budget of the internal audit function;
- (c) the internal audit report containing the internal audit findings, commentaries and recommendations and to follow-up on remedial actions;
- (d) effectiveness of the internal control systems and risk management systems and have them considered if necessary; and
- (e) internal auditors' report of deficiencies in internal control and management's response thereto.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iv) Review related party transactions and conflict of interest

- (a) to review any related party transaction and conflict of interest situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises question of management integrity and to report the same to our Board; and
- (b) to ensure that our Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes;

(v) Risk management and internal control

- (a) to review the adequacy of our Group's risk management framework and assess the resources and knowledge of the management and employee involved in the risk management process;
- (b) to review the effectiveness of internal control systems deployed by the Management to address those risks;
- (c) to review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- (d) to review and further monitor principal risks that may affect our Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
- (e) to communicate and monitor the risk assessment results to our Board; and
- (f) to highlight actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting our Group.

(vi) Sustainability reporting

To provide oversight of sustainability reporting by ensuring the effective identification, management and reporting of material sustainability matters (i.e. risks and opportunities) affecting the economic, environmental and social aspects of our Group's businesses towards achievement of sustainability goals across our Group.

(vii) Other matters

- (a) to provide oversight of anti-bribery management of our Group.
- (b) to oversee the implementation of the whistleblowing policy and procedures of our Group.
- (c) to verify the allocation of share options and grant of shares pursuant to the share issuance scheme to ensure in compliance with the allocation criteria under the share issuance scheme, at the end of each financial year.
- (d) to assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (e) to review the Annual Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report, Corporate Governance Overview Statement and Corporate Governance Report to be published in the Annual Report.
- (f) to carry out any other function that may be mutually agreed upon by the Committee and our Board.

5.3.3 Remuneration Committee

The Remuneration Committee was constituted on 25 September 2023 by our Board. The composition of our Remuneration Committee is set out below:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Quah Bee Fong	Chairperson	Independent Non-Executive Director
Puar Chin Jong	Member	Independent Non-Executive Director
Elaine Law Soh Ying	Member	Independent Non-Executive Director

The key duties and responsibilities of our Remuneration Committee as stated in its terms of reference include, amongst others, the following:

- (a) to determine and recommend to our Board the general remuneration policy for Executive Directors, Non-Executive Directors and key senior management;
- (b) to review and recommend to our Board in relation to the remuneration structures of the Executive Directors, Non-Executive Directors and key senior management;
- (c) to review and recommend the fee and benefits payable to the Non-Executive Directors to our Board taking into consideration each Director's contribution, the level of expertise, commitment and responsibilities undertaken;
- (d) to ensure that the remuneration package of Executive Directors commensurate with skills and responsibility of the director concerned and is sufficient to attract and retain Directors needed to run our Company successfully;
- (e) to review the policies and procedures of the remuneration framework periodically; and
- (f) to carry out any other function that may be mutually agreed upon by the Committee and our Board.

5.3.4 Nomination Committee

The Nomination Committee was constituted on 25 September 2023 by our Board. The composition of our Nomination Committee is set out below:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Elaine Law Soh Ying	Chairperson	Independent Non-Executive Director
Quah Bee Fong	Member	Independent Non-Executive Director
Puar Chin Jong	Member	Independent Non-Executive Director

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

The key duties and responsibilities of our Nomination Committee as stated in its terms of reference include, amongst others, the following:

- (a) to assess and recommend to our Board, candidates for any directorships. In making its recommendations, the Committee should consider the following attributes of the candidates or factors:
 - (i) technical competency, skills, knowledge, expertise and experience;
 - (ii) strong sense of professionalism;
 - (iii) background, character, integrity and competence;
 - (iv) contribution and performance;
 - (v) other commitments and time available to contribute inputs to our Board;
 - (vi) in the case of candidates for the position of Independent Non-Executive Directors, the Committee should evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; and
 - (vii) boardroom diversity.
- (b) to review annually the overall structure, size and composition of our Board, which including the required mix of skills, knowledge, experience, diversity and core competencies which Non-Executive and Executive Directors should bring to our Board.
- (c) to formulate, maintain and review the re-appointment and re-election process of Directors having due regard to their performance and ability to continue contributing to our Board with their knowledge, skills and experience as and when required.
- (d) to formulate the "Fit and Proper Policy" and to ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto our Board, including Directors who are seeking for re-election.
- (e) to prepare and review the report of the Committee in accordance with Rule 15.08A of the Listing Requirements.
- (f) to recommend to our Board the nominees to fill the seats on the committees of our Board.
- (g) to review Board succession plans and make recommendations to our Board on succession planning policy.
- (h) to lead the succession planning and appointment of board members, including the Chairman of our Board and Executive Directors.
- (i) to review the training needs/programs for our Board and facilitate our Board induction and training programs.
- (j) to review annually, the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and members have carried out their duties in

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

accordance with the terms of reference of the Audit and Risk Management Committee.

- (k) to implement annual assessment on the effectiveness and performance of our Board as a whole, the committees of our Board, as well as the contribution/performance, character, experience, integrity, competence and time to effectively discharge his/her role as a Director, including non-executive Directors and executive Directors. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented together with the criteria used for such assessment.
- (l) to develop the criteria to assess independence and to assess on an annual basis, the independence of the Independent Non-Executive Directors and recommend the same to our Board.
- (m) to recommend and, where applicable, to provide justifications to our Board for its recommendation, on whether annual shareholders' approval should be sought to on the retention of its Independent Non-Executive Directors whose terms have exceeded nine (9) years' tenure for continuance in the office.
- (n) to recommend the re-election of Directors who retired by rotation pursuant to our Company's Constitution.
- (o) to establish a policy formalising its approach to boardroom diversity.
- (p) to act in line with the directions of our Board.
- (q) to review with the Executive Directors, their goals and objectives and to assess their performance against these objectives as well as their contribution to the corporate strategy.
- (r) to ensure that the composition of our Board is refreshed periodically. The tenure of each director should be reviewed by the Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to our Board.
- (s) To consider and examine such other matters as the Committee considers appropriate including the activities of the Committee in the discharge of its duties for the financial year.

5.4 KEY SENIOR MANAGEMENT

5.4.1 Key senior management team

The composition of our key senior management team is set out below:

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Designation / Function</u>
See Chin Joo	53	Malaysian	Executive Director
Ooi Kok Hong	53	Malaysian	Executive Director
Leong Mei Cian	35	Malaysian	Head of Planning
Mohd Faizal Bin Mohd Wazir	40	Malaysian	Head of Animation

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.2 Profiles of our key senior management

The profiles of our key senior management are as follows:

(i) See Chin Joo
(Executive Director)

See Chin Joo is responsible for providing management guidance and strategic advice to the key management and personnel of our Group. He is also the key personnel overseeing the following portfolio of our Group:

- (a) finance, which he is responsible for managing the finance matters and reporting of our Group;
- (b) sales and marketing, which he is responsible for developing sales and marketing strategies for our Group, identifying new business opportunities, and maintaining strong customer relationships; and
- (c) human resources processing, which he is responsible for overseeing payroll processing and administration, human resources record management and employees' benefits administration.

For further details on See Chin Joo, please refer to Section 5.1.2 of this Prospectus.

(ii) Ooi Kok Hong
(Executive Director)

Ooi Kok Hong is responsible for providing strategic guidance and direction to the operations of our Group, in which he is the key personnel overseeing the following portfolio of our Group:

- (a) animation production, which he is responsible for leading and managing the animation production team, driving technology adoption in animation production, resource planning and talent acquisition.

He is also supported by the other key senior management of our Group in animation production, being Leong Mei Cian (Head of Planning) and Mohd Faizal Bin Mohd Wazir (Head of Animation), details of which are set out below; and

- (b) technology department, which he is responsible for leading the technology team of our Group, identifying emerging technologies and implementation within the animation production pipeline and overseeing the information technology infrastructure management.

For further details on Ooi Kok Hong, please refer to Section 5.1.2 of this Prospectus.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(i) Leong Mei Cian
(Head of Planning)

Leong Mei Cian, a Malaysian aged 35, is the Head of Planning of our Group and she reports to Ooi Kok Hong, our Executive Director. She has over 11 years of experience in 2D animation production. Her main responsibilities as Head of Planning include production scheduling, resource planning and allocation, production management and monitoring, talent acquisition, as well as overseeing and managing the planning activities of the animation productions and projects of Inspidea in the Planning Department.

Leong Mei Cian graduated with a Bachelor of Communication (Honours) Broadcasting from the Universiti Tunku Abdul Rahman, Malaysia, in February 2013.

She began her career with cCube TV Sdn Bhd, a company principally involved in the business of TV production, musical industries and general merchant, as a Video Editor from March 2013 to April 2014 where she was involved in video editing and motion graphics creation.

In June 2014, she joined Inspidea as a Production Co-ordinator where she was responsible to plan, organise and manage the overall production scheduling and workflow for each project team within the animation department. In September 2014, she was promoted to the role of Assistant Manager where she was given more responsibilities as she handled larger projects and managed a team of Production Co-ordinators. She was then promoted to Planning Supervisor in January 2016 where she was given the responsibility to manage a larger team of Production Co-ordinators. She was subsequently promoted to the current role of Head of Planning in January 2020 to lead the Planning Department.

(ii) Mohd Faizal Bin Mohd Wazir
(Head of Animation)

Mohd Faizal Bin Mohd Wazir, a Malaysian aged 40, is the Head of Animation of our Group and he reports to Ooi Kok Hong, our Executive Director. As the Head of Animation, he is responsible in overseeing the animation direction, providing creative supervision for the animation production, quality management, as well as training and coaching talent in the Animation Department. He has over 15 years of experience in 2D animation production.

He graduated with a Bachelor of Multimedia Communication with Honours from Open University Malaysia, Malaysia, in May 2013.

He began his career in animation production industry whilst still pursuing his bachelor's degree in Multimedia Communication from Open University Malaysia, where he first received the offer to join Inspidea as a Junior Animator in November 2009.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In November 2010, he was promoted to the role of Assistant Clean Up Checker where he was responsible to assist the Lead Clean Up Checker in maintaining the quality of the ink and paint process and to guide the clean-up artists to ensure that the animations met client's specifications for each project. In November 2011, he was promoted to the role of Animator, where he was responsible for the creation and production of various animation projects. In November 2012, he was promoted to Team Lead where he was given the responsibility to lead a team of 10 animators and is responsible to provide leadership and guidance to his team members alongside with his animation role. Subsequently, in November 2014, he assumed the role of Animation Checker and Supervisor, where he was given greater responsibility in overseeing several projects to ensure the quality of each project, managing the team leaders as well as liaising with clients to ensure successful delivery of each project.

In September 2012, he decided to complete his deferred final year project to complete his bachelor's degree with Open University Malaysia, while still maintaining full-time employment with Inspidea. He subsequently graduated with a Bachelor of Multimedia Communication with Honours from Open University Malaysia, in May 2013.

Mohd Faizal Bin Mohd Wazir was promoted to his current role as the Head of Animation of our Group in January 2020.

5.4.3 Shareholdings of our key senior management

The direct and indirect shareholdings of See Chin Joo and Ooi Kok Hong before and after our IPO are set out in Section 5.2.3 of this Prospectus.

The following table sets out the direct and indirect shareholdings of our other key senior management (assuming full subscription of Pink Form Allocations reserved for our eligible employees):

Name	Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	⁽¹⁾ (%)	No. of Shares	⁽¹⁾ (%)	No. of Shares	⁽²⁾ (%)	No. of Shares	⁽²⁾ (%)
Leong Mei Cian	-	-	-	-	⁽³⁾ 400,000	0.08	-	-
Mohd Faizal Bin Mohd Wazir	-	-	-	-	⁽³⁾ 400,000	0.08	-	-

Notes:

- (1) Based on the total number of 400,000,000 Shares after completion of the Acquisition and before our IPO.
- (2) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (3) Assuming that the key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.4 Principal directorship of our key senior management and principal business activities performed outside of our Group

Save as disclosed in Section 5.2.4 of this Prospectus, none of our key senior management is involved in any other principal business activities outside our Group as at the LPD.

Save as disclosed in Section 11.1 of this Prospectus, the involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business.

5.4.5 Key senior management's remuneration and benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid to See Chin Joo and Ooi Kok Hong for FYE 2023 and proposed to be paid for FYE 2024 are set out in Section 5.2.5 of this Prospectus.

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid (in bands of RM50,000) to our other key senior management for services rendered in all capacities to our Group for FYE 2023 and proposed to be paid for FYE 2024 are as follows:

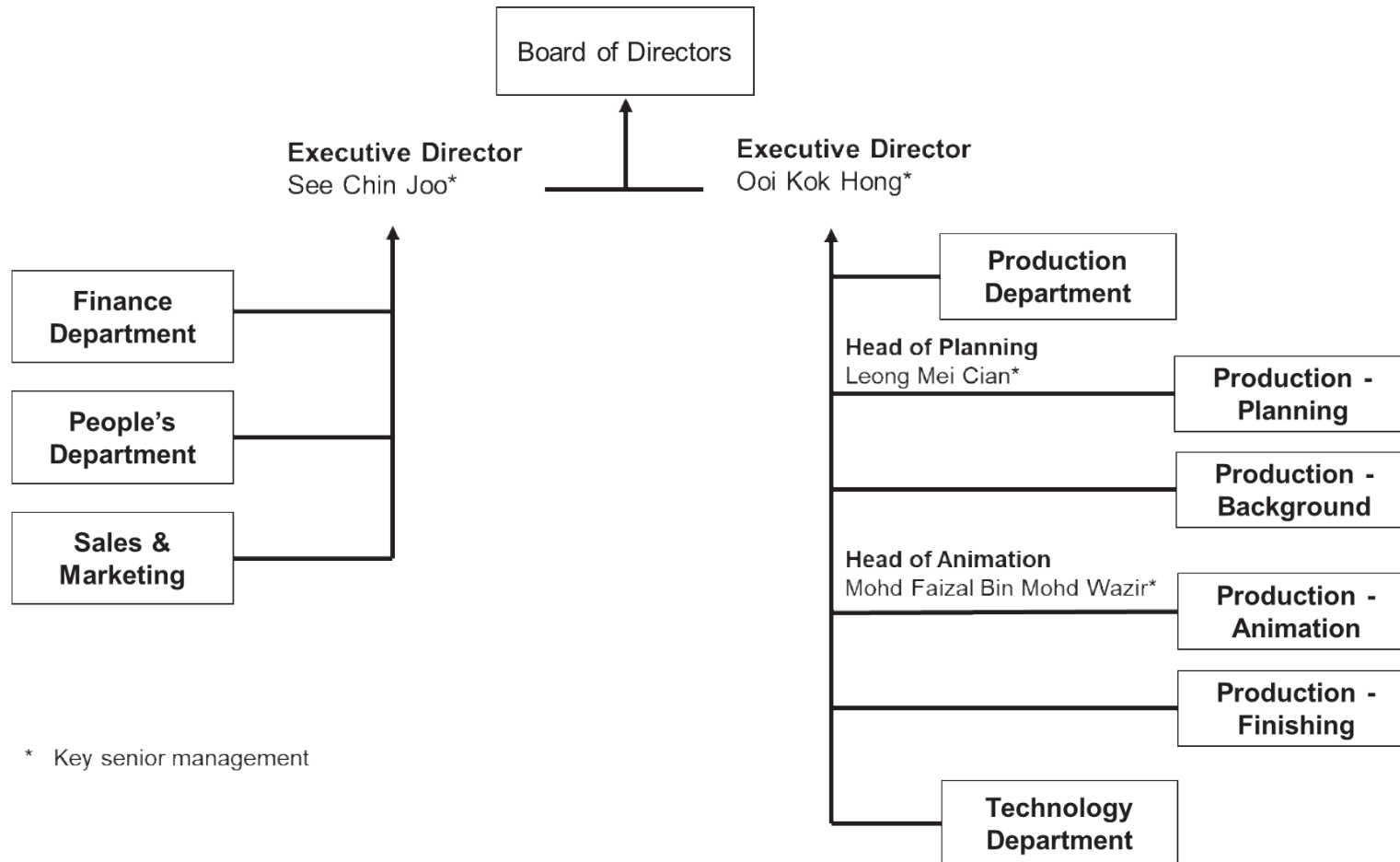
Name	Remuneration band	
	FYE 2023 (RM'000)	FYE 2024 (RM'000)
Leong Mei Cian	100 to 150	150 to 200
Mohd Faizal Bin Mohd Wazir	100 to 150	100 to 150

The remuneration of our key senior management, which includes salaries, fees and allowances, bonuses, as well as other benefits, shall be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board, subject to the provisions of our board charter.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.5 MANAGEMENT REPORTING STRUCTURE



* Key senior management

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.6 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors and key senior management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he/she was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgement was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (vi) was the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) has any unsatisfied judgement against such person.

5.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save for Ku Chia Loon, our Non-Independent Non-Executive Director which is the son of our substantial shareholder, Koo Hong @ Ku Hong Hai, there is no family relationship and/or association between any of our Promoters, substantial shareholders, Directors and key senior management.

5.8 SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into between our Company with any Directors, or between any companies within our Group with any member of our key senior management.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.9 MANAGEMENT SUCCESSION PLAN

Our future success also depends on our ability to attract and retain skilled personnel. Our strategies to retain our key senior management and attract new personnel include, amongst others, succession planning and promotion opportunities, attractive remuneration packages and training activities.

Our succession plan consists of:

- (i) selection and recruitment: identifying key competencies and requirements for managerial and key senior positions for succession planning; and identifying potential successor's readiness to facilitate skills transfer so as to ensure smooth running and continuity of the operations of our Group;
- (ii) attractive remuneration packages and employee benefits;
- (iii) career planning and development: our senior management trains the lower and middle management staff to gradually assume more responsibilities; and
- (iv) continuous training and education: our middle management actively participate in discussions and decision-making in various operations of our Group. Such active participation will ensure better understanding of our operations and enable the personnel to equip themselves with the necessary knowledge and skills to succeed in senior management roles.

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6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 23 March 2023 as a private limited company under the name of Kucingo Sdn Bhd. On 24 July 2023, we changed our name to Kucingko Sdn Bhd. We subsequently converted into a public limited company on 11 September 2023 and assumed our present name of Kucingko Berhad.

We were incorporated to facilitate the Listing and our Company is principally an investment holding company. Through our subsidiaries, we provide 2D animation production services. The principal activities of our Subsidiaries are disclosed in Section 6.5 of this Prospectus.

6.2 SHARE CAPITAL

Our issued share capital upon completion of the Acquisition is approximately RM9,560,003, comprising 400,000,000 Shares. The changes in our issued share capital since incorporation up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Consideration (RM)	Cumulative issued share capital (RM)	Cumulative no. of Shares
23 March 2023	2	2.00	2.00	2
15 September 2023	1	1.00	3.00	3
9 May 2024	399,999,997	9,559,999.93	9,560,002.93	400,000,000

Save for the ESOS Options to be granted upon Listing, there is also no outstanding warrants, options, convertible securities or uncalled capital in respect of our Share as at the LPD. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the allotments as tabulated above.

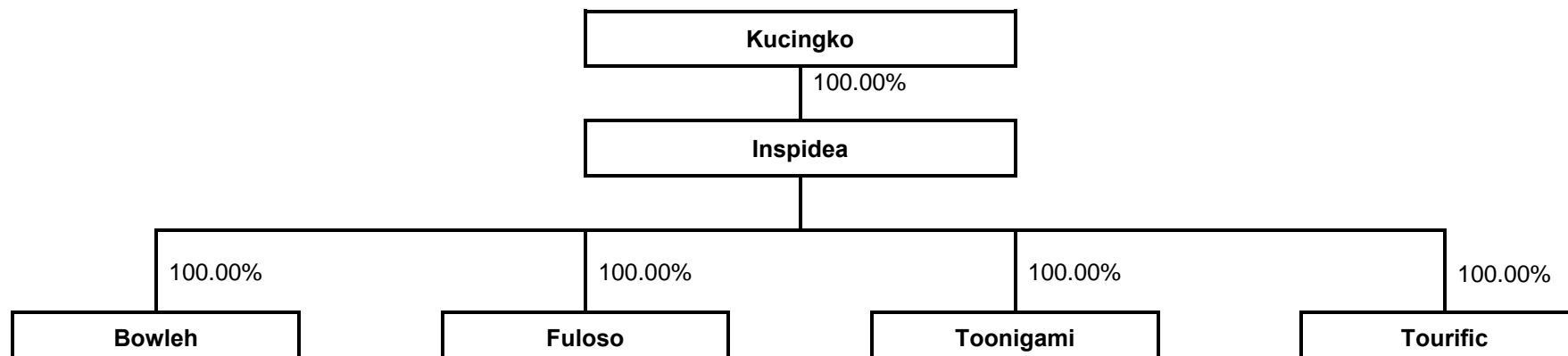
Upon completion of our IPO, our issued share capital will increase to RM38,852,003 comprising 500,000,000 Shares.

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6. INFORMATION ON OUR GROUP (CONT'D)

6.3 OUR GROUP STRUCTURE

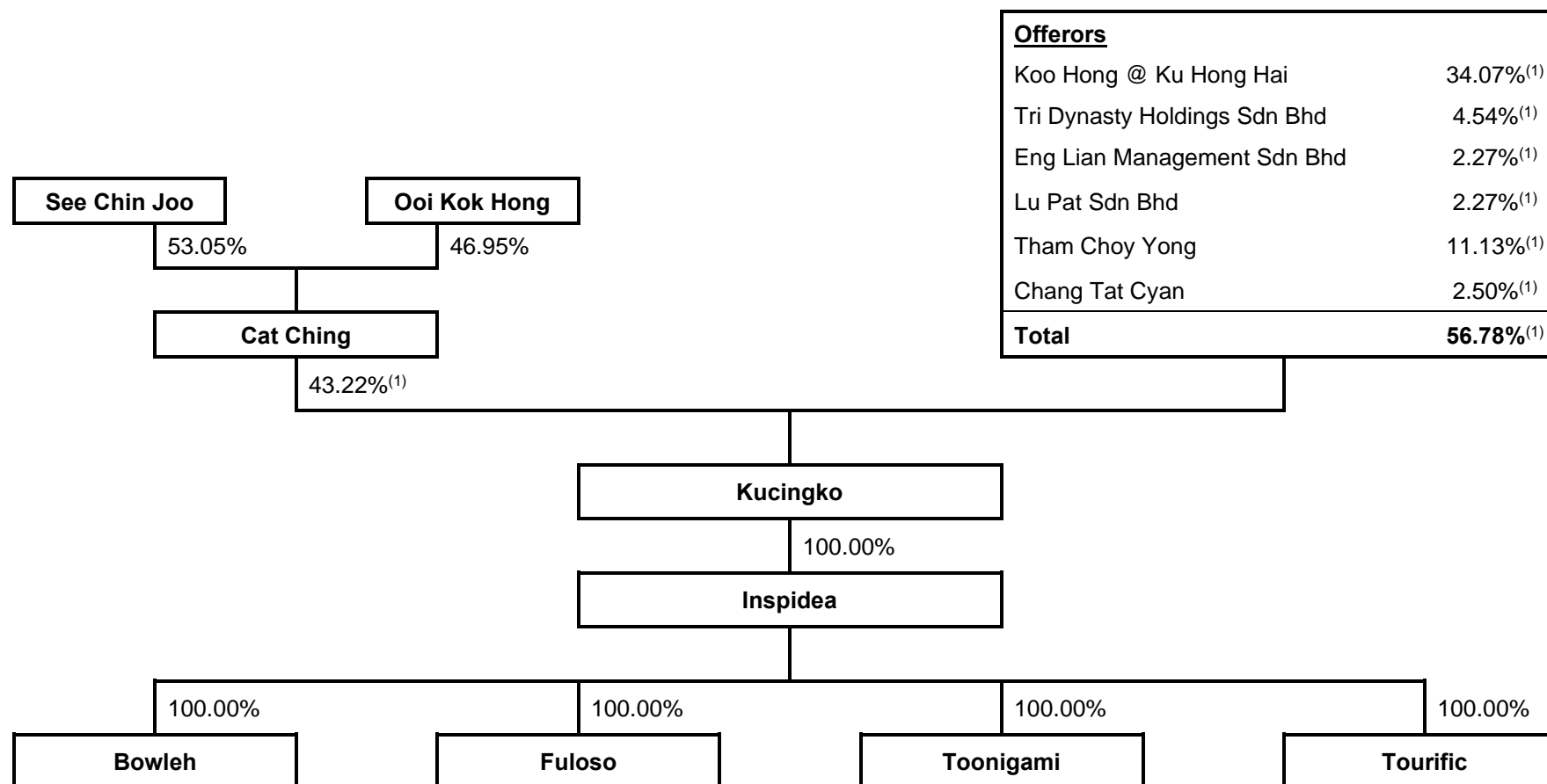
6.3.1 The structure of our Group as at the LPD is as follows:



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6. INFORMATION ON OUR GROUP (CONT'D)

6.3.2 The structure of our Group after the Acquisition but before our IPO is as follows:



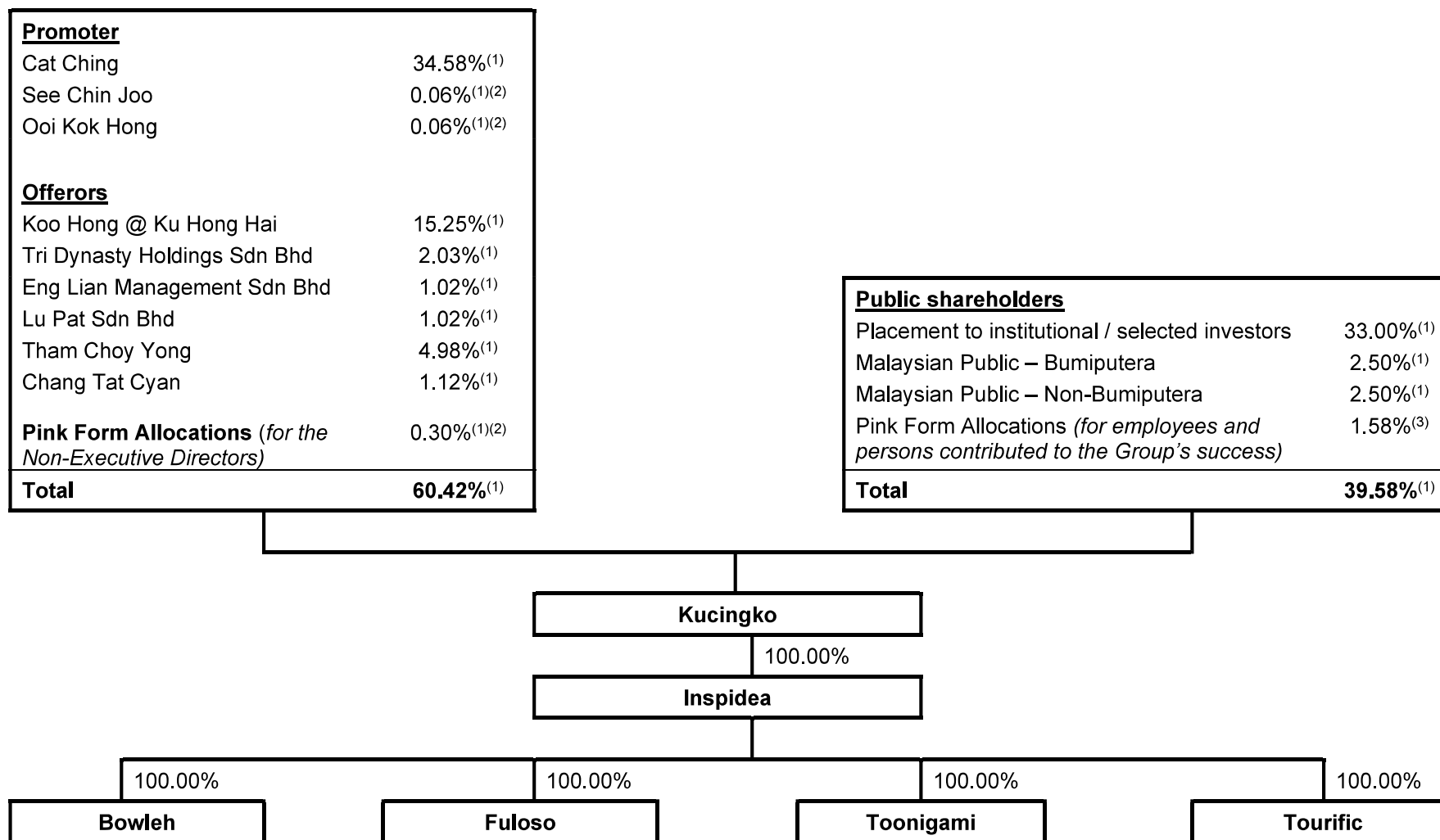
Offerors	
Koo Hong @ Ku Hong Hai	34.07% ⁽¹⁾
Tri Dynasty Holdings Sdn Bhd	4.54% ⁽¹⁾
Eng Lian Management Sdn Bhd	2.27% ⁽¹⁾
Lu Pat Sdn Bhd	2.27% ⁽¹⁾
Tham Choy Yong	11.13% ⁽¹⁾
Chang Tat Cyan	2.50% ⁽¹⁾
Total	56.78%⁽¹⁾

Note:

(1) Based on the total number of 400,000,000 Shares after completion of the Acquisition and before our IPO.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.3 The structure of our Group after our IPO is as follows:



6. INFORMATION ON OUR GROUP (CONT'D)

Notes:

- (1) *Based on the enlarged total number of 500,000,000 Shares after our IPO.*
- (2) *Assuming that the Directors will fully subscribe for their respective entitlements under the Pink Form Allocations.*
- (3) *Assuming that the employees of our Group and persons who have contributed to our success subscribe for their respective entitlements under the Pink Form Allocations.*

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6. INFORMATION ON OUR GROUP (CONT'D)**6.4 DETAILS OF THE LISTING SCHEME**

In conjunction with and as an integral part of our Listing, our Company undertook a listing scheme which involved the Acquisition. On 21 November 2023, we entered into a conditional share sale agreement with the shareholders of Inspidea to acquire the entire equity interest in Inspidea comprising 4,910,703 ordinary shares for a total purchase consideration of RM9,559,999.93 ("**Purchase Consideration**"). The Purchase Consideration was satisfied by the issuance of 399,999,997 new Shares to the nominees nominated by the shareholders of Inspidea at an issue price of RM0.0239 per Share, details of which are as follows:

Shareholders of Inspidea	No. of Inspidea shares acquired	Share capital in Inspidea (%)	Purchase Consideration (RM)	No. of Shares issued
See Chin Joo ⁽¹⁾	1,126,222	22.93	2,192,493	91,736,111
Ooi Kok Hong ⁽¹⁾	996,297	20.29	1,939,559	81,153,105
Netval Ventures ⁽²⁾	2,788,184 ⁽³⁾	56.78	5,427,948	227,110,781
Total	4,910,703	100.00	9,560,000	399,999,997

Notes:

- (1) See Chin Joo and Ooi Kok Hong have nominated Cat Ching as the recipient for the new Shares to be issued to them in respect of the Acquisition. The shareholders of Cat Ching and their respective shareholdings as at the LPD are as follows:

Shareholders of Cat Ching	Ordinary shares (%)
See Chin Joo	53.05
Ooi Kok Hong	46.95
Total	100.00

- (2) Netval Ventures has nominated its shareholders as the recipients for the new Shares to be issued to them in respect of the Acquisition. The shareholders of Netval Ventures and their respective shareholdings as at the LPD are as follows:

Shareholders of Netval Ventures	Ordinary shares (%)	Preference shares (%)
Koo Hong @ Ku Hong Hai	75.00	-
Tri Dynasty Holdings Sdn Bhd	10.00	-
Eng Lian Management Sdn Bhd	5.00	-
Lu Pat Sdn Bhd	5.00	-
Tham Choy Yong	4.50	80.0
Chang Tat Cyan	0.50	20.0
Total	100.00	100.00

- (3) Includes the 209,342 ordinary shares in Inspidea held by Netval Ventures as well as the issuance of 2,578,842 ordinary shares in Inspidea pursuant to the conversion of 88,509 convertible preference shares.

6. INFORMATION ON OUR GROUP (CONT'D)

The Purchase Consideration of RM9,559,999.93 for the Acquisition was arrived based on a “willing-buyer willing-seller” basis after taking into consideration amongst others the audited consolidated NA of Inspidea as at 31 December 2022 of RM15,786,278 and the final dividend declared for the FYE 2022 of RM6,204,127. The Acquisition was completed on 9 May 2024 and Inspidea became our wholly-owned subsidiary.

The new Shares issued pursuant to the Acquisition rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

6.5 DETAILS OF OUR SUBSIDIARIES

As at the LPD, the details of our Subsidiaries are as follows:

<u>Name and registration no.</u>	<u>Date / Place of incorporation</u>	<u>Principal place of business</u>	<u>Effective equity interest (%)</u>	<u>Principal activities</u>
<u>Subsidiary</u>				
Inspidea (200201012802 (580465-T))	16 May 2002 / Malaysia	Malaysia	100.00	Provision of animation production services
<u>Subsidiaries held through Inspidea</u>				
Bowleh (201701042933 (1257106-H))	23 November 2017 / Malaysia	Malaysia	100.00	Operation of restaurant and cafe
Fuloso (201801045770 (1307802-K))	17 December 2018 / Malaysia	Malaysia	100.00	Provision of games, animation and content development and production services
Toonigami (200801004656 (805940-X))	11 February 2008 / Malaysia	Malaysia	100.00	Provision of animation production services
Tourific (199901025996 (500896-D))	10 December 1999 / Malaysia	Malaysia	100.00	Providing internet business or services, online content development, online content publishing, internet consultancy services and related services

6. INFORMATION ON OUR GROUP (CONT'D)**6.5.1 Our Subsidiaries****(i) Inspidea****(a) Background and history**

Inspidea was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 16 May 2002 and is deemed registered under the Act, under the name of Inspidea Sdn Bhd. Inspidea commenced its operations in May 2002.

(b) Principal place of business

Inspidea's principal place of business is located at G-G-03A Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia.

(c) Principal activities and products / services

Inspidea is principally involved in the provision of animation production services.

(d) Share capital

As at the LPD, the issued share capital of Inspidea is RM6,611,427.48 comprising 4,910,703 ordinary shares.

The movements in the share capital of Inspidea during the Financial Years Under Review and up to the LPD are set out below:

<u>Date of allotment</u>	<u>No. of shares allotted (Ordinary/Preference)</u>	<u>Consideration / Type of issue</u>	<u>Cumulative share capital (RM)</u>
21 April 2021	73,131 (Ordinary)	RM73,131.00 / Cash	3,032,307.00
31 May 2021	1,699,554 (Ordinary)	RM1,699,554.00 / Cash	4,731,861.00
31 May 2021	64,509 (Preference)	RM1,879,566.48 / Cash	6,611,427.48
15 April 2024	2,578,842 (Ordinary)	Not applicable / Conversion of convertible preference shares	6,611,427.48

Inspidea does not have any outstanding warrants, options, convertible securities and uncalled capital as at the LPD. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments above.

(e) Shareholder

As at the LPD, Kucingko is the sole shareholder of Inspidea.

6. INFORMATION ON OUR GROUP (CONT'D)**(f) Subsidiary, joint venture or associated company**

As at the LPD, save for Bowleh, Fulofo, Toonigami and Tourific, Inspidea does not have any subsidiary, joint venture or associated company.

(ii) Bowleh**(a) Background and history**

Bowleh was incorporated in Malaysia under the Act as a private limited company on 23 November 2017 under the name of Bowleh Sdn Bhd. Bowleh commenced its operations in October 2019.

(b) Principal place of business

Bowleh's principal place of business is located at H-G-2 Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia.

(c) Principal activities and products / services

Bowleh is principally involved in the operation of restaurant and café.

(d) Share capital

As at the LPD, the issued share capital of Bowleh is RM150,000.00 comprising 150,000 ordinary shares. There has been no change in the issued share capital of Bowleh during the Financial Years Under Review and up to the LPD.

Bowleh does not have any outstanding warrants, options, convertible securities and uncalled capital as at the LPD.

(e) Shareholder

As at the LPD, Inspidea is the sole shareholder of Bowleh.

(f) Subsidiary, joint venture or associated company

As at the LPD, Bowleh does not have any subsidiary, joint venture or associated company.

(iii) Fulofo**(a) Background and history**

Fulofo was incorporated in Malaysia under the Act as a private limited company on 17 December 2018, under the name of Fulofo Sdn Bhd. Fulofo has been dormant since 2020 and has recommenced its operations on 1 November 2023.

(b) Principal place of business

Fulofo's principal place of business is located at G-G-03A Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia.

(c) Principal activities and products / services

Fulofo is principally involved in the provision of games, animation and content development/production services.

6. INFORMATION ON OUR GROUP (CONT'D)

(d) Share capital

As at the LPD, the issued share capital of Fulofo is RM100,000.00 comprising 100,000 ordinary shares. There has been no change in the issued share capital of Fulofo during the Financial Years Under Review and up to the LPD.

Fulofo does not have any outstanding warrants, options, convertible securities and uncalled capital as at the LPD.

(e) Shareholder

As at the LPD, Inspidea is the sole shareholder of Fulofo.

(f) Subsidiary, joint venture or associated company

As at the LPD, Fulofo does not have any subsidiary, joint venture or associated company.

(iv) Toonigami

(a) Background and history

Toonigami was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 11 February 2008 and is deemed registered under the Act, under the name of Toonigami Sdn Bhd. Toonigami commenced its operations in 2008.

(b) Principal place of business

Toonigami's principal place of business is located at G-G-05 Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia.

(c) Principal activities and products / services

Toonigami is principally involved in the provision of animation production services.

(d) Share capital

As at the LPD, the issued share capital of Toonigami is RM50,000.00 comprising 50,000 ordinary shares. There has been no change in the issued share capital of Toonigami during the Financial Years Under Review and up to the LPD.

Toonigami does not have any outstanding warrants, options, convertible securities and uncalled capital as at the LPD.

(e) Shareholder

As at the LPD, Inspidea is the sole shareholder of Toonigami.

(f) Subsidiary, joint venture or associated company

As at the LPD, Toonigami does not have any subsidiary, joint venture or associated company.

6. INFORMATION ON OUR GROUP (CONT'D)**(v) Tourific****(a) Background and history**

Tourific was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 10 December 1999 and is deemed registered under the Act, under the name of Tourific Sdn Bhd. Tourific commenced its operations in 1999.

(b) Principal place of business

Tourific's principal place of business is located at G-G-03A Glomac Square, Jalan SS6/16A, 47301 Petaling Jaya, Selangor, Malaysia.

(c) Principal activities and products / services

Tourific is principally involved in the distribution of computer hardware and software, IT Infrastructure and networking support and services.

(d) Share capital

As at the LPD, the issued share capital of Tourific is RM137,915.00 comprising 131,844 ordinary shares. There has been no change in the issued share capital of Tourific during the Financial Years Under Review and up to the LPD.

Tourific does not have any outstanding warrants, options, convertible securities and uncalled capital as at the LPD.

(e) Shareholder

As at the LPD, Inspidea is the sole shareholder of Tourific.

(f) Subsidiary, joint venture or associated company

As at the LPD, Tourific does not have any subsidiary, joint venture or associated company.

6.6 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, we do not have any material investments and divestitures for the Financial Years Under Review and up to the LPD:

Description	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	Between 1 January 2024 up to the LPD (RM'000)
Investments (at cost)					
Plant and equipment					
Furniture and fittings	-	2	-	4	55
Office equipment	50	49	265	1,165	67
Motor vehicle	-	-	-	74	-
Renovation	10	(1)-	300	1,460	97
Sub total	60	51	565	2,703	219
	(0.40% of our Group's NA for the FYE 2020)	(0.35% of our Group's NA for the FYE 2021)	(3.58% of our Group's NA for the FYE 2022)	(15.07% of our Group's NA for the FYE 2023)	(1.35% of our Group's NA for the LPD)

6. INFORMATION ON OUR GROUP (CONT'D)

<u>Description</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>Between 1 January 2024 up to the LPD</u>
Right of use assets					
Office premises	-	-	2,414	-	-
Sub total	-	-	2,414	-	-
			(15.29% of our Group's NA for the FYE 2022)		
Total	60	51	2,979	2,703	-
Divestitures (at cost)					
Plant and equipment					
Furniture and fittings	-	-	-	-	-
Office equipment	28	11	223	20	1
Motor vehicle	-	-	-	-	-
Renovation	-	-	-	-	-
Sub total	28	11	223	20	1
	(0.19% of our Group's NA for the FYE 2020)	(0.08% of our Group's NA for the FYE 2021)	(1.41% of our Group's NA for the FYE 2022)	(0.11% of our Group's NA for the FYE 2023)	(0.01% of our Group's NA for the LPD)
Others (consideration received)					
Disposal by Inspidea of its 100.00% equity interest in Tapestream Pte Ltd to Arboratory Limited ⁽²⁾	-	-	96.63 (1.21% of our Group's NA for the FYE 2022)	-	-
Disposal by Inspidea of its 100.00% equity interest in TSSRM Sdn Bhd to Arboratory Limited ⁽²⁾	-	-	391.20 (4.90% of our Group's NA for the FYE 2022)	-	-
Total	-	-	487.83	-	-

Notes:

(1) Less than RM1,000.

(2) Please refer to Section 10.1.1 of this Prospectus for further details of the Inspidea's disposal of Tapestream Pte Ltd and TSSRM Sdn Bhd to Arboratory Limited.

Our material investments were primarily funded via internally generated funds.

6.7 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to the LPD, there were:

- (i) no public take-over offers by third parties in respect of our Shares; and
- (ii) no public take-over offers by our Company in respect of other companies' shares.

7. BUSINESS OVERVIEW

7.1 HISTORY AND MILESTONES

The history of our Group can be traced back to the incorporation of Inspidea on 16 May 2002 by our Executive Directors, See Chin Joo and Ooi Kok Hong as well as 2 other unrelated parties namely Foo Weng Seng and Chuo Yuan Ping, where the business was initially in proprietary content creation. Our Executive Directors, See Chin Joo and Ooi Kok Hong initially held 31.00% equity interest each in Inspidea while the remaining 38.00% equity interest in Inspidea was collectively held by the 2 unrelated parties. The 2 unrelated parties disposed their equity interest to See Chin Joo and Ooi Kok Hong in 2004. Subsequent to the disposal by the 2 unrelated parties, See Chin Joo and Ooi Kok Hong collectively held 100.00% equity interest in Inspidea, in which 67.14% equity interest were held by See Chin Joo while the remaining 32.86% equity interest were held by Ooi Kok Hong.

In 2005, Netval Ventures, a registered venture capital corporation with the SC, became our shareholder via the initial subscription of 10,000 convertible preference shares. Netval Ventures is an investor and is not involved in the day-to-day operations of our Group. In 2007, Inspidea transitioned the focus of its business from proprietary content creation to the provision of 2D animation production services. On 9 May 2024, Inspidea became a wholly-owned subsidiary of Kucingko.

We are primarily involved in 2D animation production services which is undertaken by our subsidiary, Inspidea. A small proportion of our business relates to the provision of food services, which is undertaken by our subsidiary, Bowleh. Generally, our 2D animation production services utilise a series of digitally drawn 2D images to create an illusion of movement to form visual content mainly for animated series. For the Financial Years Under Review, we produce animation contents that are based on pre-production package provided by the customer. For the Financial Years Under Review and up to the LPD, we have completed 63 animation production projects with a collective contract value of RM75.67 million and a total runtime of approximately 5,015 minutes.

The table below sets out the key events and milestones in the history and development of our business:

Year	Key events and milestones
2002	<ul style="list-style-type: none"> Incorporation of Inspidea. We commenced our business initially in proprietary content creation, which was focused on the development of proprietary content including animated series and animated characters. Our business commenced in an office located in Mont Kiara, Kuala Lumpur.
2004	<ul style="list-style-type: none"> We developed and produced our first proprietary content namely, <i>Johan the Young Scientist</i>, an animated series that comprises 26 episodes with a total runtime of approximately 312 minutes. During the same year, we entered into a broadcasting agreement with a broadcaster in the Republic of Estonia which permitted the broadcasting of the animated series in the Republic of Estonia. <p>Between 2004 and up to the LPD, we have developed and produced 12 proprietary contents in total which is set out as below:</p> <ul style="list-style-type: none"> - 9 animated series including <i>Johan the Young Scientist</i>, <i>Mustang Mama Football Fever</i>, <i>Mustang Mama Diehard Sports Fan</i>, <i>Mustang Mama x3</i>, <i>Happy Together</i>, <i>Boo & Mee</i>, <i>Pet Squad</i>, <i>AKIS</i>, and <i>Kobushi</i>; - 1 animated short film namely, <i>InnerTommy</i>; - 1 graphic novel namely, <i>Osiana World</i>; and - 1 animated character namely, <i>Terrified Sushi</i>, which has yet to be commercialised.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key events and milestones
	<p>For the Financial Years Under Review and up to the LPD, the focus of our business is 2D animation production services and there was no revenue generated from our proprietary content. Please refer to Section 7.12 of this Prospectus for further details on our proprietary content.</p> <ul style="list-style-type: none"> Inspidea was granted Pioneer Status from MITI, in which the company was entitled to corporate tax incentives for 5 years from November 2004 to November 2009 which was later extended for an additional 5 years to November 2014. We relocated our operational office from Mont Kiara, Kuala Lumpur to an office located in Kelana Square, Selangor.
2005	<ul style="list-style-type: none"> Netval Ventures, a registered venture capital corporation with the SC, became our shareholder via the initial subscription of 10,000 convertible preference shares in Inspidea. Netval Ventures is an investor and is not involved in our day-to-day business operations. Inspidea acquired Tourific which is involved in the distribution of IT products and the provision of related services. For the Financial Years Under Review and up to the LPD, Tourific is mainly the procurement arm for IT products and services used in our business operations.
2006	<ul style="list-style-type: none"> We relocated our operational office from Kelana Square, Selangor to Glomac Square, Selangor.
2007	<ul style="list-style-type: none"> We transitioned the focus of our business from proprietary content creation to the provision of 2D animation production services. In 2007, we secured our first 2D animation production project from a content producer in France for the production of an animated series which comprises 26 episodes with a total runtime of approximately 594 minutes. We commenced our business relationship with Customer A Group where we sold the proprietary right of one of our proprietary contents to a subsidiary of Customer A Group
2008	<ul style="list-style-type: none"> Toonigami was incorporated and the company is involved in the provision of subcontracted animation production services. Since 2021, the company has been mainly involved in the provision of subcontracted services for our animation projects. We expanded our office facilities in Glomac Square, Selangor from 1 shop unit to 2 shop units for our animation production operations.
2009	<ul style="list-style-type: none"> Through Inspidea, we collaborated with an international children's television channel based in the United Kingdom, for the development and production of an animated series namely, <i>Boo and Me</i> for 26 episodes with a total runtime of approximately 52 minutes. The proprietary rights of the animated series are owned by our Group. Inspidea obtained an approval from MDEC for a grant of up to RM4.85 million pertaining to the co-production of <i>Pet Squad</i>, an animated series. <i>Pet Squad</i> comprises 52 episodes with a total runtime of approximately 572 minutes which was co-produced by Inspidea together with 2 co-production partners from United Kingdom and Canada. As at the LPD, the proprietary rights of the said animated series is jointly owned by our Group (20.00%) and the 2 said parties (80.00%). The <i>Pet Squad</i> animated series was subsequently released in 2011.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key events and milestones
2010	<ul style="list-style-type: none"> We expanded our office facilities in Glomac Square, Selangor from 2 shop unit to 3 shop units for our animation production operations.
2011	<ul style="list-style-type: none"> We expanded our office facilities in Glomac Square, Selangor from 3 shop units to 4 shop units for our animation production operations.
2012	<ul style="list-style-type: none"> Inspidea obtained an approval from MDEC for a grant of up to RM2.38 million for the co-production of <i>Kobushi</i>, an animated series which was co-produced by Inspidea together with a co-production partner from France. We produced a total of 104 episodes with a total runtime of approximately 728 minutes and the animated series was released in 2012. The proprietary rights of this animated series was jointly owned by our Group (42.50%), the co-production partner (42.50%) and a financing co-producer (15.00%). We expanded our office facilities in Glomac Square, Selangor from 4 shop units to 6 shop units for our animation production operations.
2017	<ul style="list-style-type: none"> Bowleh was incorporated in 2017 and commenced business in the provision of food services in 2019 by setting up a restaurant in the vicinity of our office in Glomac Square.
2019	<ul style="list-style-type: none"> We were approved by the Ministry of Human Resources Malaysia as a Technical and Vocational Education and Training (“TVET”) centre where we provide National Dual Training (“SLDN”) programme for 2D animation production related knowledge. Between 2019 and up to the LPD, we have enrolled 40 students under the SLDN programme.
2020	<ul style="list-style-type: none"> We secured our first animation project directly from Customer I where we produced 1 episode with a total runtime of approximately 11 minutes. Subsequently, in 2021, we secured an additional contract from Customer I for the animation production of the full series of an animated series with 26 episodes and total runtime of approximately 78 minutes.

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7. BUSINESS OVERVIEW (CONT'D)

7.2 KEY AWARDS, CERTIFICATIONS AND RECOGNITIONS

Since the commencement of business operations in 2002, we have obtained the following key awards and recognitions:

Year	Key awards	Awarding party
2008	Enterprise 50 Award Programme Winner	Small and Medium Enterprises Corporation Malaysia (" SME Corp Malaysia ") (previously known as Small and Medium Industries Development Corporation) and Deloitte Malaysia
2008	Winner of Industry Excellence Award 2008 for the category: - Brand Excellence Award (Services) - Export Excellence Award (Services)	MITI
2009	Winner of Industry Excellence Award 2009 under the category of Export Excellence Award (Services)	MITI
2009	Achieve 3 stars under the SME Competitive Rating for Enhancement category	SME Corp Malaysia and MITI

In addition, we are involved in the production of animation content which obtained awards and nominations. Our contribution as an animation production service provider is to transform the concept and storyline into actual animated content with satisfactory quality that qualifies for the awards and nominations. Since the commencement of business operations in 2002, the awards and nominations obtained by the animated content which we were involved in are as follows:

Year	Key awards	Awarding party
2008	Nomination of <i>Mustang Mama Season 2 - Diehard Sports Fan</i> as one of the five finalists in the category of "TV series for all ages" in the Cartoons on the Bay Pulcinella Awards 2008	Rai Trade SpA
2009	The programme <i>Happy Together</i> was selected as part of the Official Selection of the Pulcinella Awards 2009	Rai Trade SpA
2011	Nominee of British Academy Children's Awards, for <i>Pet Squad</i>	British Academy of Film and Television Arts (BAFTA)
2013	15 th TBS DigiCon6 Award - DigiCon6 Creativity Awards for <i>InnerTommy</i>	Tokyo Broadcasting System Television Inc, Japan
2018	Winner of the FICCI Frames BAF (Best Animated Frames) Award for a 2D animated series in the FICCI Frames BAF Awards	Federation of Indian Chambers of Commerce and Industry
2018	Nomination of a 2D animated series under the Best Children's Animated Programme or Series category in the Asian Academy Creative Awards	Asian Academy of Creative Arts Pte Ltd
2018	Nomination of a 2D animated series under the Best Short Form Content category in the Asian Academy Creative Awards	Asian Academy of Creative Arts Pte Ltd
2018	Winner of 2D Best Animated Programme or Series for a 2D animated series in the Asian Academy Creative Awards	Asian Academy of Creative Arts Pte Ltd
2019	Nomination of a 2D animated series under the Best Short Form Content category in the Asian Academy Creative Awards	Asian Academy of Creative Arts Pte Ltd

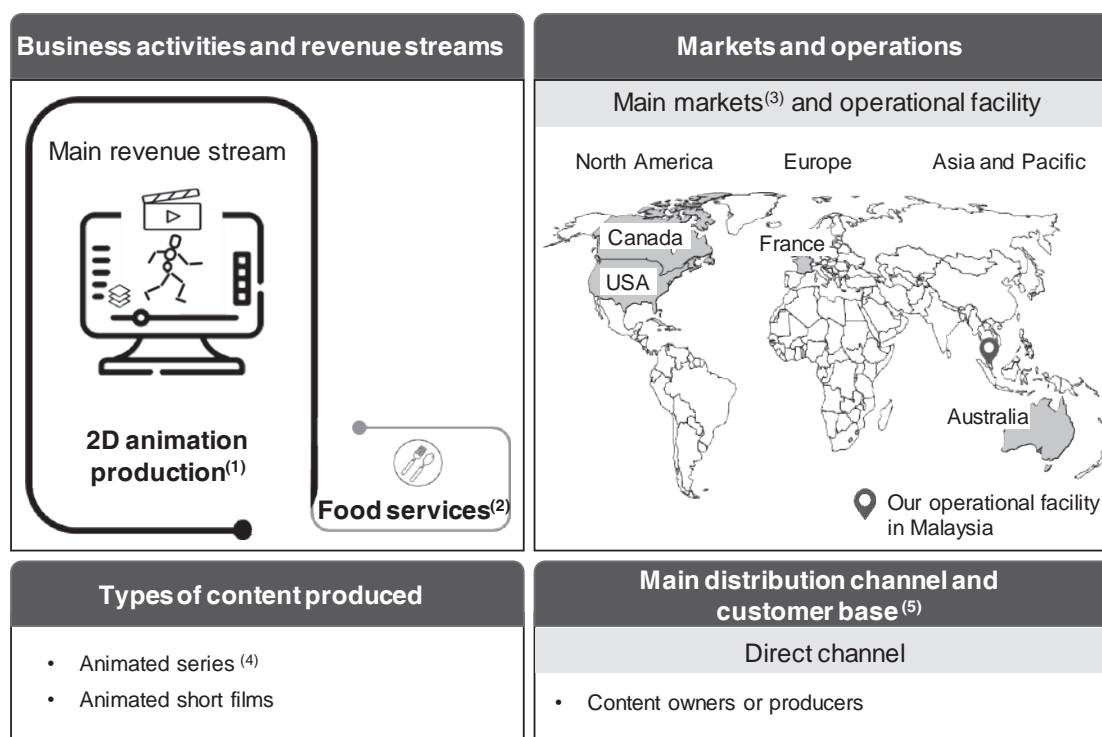
7. BUSINESS OVERVIEW (CONT'D)

Year	Key awards	Awarding party
2019	Winner of Best Animated Programme or Series (2D or 3D) for a 2D animated series in the Asian Academy Creative Awards	Asian Academy of Creative Arts Pte Ltd
2019	Nomination of a 2D animated series under the Kids: Animation category in the International Emmy Kids Awards	International Academy of Television Arts & Sciences
2020	Winner of Best Children Programme (one off/series) for a 2D animated series in the Asian Academy Creative Awards	Asian Academy of Creative Arts Pte Ltd
2023	Winner of Best Kids TV Programme Made in Asia for a 2D animated series in the ContentAsia Awards	Pencil Media Pte Ltd

7.3 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS / SERVICES

7.3.1 Our business model

For the Financial Years Under Review, our business model is as follows:



Notes:

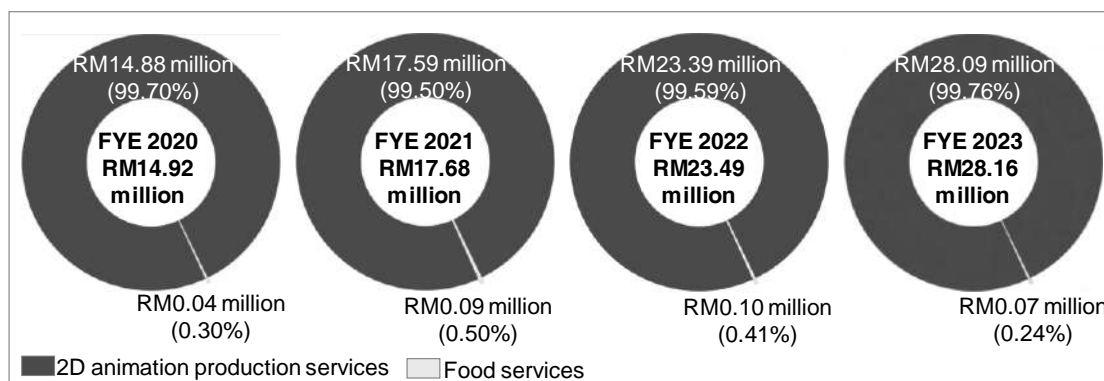
- (1) Our revenue from 2D animation production accounted for 99.70% (RM14.88 million), 99.50% (RM17.59 million), 99.59% (RM23.39 million) and 99.76% (RM28.09 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.
- (2) Our revenue from food services accounted for 0.30% (RM0.04 million), 0.50% (RM0.09 million), 0.41% (RM0.10 million) and 0.24% (RM0.07 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.
- (3) Main markets are based on markets with revenue contribution of at least 10.00% of our total revenue for any of the Financial Years Under Review.

7. BUSINESS OVERVIEW (CONT'D)

- (4) For the Financial Years Under Review, all of our 2D animation productions were mainly animated series for television broadcasting and digital online streaming.
- (5) For the Financial Years Under Review, we mainly serve customers who are content producers for the provision of 2D animation production services.

7.3.1.1 Business activities and revenue streams

Revenue segmentation by business activities



Our revenue segmentation by business activities for the Financial Years Under Review is as follows:

(i) 2D animation production service

We are principally involved in 2D animation production services, which is undertaken by our subsidiary, Inspidea. We utilise digitally drawn 2D images to create an illusion of movement to form the animated visual content mainly for animated series. For the Financial Years Under Review, 2D animation production services represented 99.70%, 99.50%, 99.59% and 99.76% of our total revenue for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

Generally, the production of animated content can be broadly categorised into 3 phases namely, pre-production, production and post-production phases. Our 2D animation production service primarily focuses on the production phase where we produce 2D animations based on the pre-production package provided by our customers. The 2D animated contents we produced are mainly for television broadcasting and digital online streaming which are commonly broadcasted for global viewers. Please refer to Section 7.4.1 of this Prospectus for further details on our 2D animation production services.

Our production projects comprised either full production from start to the end of an episode, or partial production where we are involved in producing part of an episode. For the Financial Years Under Review and up to the LPD, we have completed 63 animation production projects with a collective contract value of RM75.67 million and a total runtime of approximately 5,015 minutes.

As at the LPD, we have 10 on-going animation production projects with a collective contract value of RM45.40 million and a total runtime of approximately 1,792 minutes. As at the LPD, we have a total unbilled order book of RM23.32 million from the said on-going 2D animation projects which are expected to be completed between FYE 2024 and FYE 2025. A total of RM17.39 million will be recognised as revenue for FYE 2024 and a total of RM5.93 million will be recognised as revenue for FYE 2025. For further details of the order book, please refer to Section 12.11 of this Prospectus.

Please refer to Section 7.4.1.4 and Section 7.4.1.5 of this Prospectus for further details on our completed and on-going animation production projects respectively.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Food services

A small proportion of our revenue is derived from the provision of food services where we operate a restaurant located in the vicinity of our office and this is undertaken by our subsidiary, Bowleh. For each of the Financial Years Under Review, food services accounted for less than 1.00% of our total revenue.

7.3.1.2 Principal markets and operations

The main markets we serve are foreign countries, covering certain countries from regions including North America, Asia Pacific and Europe. Revenue from foreign countries collectively accounted for 99.70% (RM14.88 million), 99.50% (RM17.59 million), 99.59% (RM23.39 million) and 99.76% (RM28.09 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. Our revenue from foreign countries is entirely contributed by our 2D animation production services whereas revenue contribution from Malaysia was for our food services segment which accounted for 0.30% (RM0.04 million), 0.50% (RM0.09 million), 0.41% (RM0.10 million) and 0.24% (RM0.07 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

Customers from countries within North America region, which comprises the USA, Canada and Mexico, represents our largest market which collectively accounted for 49.54% (RM7.39 million), 64.77% (RM11.45 million), 93.22% (RM21.89 million), 73.92% (RM20.82 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

Customers from countries within European region, which covers the Netherlands, France and the United Kingdom, accounted for 13.82% (RM2.06 million), 32.45% (RM5.74 million), 5.75% (RM1.35 million) and 24.17% (RM6.81 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

Customers from countries within Asia Pacific region which comprises Australia, Malaysia, Japan, Hong Kong and Singapore, accounted for 36.64% (RM5.47 million), 2.78% (RM0.49 million), 1.03% (RM0.24 million) and 1.91% (RM0.54 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

Presently, although we do not have physical presence or business entity in any of the foreign countries. Nevertheless, our Group was able to secure 2D animation production projects from customers in foreign countries including the USA. All our projects are carried out in Malaysia as all of our 2D animation production work is undertaken digitally. We can receive the pre-production package and deliver our completed production work through the use of the internet, thereby allowing us to have a global reach.

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7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our revenue segmentation by geographical market is as follows:

Geographical markets	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
North America	7,393	49.54	11,447	64.77	21,893	93.22	20,815	73.92
USA	1,495	10.02	3,494	19.77	14,727	62.71	12,738	45.24
Canada	5,887	39.45	7,953	45.00	7,166	30.51	8,077	28.68
Mexico	11	0.07	-	-	-	-	-	-
Europe	2,062	13.82	5,736	32.45	1,351	5.75	6,805	24.17
France	1,700	11.39	4,282	24.22	160	0.68	3,790	13.46
United Kingdom	362	2.43	-	-	68	0.29	3,015	10.71
Netherlands	-	-	1,454	8.23	1,123	4.78	-	-
Asia Pacific	5,468	36.64	492	2.78	241	1.03	539	1.91
Australia	5,062	33.93	351	1.99	146	0.62	277	0.98
Singapore	123	0.82	-	-	-	-	195	0.69
Malaysia ⁽¹⁾	45	0.30	88	0.50	95	0.41	67	0.24
Japan	-	-	53	0.29	-	-	-	-
Hong Kong	238	1.59	-	-	-	-	-	-
TOTAL	14,923	100.00	17,675	100.00	23,485	100.00	28,159	100.00

Note:

(1) Revenue from Malaysia was contributed by the food services segment for the Financial Years Under Review.

7.3.1.3 Main types of content produced

Our 2D animation production is focused on the following format:

- **2D animated series**

2D animated series, also known as cartoon series, refers to animated shows with a collection of episodes and recurring characters to convey a story. Typically, each episode of the same series features the same theme, story background and various recurring animated characters, with the exception that the story is different in each episode. For the Financial Years Under Review, each episode of the 2D animated series that we produced ranges between 1 minute and 27 minutes. An animated series has numerous episodes and a successful animated series may have several seasons or it may go on for several years. 2D animated series are commonly broadcasted over television as well as distributed through streaming platforms to a global audience.

7. BUSINESS OVERVIEW (CONT'D)

- **Other 2D animated content**

We also produce other animated content including 2D animated short films which are self-contained stories from start to end which are shorter in duration compared to a complete series or a feature film. Commonly, each 2D animated short film's duration is approximately 15 minutes. The production process for short films is the same as 2D animated series. 2D animated short films are commonly showcased in festivals and events, broadcasted over television and distributed through streaming platforms.

In addition, we have 2D animation test projects which are small-scale projects mainly for evaluation purpose before our customer proceed with a larger scale production. Some of the aspects that are evaluated from the 2D animated test projects include technical considerations such as character design and storyboard design, as well as production quality. We are paid for these small-scale projects.

We mainly carry out 2D animation production for animated series. For the Financial Years Under Review, we have carried out 1 production of a 2D animated short film. Please refer to Section 7.4.1.3 of this Prospectus for further details.

7.3.1.4 Distribution channels and main customer base

- (i) **2D animation production services**

We mainly utilise a direct distribution channel where we secure contracts directly from content owners or producers for the production of 2D animated content. Under the direct distribution channel, we communicate directly with the content owners or producers to understand their requirements in terms of, amongst others, timeline, cost, and quality standards.

We also utilise indirect distribution channel where the supervising producers would engage us as a subcontractor. As a subcontractor, we provide 2D animation production services under the supervision of the supervising producers where we liaise and report directly to them for their requirements.

Generally, we would be responsible for the 2D animation production for contracts secured from content owners, producers or supervising producers.

- (ii) **Food services**

We mainly utilise a direct distribution channel for our food services segment where we serve customers for dine-in and/or takeaway. A small proportion of our revenue under the food services segment is from indirect distribution channel where we sell our food and beverages through food delivery platforms including GrabFood and Foodpanda. We will prepare the food and beverages based on orders received via the food delivery platforms prior to handing over to the assigned driver who will pick up and deliver the orders to the end consumers.

Revenue from direct distribution channel is mainly from 2D animation production services. For the Financial Years Under Review, our revenue from direct distribution channels accounted for 81.58% (RM12.17 million), 92.43% (RM16.34 million), 89.52% (RM21.03 million) and 99.99% (RM28.16 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. For the Financial Years Under Review, our revenue from indirect distribution channel accounted for 18.42% (RM2.75 million), 7.57% (RM1.34 million), 10.48% (RM2.46 million) and 0.01% (less than RM0.1 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our revenue segmentation by distribution channels and main types of customers is as follows:

Distribution channels and main types of customers	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Direct distribution channel	12,174	81.58	16,337	92.43	21,025	89.52	28,158	99.99
- 2D animation production services: Content owners or producers	12,127	81.26	16,257	91.98	20,931	89.12	28,092	99.76
- Food services: Walk-in customers	47	0.32	80	0.45	94	0.40	66	0.23
Indirect distribution channel	2,749	18.42	1,338	7.57	2,460	10.48	1	0.01
- 2D animation production services: Supervising producers	2,749	18.42	1,330	7.52	2,459	10.47	-	-
- Food services: Food delivery platforms	*	*	8	0.05	1	0.01	1	0.01
TOTAL	14,923	100.00	17,675	100.00	23,485	100.00	28,159	100.00

* Less than RM1,000/0.01% contribution.

7.3.2 Our modes of operations**7.3.2.1 2D animation production segment**

Our modes of operation for the 2D animation production segment are as below:

- **Fixed lump sum contracts**

For our 2D animation production segment, we obtain our projects mainly through competitive bidding including open tenders or invitations to quote. Our revenue model for these projects is based on fixed lump sum contracts, which include details such as the scope of work, timeline, contract price and payment schedule. Our customers will pay us the fixed price of the contract, subject to any additional work for creative retakes that they may request.

On project commencement, we would typically invoice a percentage of the total price of the contract. During the production phase, we will invoice our customers based on the proportion of work that we have completed according to the production milestones and payment schedule agreed upon. The schedule of billings is specified in the contract and this may vary depending on the terms agreed with the customers. Our last invoice is issued upon receiving the final validation or approval from the customer, confirming the acceptance of our work, indicating compliance with all specifications and requirements, as well as completion of the project.

7. BUSINESS OVERVIEW (CONT'D)

- **Scheduled rate contracts**

We have projects based on scheduled rate contracts where our customers will pay us based on a pre-determined rate per minute or second of animation production work completed. At the commencement of each minute of animation production work in the project, we would typically invoice a percentage of the price per minute as specified in the contract. The remaining portion of the contract value will be invoiced upon receiving final validation or approval from the customer for accepting each completed minute of animation production work.

- **Project contract period obligation**

Our primary obligation is to deliver the completed production materials on time, according to the milestone schedule outlined in the contract.

In some situation, we may be subject to a deduction of fees as penalty based on a percentage of the value of the corresponding production milestone stipulated in our contracts or we may be subject to an indemnity equal to the amount of the fee paid and/or due in the event of any delays in the delivery of our production works. While for other contracts, we may be subject to termination of our contract. For the Financial Years Under Review, we have not experienced any deduction on the contract value as penalty, payment of indemnity or termination of contract due to delay in delivery of our production works.

Our obligations include delivering our production works according to the technical specifications requested by the customer. In the event of failure to deliver our production works according to the agreed specification, we may be subject to a deduction of our fees as penalty based on a percentage of the corresponding production milestone stipulated in our contracts or termination of our contract. For the Financial Years Under Review, we have not experienced any deduction on the contract value as penalty or termination of contract due to the failure in delivery of our production works according to the agreed specifications.

- **Warranty and guarantee**

We do not provide any product warranty or guarantee as our animation production business is service based. Our work is completed upon delivery of our work and acceptance by our customers as the 2D animated content that we produce are based on technical specifications agreed with customers. There is no recourse for refunds once the customer has validated and accepted our work.

7.3.2.2 Food services segment

Our modes of operation for the food services segment are as below:

- **Cash payments from walk-in customers**

Payments for our food services are:

- (i) immediate upon receipt of food for takeaway services; and/or
- (ii) completion of consumption of food and beverages before leaving the restaurant premises.

Payments by customers are made either by cash, credit card, debit card or e-wallet. For payments made through credit card, debit card and e-wallet, we will receive the payment from the issuing company or operator between 1 to 3 days from the date of the transaction.

7. BUSINESS OVERVIEW (CONT'D)

- **Service agreements with food delivery platforms**

We are registered with various food delivery platforms as a restaurant partner and provide our food services to the said platforms based on service agreements. The end consumer will order food and make payments via the food delivery platform. The food delivery platform will be entitled to a commission at a pre-determined rate of the value of sales transacted on their platform while the remaining transacted amount will be released to us within a week. Generally, the commission rate is approximately 30.00% depending on the terms negotiated with each of the food delivery platforms.

7.4 PRINCIPAL BUSINESS SEGMENTS AND MARKETS

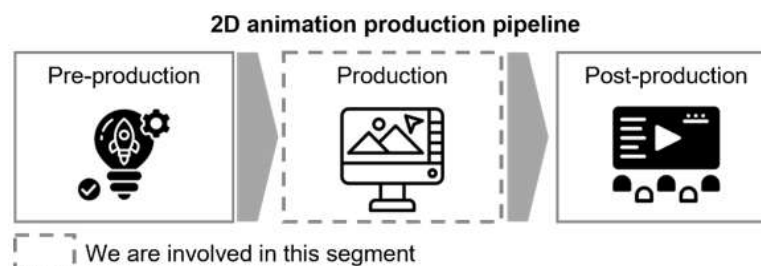
7.4.1 2D animation production services

The 2D animation production business segment is our largest revenue contributor where it accounted for 99.70% (RM14.88 million), 99.50% (RM17.59 million), 99.59% (RM23.39 million) and 99.76% (RM28.09 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

7.4.1.1 Overview

Production pipeline

The value chain or the production pipeline for 2D animation comprises 3 main phases as follows:



Pre-production involves the front-end of the total value chain in 2D animation production and includes the following:

- conceptualisation of the entire storyline;
- scriptwriting incorporating scenes, actions and dialogues;
- storyboarding including animatics pertaining to sequence of events, scenes, voice-over and sound; and
- character and background conceptual design and specifications.

The content owner or producer is responsible for the pre-production package which is provided to production houses, including our Group, to carry out the production process.

Once we are provided with the pre-production package, our animation production work will commence.

The animation production works will then be submitted to the content owner or producer where they will commence post-production works which mainly involve reviewing and final editing of various aspects such as sound design, music composition, colour grading and final rendering of the animated content. We are not involved in post-production works as this is not part of our core business and it requires a different skillset as compared to 2D animation production.

7. BUSINESS OVERVIEW (CONT'D)

Animation

Animation involves compiling still images into a predetermined sequence to simulate moving images. We utilise digitally drawn 2D still images to create an illusion of movement to form the animated visual content which are commonly used for display on televisions, in cinemas and on electronic devices with display panels or projections. The characters are typically cartoon characters.

2D animation

Our business mainly focuses on 2D animation production of animated series which are mainly distributed through traditional television broadcasting or online streaming platforms.

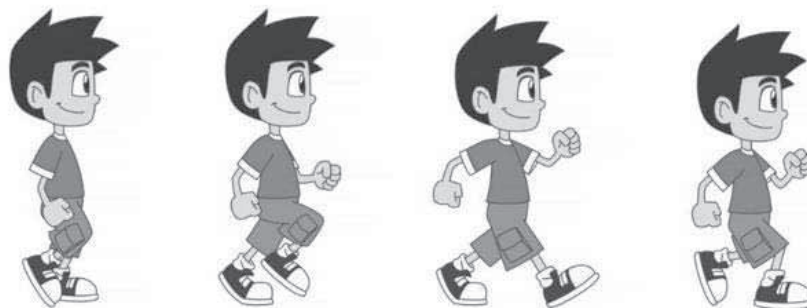
Our 2D animation production uses digitally drawn 2D still images of characters, backgrounds and other elements and compiling them into a suitable format to form the visual content and to create the illusion of motion. Each of these still images is commonly known as the frame in the context of animation production. The illusion of motion is created when the frames are arranged and played in sequence with other frames where each frame is slightly different from the previous one in terms of position, appearance and shape of the object, characters and background of the particular scene.

Digital 2D animation frame



The number of frames required to create a single second of animated content is referred to as the frame rate. Generally, our 2D animation production is based on the frame rate of 24 or 25 fps, which is typically used for smooth motion. Thus, each minute of animated content at 24 fps requires 1,440 individual frames (24 frames x 60 seconds), while animated content at 25 fps requires 1,500 individual frames (25 frames x 60 seconds).

4 individual frames of walk motion of a character



Our 2D animation production projects are based on the pre-production package provided by our customers, which typically includes the storyboard, scripts, colour keys, character design and background design. While our main focus is on the production phase, we may also assist in storyboarding to facilitate a more effective and efficient animation production process. For projects where we are involved in storyboarding, it will be stipulated as part of our scope of work in the contract with the customer, and the extra charges for storyboarding are incorporated into our fixed lump sum contracts. The pre-production package serves as a guide throughout our animation production process, providing us with detailed plans, sketches, and designs that outline the visual and technical aspects of the animated content required by the content owner or producer.

7. BUSINESS OVERVIEW (CONT'D)

7.4.1.2 Our scope of work

Our scope of work for 2D animation production projects involves the following:

(a) Project management

Project management is a continuous process throughout the contract period where our project team is responsible for supervising and managing the entire animation production process including planning, coordinating and quality control. Planning involves creating a detailed production schedule and budget, allocation of resources and monitoring progress to ensure that the project is on track and within budget. Coordinating mainly involves the allocation and coordination of the work among a large team of animators while quality control involves reviewing the works produced by the animators to ensure that they meet the quality requirements and specifications of our customers.

(b) 2D animation production

Our 2D animation production process comprises 4 main categories of tasks as follows:

- asset creation;
- key and in-between animation;
- compositing; and
- review and rendering.

Once our production process is completed, we will hand over the completed production materials to the customer.

Asset creation

Asset creation refers to the creation of all the necessary elements such as character rigs, backgrounds, special effects and others. The assets created during this phase serve as the building blocks for the subsequent framing stage.

- Character rigging

Animated characters are created by rigging, which refers to the process of creating a digital skeleton to control the movement of an animated character.

The rigging process involves creating a series of bones and joints that mimic the skeletal movement of a real-life human or animal. These bones or joints are then controlled by a set of digital controls, allowing the animator to manipulate the character's movements.

In addition, character rigging also involves facial rigging which is a series of controls that can be manipulated to create a range of expressions such as happy, sad, confused and anger. Eye rigging is an essential part of facial rigging and also another important aspect of the character to simulate various expressions and emotions.

Based on the rig created, the character can be animated by using specialised software to manipulate the control points, resulting in various movements and facial expressions of the character. In addition, the rig created can be stored in a library for future use. This eliminates the need to redraw each frame as the rigs created can be reused for multiple scenes, allowing consistent look and movement of the character throughout the animated content.

7. BUSINESS OVERVIEW (CONT'D)

Character rigging



- Background design

Background design refers to the creation of the visual environment and background that surrounds the character and the actions of the animation. The background sets the mood, atmosphere and tone of the scene. Background design includes natural environments such as sceneries, weather and formations like hills, rivers and seas, and built environments such as infrastructures, buildings and amenities. The background may also be used to depict the time period and location of the scene.

Background design involves creating a series of concept designs that depict the overall setting of the environment as well as detailed layouts that specify the placement of objects and characters and other elements in the scene.

The design of the animated background has to remain consistent throughout the scene including details such as the layout, position of the elements within the background, colour scheme and the lighting of the overall environment.

Background design



- Animation effects

We have in-house artists for animation effects which refers to the integration of visual effects and details such as lighting and shadows to create depth, texture and atmosphere in a scene. It also includes other elements such as glitter, smoke, fire, water, lightning and others to match the tone and mood of the scene, which will help to create a more immersive watching experience for the viewer.

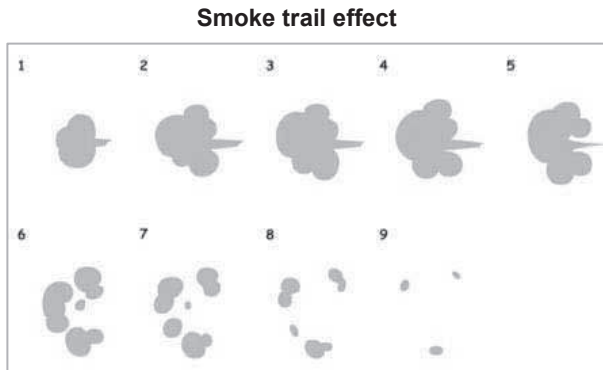
7. BUSINESS OVERVIEW (CONT'D)

Key and in-between animation

Animation involves compiling still images into a predetermined sequence to simulate moving images. It involves the following:

- **Key animation**

Key animation refers to the planning and creation of essential frames, typically the starting and ending frames that are required within a scene to convey the intended story. The key frames are created based on the storyboard and will depict the required key poses or movements of the character or the object for a particular scene.



The frames created will contain the animated characters in different movements and emotions which are designed according to their unique personality and the overall tone of the scene. Some of the details that need to be taken into consideration to create a convincing animated character include the timing and spacing of each movement, the weight and balance of the character and the facial expressions and body language that communicate the character's emotions and intentions.

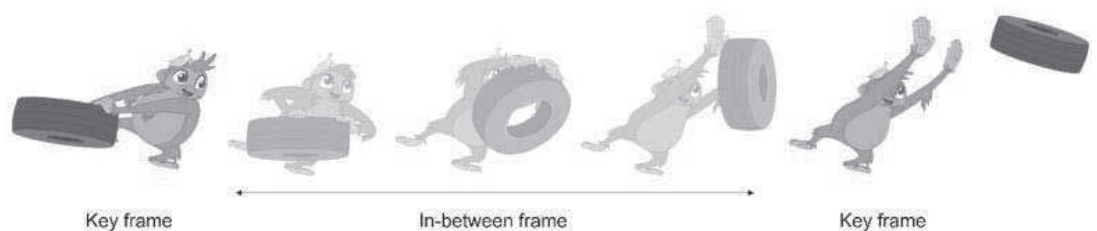
- **In-between animation**

In-between animation refers to the creation of intermediate frames that fill in the movements between the start and end frames, creating a smooth and fluid animation. The number of in-betweens is determined by the speed and the complexity of the movement being animated.

The process of creating in-betweens can be done by using animation production software which will automatically generate the in-betweens based on the keyframes and the required motion of the scene, such as linear or eased motion. The linear motion refers to the motion that moves at a constant speed from one point to another while eased motion refers to the motion that gradually accelerates and decelerates.

As for scenes with higher complexity, the in-betweens will be created manually to achieve the desired result. Generally, the in-betweens that require manual creation would involve multiple characters or objects, or animations that require unique movements that cannot be easily replicated through software.

Key animation and in-between animation



7. BUSINESS OVERVIEW (CONT'D)

Throughout the animation phase, it is important to ensure consistency in the design of the animated character or object throughout the scene. This includes details such as the character's proportions, colour scheme and overall appearance.

We have in-house animators to carry out key animation and in-between animation. We may also engage freelancers to carry out key animation and in-between animation under our management and supervision.

Compositing

Compositing is the process of overlaying different elements such as the animated character, background, special effects and other elements on top of one another to form a final animated content. In addition, the animated content will incorporate the vocal components, such as voice-overs and sound effects supplied by the customers where we will ensure the vocal components synchronise with visual content.

The main objective of compositing is to produce a finished output that is aesthetically pleasing and unified throughout the entire animation. This includes knowledge of how to control the pace and rhythm of an animation.

Review and rendering

Once the compositing process is completed, a review will be carried out before the entire animation production is exported to the display resolution and format (rendering) required by the customer.

Our production team will then review the animation and make any necessary adjustments before rendering the final output. During the review, our production team will check for details such as timing, framing, character movement, sound overlay and overall visual appeal, and correct any mistakes or make any necessary modifications.

Once the review is completed the entire animation is ready for rendering. Rendering involves converting the final composition of the animation into a high-quality video format that can be viewed by the audience. Our customers typically request for display resolutions that are classified as high definition or ultra-high definition, with a minimum resolution of 1080 pixels. The different formats that our customers typically require include Shockwave Flash (SWF), MPEG-4 (MP4), QuickTime (mov), and Adobe Flash (FLA).

(c) Completion and handover

Once the animated content is exported to the required display resolution and format, we will hand over the project by uploading the completed production materials to the designated storage location provided by the customer.

Generally, the first version of the animation delivered to the customer is referred to as the "first take". The customer will review the first take and provide comments and feedback to our team for any revisions or adjustments. We are responsible for making the necessary changes and providing the customer with a revised version of the scenes, which is known as the "retakes".

There are 2 main types of retakes namely, technical retakes and creative retakes. Technical retakes involve correcting errors in the animation, such as timing or movement issues, or other technical aspects of the production. The costs of such retakes are typically covered by us as part of our obligation stipulated in the contract. In contrast, creative retakes involve making changes to the creative elements of the animation, such as changes in character design, backgrounds, or the overall aesthetics of the project. Creative retakes are often outside of the initial specifications agreed with the customer and are therefore subject to additional costs to the customer.

7. BUSINESS OVERVIEW (CONT'D)

7.4.1.3 Types of 2D animated content

We mainly carry out 2D animation production projects for animated series while only a small proportion of our revenue are for animated short films.

For the Financial Years Under Review, our revenue derived from the production of animated series accounted for 97.71% (RM14.58 million), 99.50% (RM17.59 million), 99.44% (RM23.36 million) and 98.41% (RM27.71 million) of our revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

Our revenue derived from the production of other content which mainly include short films, and animation test which collectively accounted for less than 2.00% of our revenue for each of the Financial Years Under Review.

Our revenue from other content accounted for RM0.30 million, RM0.04 million and RM0.38 million of our revenue for FYE 2020, FYE 2022 and FYE 2023 respectively. In FYE 2021, our revenue from other contents accounted for less than 0.01% of our total revenue.

2D animated series

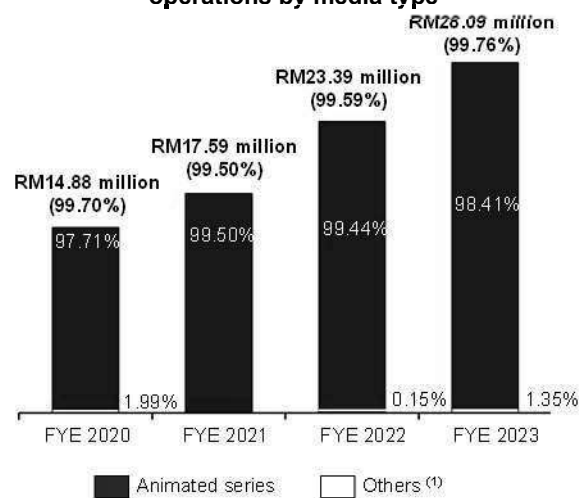
2D animated series, also known as cartoon series, refers to animated shows comprising a collection of episodes to convey a complete story. Each of the episodes represents a sub-story that contributes to the overall storyline of the season. In some animated series, each episode is a complete story. For the Financial Years Under Review, each episode of the 2D animated series that we produced ranges between 1 and 27 minutes. It may consist of only 1 season or span over multiple seasons where each season comprises multiple episodes. The episodes of an animated series are typically produced in advance and released on a regular schedule, such as 1 episode per week or 5 episodes per week. The distribution channels for animated series include traditional television broadcasting and online streaming platforms.

For the Financial Years Under Review and up to the LPD, we have completed 63 animation production projects with a collective contract value of RM75.67 million and a total runtime of approximately 5,015 minutes. As at the LPD, we have 10 on-going animation production projects with a collective contract value of RM45.40 million and a total runtime of approximately 1,792 minutes. As at the LPD, we have a total unbilled order book of RM23.32 million from the said on-going 2D animation projects which are expected to be completed between FYE 2024 and FYE 2025. Please refer to Section 7.4.1.4 and Section 7.4.1.5 of the Prospectus for further information on our completed and on-going 2D animation projects.

Other 2D animated content

We also produce other animated content mainly short films and animation test project. We produce 2D animated short films which are self-contained stories from start to end. The duration is typically shorter compared to a complete animated series or a feature film. A 2D animated short film can be serialised or non-serialised. A serialised 2D animated short film comprises multiple short films that feature the same theme, story background and recurring animated characters, but with a different self-contained storyline. The short films are produced in advance and released on a less frequent basis compared to animated series, with a single release date planned by the short film distributor. Short films are mainly for screening in festivals and events, and may also be distributed via television and streaming platforms.

Revenue of 2D animation production operations by media type



Note: (1) Others include mainly short films and animation test projects.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review and up to the LPD, we have completed one 2D animation short film project with a total contract value of RM0.14 million.

As at the LPD, we do not have any on-going projects for 2D animation short films. Please refer to Section 7.4.1.4 and Section 7.4.1.5 of this Prospectus for further information on our completed and on-going 2D animation production projects.

Animation test project are small-scale projects mainly for evaluation purpose before our customer proceed with a larger scale production. Some of the aspects that are evaluated from the 2D animated test projects include technical considerations and production quality. We are paid for these small-scale projects.

For the Financial Years Under Review, our revenue derived from the production of other content accounted for less than 2.00% of our annual revenue.

For the Financial Years Under Review, some of the 2D animation production projects that we have completed include the following:

Mao Mao Heroes of Pure Heart



Source: Cartoon Network

Monster Beach



Source: Cartoon Network

7. BUSINESS OVERVIEW (CONT'D)

Lamput 3



Source: Cartoon Network

The Harper House



Source: Paramount+

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7. BUSINESS OVERVIEW (CONT'D)

7.4.1.4 Completed 2D animation production projects

For the Financial Years Under Review and up to the LPD, our completed 2D animation production projects with a contract value of RM1.00 million and above are as follows:

Project name	Type of content	Our role	Customer ⁽¹⁾	Start ⁽²⁾ / Completion ⁽³⁾ date	Contract value ⁽⁴⁾ (RM 'million)
1. Project AP-1	Animated series	Main contractor	Customer A Group	March 2018 / August 2020	5.86
2. Project HP-5	TV series	Main contractor	Customer H Group	March 2023 / April 2024	5.69
3. Project BP-10	TV series	Main contractor	Customer B Group	June 2022 / January 2024	4.89
4. Project BP-1	Animated series	Main contractor	Customer B Group	August 2021 / August 2022	4.38
5. Project HP-1	Animated series	Main contractor	Customer H Group	March 2022 / January 2023	4.32
6. Project HP-2	TV series	Main contractor	Customer H Group	October 2022 / October 2023	3.84
7. Project BP-2	Animated series	Main contractor	Customer B Group	September 2021 / March 2023	3.08
8. Project DP-1	Animated series	Main contractor	Customer D	May 2020 / October 2021	2.95
9. Project AP-2	Animated series	Main contractor	Customer A Group	June 2019 / April 2021	2.78
10. Project EP-1	Animated series	Main contractor	Customer E Group	August 2019 / February 2020	1.98
11. Project BP-3	Animated series	Main contractor	Customer B Group	April 2021 / February 2022	1.94

7. BUSINESS OVERVIEW (CONT'D)

Project name	Type of content	Our role	Customer ⁽¹⁾	Start ⁽²⁾ / Completion ⁽³⁾ date	Contract value ⁽⁴⁾ (RM 'million)
12. Project GP-1	Animated series	Main contractor	Customer G Group	August 2021 / May 2022	1.82
13. Project CP-1	Animated series	Sub-contractor	Customer C Group	July 2021 / June 2022	1.82
14. Project GP-2	Animated series	Main contractor	Customer F	November 2020 / May 2021	1.79
15. Project BP-4	Animated series	Main contractor	Customer B Group	August 2020 / March 2021	1.76
16. Project CP-2	Animated series	Sub-contractor	Customer C Group	June 2020 / January 2021	1.70
17. Project LP-1	Animated series	Main contractor	Customer K	June 2023 / April 2024	1.69
18. Project GP-3	Animated series	Main contractor	Customer G Group	February 2023 / September 2023	1.62
19. Project IP-1	Animated series	Main contractor	Customer I	July 2021 / May 2022	1.52
20. Project HP-3	TV series	Main contractor	Customer H Group	October 2022 / November 2023	1.46
21. Project BP-4	Animated series	Main contractor	Customer B Group	December 2020 / August 2021	1.43
22. Project BP-5	Feature film	Main contractor	Customer B Group	July 2021 / March 2022	1.35
23. Project BP-6	Animated series	Main contractor	Customer B Group	August 2020 / June 2021	1.34
24. Project BP-7	Animated series	Main contractor	Customer B Group	December 2020 / June 2021	1.13

7. BUSINESS OVERVIEW (CONT'D)

Project name	Type of content	Our role	Customer ⁽¹⁾	Start ⁽²⁾ / Completion ⁽³⁾ date	Contract value ⁽⁴⁾ (RM 'million)
25. Project BP-8	Animated series	Main contractor	Customer B Group	September 2020 / April 2022	1.11
26. Project CP-3	Animated series	Sub-contractor	Customer C Group	July 2020 / June 2021	1.10

Notes:

- (1) *The customers' names have not been disclosed due to the confidentiality provisions in agreements entered with our customers.*
- (2) *Start date is based on the date of the respective service agreement.*
- (3) *Completion date is based on the date of the final invoice of the project.*
- (4) *Total contract value includes variation orders.*

7. BUSINESS OVERVIEW (CONT'D)

7.4.1.5 On-going 2D animation production projects

For the Financial Years Under Review and up to the LPD, our on-going 2D animation production projects are as follows:

	Project name	Type of content	Our role	Customer ⁽¹⁾	Start date ^{(2)/} Expected completion ⁽³⁾ date	Approximate percentage of completion as at the LPD (%)	Contract value ⁽⁴⁾ (RM million)
1.	Project KP-1	TV series	Main contractor	Customer J	August 2022 / July 2024 ⁽⁵⁾	58%	9.63
2.	Project MP-1	Feature film	Main contractor	Customer M	May 2024 / September 2025	-	9.00
3.	Project BP-9	TV series	Main contractor	Customer B Group	April 2023 / June 2024 ⁽⁶⁾	73%	8.82
4.	Project AP-3	TV series	Main contractor	Customer A Group	December 2021 / July 2024 ⁽⁷⁾	96%	7.50
5.	Project HP-4	Animated series	Main contractor	Customer H Group	July 2023 / July 2024 ⁽⁸⁾	42%	6.24
6.	Project BP-11	Animated series	Main contractor	Customer B Group	January 2024 / January 2025	8%	1.88
7.	Project GP-4	Animated series	Main contractor	Customer G Group	March 2024 / August 2024	7%	1.38
8.	Project BP-12	Animated series	Main contractor	Customer B Group	March 2024 / July 2024	-	0.38
9.	Project BP-13	Animated series	Main contractor	Customer B Group	April 2024 / September 2024	-	0.31
10.	Project BP-14	Animated series	Main contractor	Customer B Group	May 2024 / June 2024	-	0.26

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) *The customers' names have not been disclosed due to the confidentiality provisions in agreements entered with our customers.*
- (2) *Start date is based on the date of the respective contract.*
- (3) *Expected completion date is based on schedule stipulated in contract or production planning.*
- (4) *Total contract value includes variation orders.*
- (5) *The expected completion date of the project was extended from March 2024 to July 2024 due to the delay in delivery of pre-production package by the customer. As at the LPD, there is no penalty imposed by the customer for the extended completion date of the project.*
- (6) *The expected completion date of the project was extended from April 2024 to June 2024 due to longer time taken by the customer to review on the completed work. As at the LPD, there is no penalty imposed by the customer for the extended completion date of the project.*
- (7) *As at the LPD, the 2D animation production works was completed and accepted by the customer. However, the completion date of the project based on final billing is expected to be in July 2024, pending audit works to be completed by National Film Development Corporation Malaysia (FINAS) for the project to be eligible for government grant. As at the LPD, there is no penalty imposed by the customer for the extended completion date of the project.*
- (8) *The expected completion date of the project was extended from April 2024 to July 2024 due to the delay in delivery of pre-production package by the customer. As at the LPD, there is no penalty imposed by the customer for the extended completion date of the project.*

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7. BUSINESS OVERVIEW (CONT'D)

7.4.1.6 Content security

Our operations involve creating animated content that is yet to be released to the public and is protected under IP rights as well as confidentiality clauses stipulated in our contract for each project. As such, content security is a critical part of our business to prevent unauthorised access, publication, distribution, duplication or theft of the IP of the animation content such as the storyline, storyboard, design of the characters, background and other elements, vocal, sound and music components as well as the final animation. Some of the key content security measures we take are as follows:

- **Device security** where the devices used for the storage and handling of the data are encrypted and password protected. This ensures that even if a device is lost or stolen, the data remains secured and inaccessible to unauthorised users.
- **Network security** where our network is protected by firewalls to prevent unauthorised access. Firewalls act as a barrier between the internet and our network, analysing incoming and outgoing traffic and blocking any potential threats or intrusions.
- **Account security** where email and other software accounts used for animation production are password protected. Additionally, wherever possible, we use two-factor authentication for an additional layer of security to the accounts. This ensures that only authorised personnel have access to sensitive data.
- **Physical security** where our operational offices are only accessible to our employees or visitors authorised by our management to prevent the leakage or theft of sensitive data. Our physical security in our operations facility includes access control through Radio Frequency Identification (RFID)-based wristbands.
- **Data movement security** where all the delivery and transfer of data are conducted via a secured platform approved by our customers such as Aspera and Egnyte. This ensures that data is not intercepted or tampered with during transit.
- **Asset tracking** where we maintain a record of the person or organisation who has accessed the data. In addition, materials that are being shared outside of our production team are being watermarked for traceability purposes and to deter unauthorised distribution. This helps us to track the usage of our assets and to identify any potential leaks or unauthorised distribution.
- **Employee awareness training** where we provide training to our employees to ensure that they understand the importance of content security and comply with the relevant policies, procedures and guidelines implemented by our management.

In addition to the measures implemented above, our customer conducts occasional content security audits at our production facilities to ensure that the measures being implemented comply with their requirements. Some of our customers may have an expectation that the animation production works are being conducted within our Group's premises. While work from home arrangements are permitted when necessary, our Group encourages our employees to work in office as part of our measures to mitigate content security concerns. Nevertheless, our Group has mandated all employees to return to work in office since October 2021.

Since the commencement of our business, we have not experienced any termination of contracts, legal proceedings or penalties from our customers due to infringements concerning content security.

However, to the best of our knowledge, there were 2 incidents of unintentional exposure of unreleased works, as detailed below:

7. BUSINESS OVERVIEW (CONT'D)

- (i) in 2015, there was an interview session with our Executive Directors, in which the journalist captured an image during the session which showed the overall setting of our animation production facility, including a monitor display showing an unreleased new animated character during that time. The article that contained the image was subsequently published; and
- (ii) in 2015, there was an incident where one of our animator captured an image of a workstation whereby the desktop computer displayed a scene which has yet to be publicly revealed in the animated series. The image was then shared on a social media platform.

Following the above incidents, we have engaged with the affected customer and subsequent to investigations undertaken by the customer, they have provided us with some guidance on best practices to be adopted to minimise the reoccurrence of such incidents, which we have taken note and adopted. We have subsequently completed our services under the contract for the said animated series, and received the full payment under the contract without encountering any contract termination, legal proceedings, or penalties from the customer regarding the said incidents. Further, there are no express penalties provisions specified in the contract entered with the customer.

Therefore, we are of the view that the above incidents will not result in a material adverse impact on the business operations and/or financial performance of our Group.

As part of our mitigating action, we had enhanced the content security measures as set out above which include amongst others, physical security and employee awareness training.

Please refer to Section 9.1.8 of this Prospectus for further details on risk relating to content security.

7.4.2 Food services

We operate a restaurant that serves a variety of Western and Asian cuisines including roasts, grills, pasta, poke bowls, beverages and others. All the food and beverages on our menu are prepared to order in our kitchen within the restaurant.

As at the LPD, the normal operating hours of our restaurant is from 11 a.m. to 7 p.m. (Monday to Saturday). The restaurant has a total built-up area of 1,500 sq.ft. and has a seating capacity of up to 60 customers at any one time.

Our restaurant is located in the vicinity of our head office at Glomac Square, Petaling Jaya, and our employees are entitled to a staff discount of 20% off their total bill. The restaurant also caters to external customers including dine-in and takeaway customers as well as customers using food delivery platforms. For the Financial Years Under Review, our revenue derived from the operations of food services outlet accounted for 0.30% (RM0.04 million), 0.50% (RM0.09 million), 0.41% (RM0.10 million) and 0.24% (RM0.07 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.



7. BUSINESS OVERVIEW (CONT'D)

7.5 OUR COMPETITIVE STRENGTHS

Our competitive strengths are important in sustaining our business and providing our Group with future growth opportunities.

7.5.1 We have an established track record of 22 years in 2D animation production to sustain and grow our business

We have an established track record of 22 years in the provision of 2D animation production since the commencement of our business in 2002. During the initial years of our business, the focus was on the development of our proprietary 2D animation content where we were involved in the full production pipeline from story conceptualisation and design through to production and post-production. Since then and up to the LPD, we have developed 12 proprietary 2D animation content including 9 animated series, 1 animated short film, 1 graphic novel, and 1 animated character. Our proprietary contents include 2D animated series and short film with a total runtime of approximately 1,900 minutes. For further details on our proprietary content, please refer to Section 7.12 of this Prospectus.

With the experience that we gained in the entire production process, it provides us with an understanding of the requirements and perspectives of the content owners and producers which helps us to meet their technical requirements and business objectives. Subsequently, in 2007, we transitioned the focus of our business from proprietary content creation to the provision of 2D animation production services. For the Financial Years Under Review and up to the LPD, we have completed 63 animation production projects with a collective contract value of RM75.67 million and a total runtime of approximately 5,015 minutes. Meanwhile, as at the LPD, we have 10 on-going animation production projects with a collective contract value of RM45.40 million and a total runtime of approximately 1,792 minutes. As at the LPD, we have a total unbilled order book of RM23.32 million from the said on-going 2D animation projects which are expected to be completed between FYE 2024 and FYE 2025. Please refer to Section 7.4.1.4 and Section 7.4.1.5 of this Prospectus for further information on our completed and on-going 2D animation production projects.

Our established track record provides us with the platform to continue to grow our business by serving our existing customers and more importantly, it serves as a reference site for prospective customers.

7.5.2 We serve customers in foreign countries where our market coverage includes certain countries from North America, Asia Pacific and Europe regions to sustain and grow our business

We serve customers across 6 to 8 foreign countries for each of the Financial Years Under Review, which includes the following:

- (a) USA, Canada and Mexico from North America;
- (b) Australia, Singapore, Japan and Hong Kong from Asia Pacific; and
- (c) United Kingdom, France and Netherlands from Europe.

Revenue of our 2D animation production services is entirely derived from foreign countries which collectively accounted for 99.70% (RM14.88 million), 99.50% (RM17.59 million), 99.59% (RM23.39 million) and 99.76% (RM28.09 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. This demonstrates our ability to tap into various foreign markets. Please refer to Section 7.3.1.2 of this Prospectus for further details on our revenue segmentation by geographical market.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our largest market was North America, where our revenue contributed by countries within this region represented 49.54% (RM7.39 million), 64.77% (RM11.45 million), 93.22% (RM21.89 million) and 73.92% (RM20.82 million) of our total revenue for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. The North America market mainly comprises customers in the USA and Canada which has a vibrant entertainment industry incorporating, amongst others, 2D animated series with a global viewership.

Our ability to serve multiple markets covering numerous foreign countries as well as the entertainment market in North America provides us with potential business opportunities to sustain and grow our business.

7.5.3 We are involved in animation projects with a distribution network covering traditional television broadcasting and online streaming platforms to reach a global viewer base

Our customers are internationally recognised brand names in the entertainment industry and this include owners, producers and distributors of 2D animated series for the global market. Some of our internationally recognised customers include Warner Bros. Group and Titmouse Group and the notable animated contents where we carried out 2D animation production include Monster Beach, Lamput 3, The Harper House and Mao Mao Heroes of Pure Heart. To date, many of the contents of the animated series in which we were involved in the 2D animation production are screened over various formats including traditional television broadcasting as well as online streaming platforms to reach global viewers.

Our ability to continually meet our customers' requirements is further substantiated by repeated engagements from these international brand names where 3 out of our top 5 customers in FYE 2022 have been dealing with us between 9 years and 16 years.

Depending on our customers' decision, our name may or may not be featured in the credits for the animated content in which we are involved. For the Financial Years Under Review, the percentage of our name being featured in the credits for animated content are as follows:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>
Credit accorded	5	7	4	2
Total animated content involved	36	28	20	20
Percentage (%)	13.89	25.00	20.00	10.00

7.5.4 We have experience and technical knowledge in managing and maintaining a large pool of skilled personnel

For the Financial Years Under Review, we have been managing a total of 159, 147, 191 and 260 technical and skilled staffs for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. This includes animators, background artists, compositing artists and production coordinators. Our skilled personnel involved in animation production are equipped with technical skills and knowledge, including animation techniques, background illustration and painting, as well as the expertise to transform a host of single frames into an animated video using software.

An animation project often involves working in a team comprising approximately 50 staffs per animation project and it is common that we undertake multiple projects simultaneously. In this respect, managing the team effectively is essential for our business operations to minimise interruptions and to deliver the completed production materials on time, according to the milestone schedule outlined in the contract.

Each animation production team comprises the following:

- (i) production coordinators;

7. BUSINESS OVERVIEW (CONT'D)

- (ii) animators including key animators, in-between animators and 2D rigging animators who are involved in the creation of necessary elements such as character rigs;
- (iii) background artists who are involved in designing environments, props or objects, as well as lighting and effects; and
- (iv) compositing artists who are involved in overlaying the different elements such as animated characters, background, effects and other elements on top of one another to form the final animated content.

Our workflow has been structured to manage and maintain a large pool of skilled staff across multiple projects. Our workflow takes into consideration, amongst others, resource allocation and planning, production schedule and budgeting as well as quality control. Our project manager will monitor the overall workflow to ensure that the project can be completed within the time and budget as agreed with the customers. We utilise a customised animation production management software to monitor and review the progress and performance of the personnel to optimise our workflow.

7.5.5 We have experienced directors and a management team to grow our business

We have experienced directors and a management team to grow our business.

Our Executive Director, See Chin Joo has over 22 years of experience in the 2D animation production industry. He is responsible for providing management guidance and strategic advice to the key management personnel of our Group as well as overseeing the portfolio of finance, sales and marketing, and human resources processing of our Group.

Our Executive Director, Ooi Kok Hong has over 22 years of experience in the 2D animation production industry and is responsible for providing strategic guidance and direction to the running of animation production, including talent acquisition, resource planning, process improvement, and technology development and deployment within our Group.

Our directors are also supported by our key management personnel which are set out below:

- (i) Leong Mei Cian, our Head of Planning with approximately 11 years of experience in the 2D animation production industry. She is responsible for production scheduling, resource planning and allocation, and production management and monitoring, talent acquisition, as well as overseeing and managing the planning activities of animation productions projects; and
- (ii) Mohd Faizal Bin Mohd Wazir, our Head of Animation with approximately 15 years of experience in the 2D animation production industry. He is responsible for the animation direction, providing creative supervision for animation production, quality management, as well as training and coaching talent.



For further information on the profiles of our directors and management team, please refer to Section 5.1.2 and Section 5.4.2 of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

7.6 OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our strategies and plans are to continue with our existing business activities in 2D animation production and leverage from our core competencies to grow our business.

A summary of our business strategies and plans is depicted below:

Our Strategies and Plans	
 <p>Malaysia</p>	 <p>USA</p>
Domestic expansion	Foreign expansion
<ul style="list-style-type: none"> • Set-up branch offices in Sabah and Sarawak • Technical resources expansion and upgrade of existing operational office in Selangor 	<ul style="list-style-type: none"> • Set-up sales office in USA

7.6.1 Domestic expansion

7.6.1.1 Set-up production branch offices in Sabah and Sarawak

Part of our business expansion strategy is to set-up branch offices in Sabah and Sarawak. We intend to set-up one branch office in Kota Kinabalu, Sabah with a total built-up area of 1,800 sq.ft. and one branch office in Kuching, Sarawak with a total built-up area of 3,200 sq.ft.

The branch offices in Sabah and Sarawak are expected to be able to house up to 40 and 50 employees respectively. The main intention is to diversify our operations geographically as part of our strategy to build our pool of animation production personnel. Animation production personnel represent an important component of our business operations and we intend to tap into this skilled talent pool in East Malaysia. As at the LPD, our Group is still in the process of identifying suitable locations in Kota Kinabalu, Sabah and Kuching, Sarawak for the establishment of the production branch offices.

Further, our Group is involved in preliminary discussions with universities including Universiti Malaysia Sabah (“**UMS**”) and Universiti Malaysia Sarawak (“**UNIMAS**”) as well as had entered into a non-binding memorandum of understanding with the state government agency namely Sabah Creative Economy and Innovation Centre (“**SCENIC**”) for the potential talent collaboration which may include, amongst others, providing internship opportunities to students of the universities, to collaborate in setting up remote animation studio in the universities as well as knowledge and experience sharing. The collaboration with UMS, UNIMAS and SCENIC in Sabah and Sarawak could allow us to tap into a larger talent pool for our 2D animation production operations. Pending the setting up of our branch office in Sabah, our Group is utilising a training room in SCENIC.

As at the LPD, we have 243 animation technical personnel. We intend to recruit the following personnel for the branch offices to be set-up in Sabah and Sarawak:

7. BUSINESS OVERVIEW (CONT'D)

	Branch office in Kota Kinabalu, Sabah	Branch office in Kuching, Sarawak
	Number of employees	Number of employees
Animation technical personnel	33	38
Admin staff	2	2
Total	35	40

The branch offices in Sabah and Sarawak are expected to commence operation by the second half of 2024 (“2H 2024”). The cost of setting-up the branch offices in Sabah and Sarawak is estimated at RM11.85 million which will be funded by the following:

	Estimated cost RM'000	Sources of funds	
		Internal funds/bank borrowings RM'000	IPO proceeds RM'000
Branch office in Kota Kinabalu, Sabah	5,524	-	5,524
Salaries of personnel ⁽¹⁾	3,805	-	3,805
Renovation and interior fit-out	753	-	753
Software subscription ⁽²⁾	491	-	491
Rental of office ⁽³⁾	195	-	195
Utilities	167	-	167
Others ⁽⁴⁾	113	-	113
Branch office in Kuching, Sarawak	6,330	-	6,330
Salaries of personnel ⁽¹⁾	4,334	-	4,334
Renovation and interior fit-out	860	-	860
Software subscription ⁽²⁾	560	-	560
Rental of office ⁽³⁾	240	-	240
Utilities	223	-	223
Others	113	-	113
Total	11,854	-	11,854

Notes:

- (1) For Sabah branch office, it includes hiring of 35 personnel including animation technical personnel and admin staff for FYE 2024, FYE 2025 and FYE 2026. For Sarawak branch office, it includes hiring of 40 personnel including animation technical personnel and admin staff for FYE 2024, FYE 2025 and FYE 2026.
- (2) Subscription of animation production software and animation production management software which are valid for 36 months.
- (3) Rental of premise is estimated based on floor space of approximately 1,800 sq. ft. for Sabah branch office and approximately 3,200 sq. ft for Sarawak branch office. It also includes estimated utilities expenses for 1 year.
- (4) Include others such as professional fees, administrative fees and other expenses.

7. BUSINESS OVERVIEW (CONT'D)

7.6.1.2 Technical resources expansion and upgrade of existing operational office in Selangor

As at the LPD, our existing 2D animation production operational office is located in Petaling Jaya, Selangor which could house up to 420 employees including our administrative employees as well as 2D animation production personnel.

We intend to expand our technical resources by hiring additional 30 animation technical personnel to support our animation production operations. In addition, we intend to upgrade our existing operational office include refurbishment of the premise and replacement of our IT hardware by the first quarter of 2025.

The cost of the technical resource expansion and upgrade of our existing operational office is estimated at RM5.91 million which will be funded by the following:

	Estimated cost RM'000	Sources of funds	
		Internal funds/bank borrowings RM'000	IPO proceeds RM'000
Salaries of personnel ⁽¹⁾	3,177	-	3,177
Replacement of IT hardware	1,205	-	1,205
Refurbishment and upgrade of existing facilities ⁽²⁾	1,121	-	1,121
Software subscription ⁽³⁾	410	-	410
Total	5,913	-	5,913

Notes:

- (1) Hiring of 30 animation technical personnel for FYE 2024, FYE 2025 and FYE 2026.
- (2) Include refurbishment and upgrade of existing facilities including upgrading of fixtures, remodelling production layout and space, plumbing, and improving office energy usage efficiency.
- (3) Subscription of animation production software and animation production management software which are valid for 36 months.

7.6.2 Foreign expansion

Part of our business strategy is to establish a sales office in Los Angeles ("LA"), California in the USA by 2H 2024. For the FYE 2020, FYE 2021, FYE 2022 and FYE 2023, our revenue from countries within North America accounted for 49.54%, 64.77%, 93.22% and 73.92% of our total revenue respectively. Presently, although we do not have physical presence or business entity in any of the foreign countries, our Group was able to secure 2D animation production projects from customers in foreign countries including the USA. All our projects are carried out in Malaysia as all of our 2D animation production works are undertaken digitally, where we receive the pre-production package and we deliver our completed production works through the internet. Communications with our customers in the USA are mainly through e-mails and virtual meetings. In this respect, the sales office is intended to serve the following purposes:

- (i) addressing potential business opportunities with prospective customers; and
- (ii) to improve our customer service by attending promptly to our existing customers in countries within North America.

7. BUSINESS OVERVIEW (CONT'D)

By having a physical presence in the USA, we are able to enhance our customer service coverage efforts, increase our business development activities, have access to latest trends and insights within the industry as well as widen the channel that potential customers could reach us. We will be able to have face-to-face interactions and provides localised support to potential customers within North America.

We intend to employ 1 sales and marketing personnel and 1 business development personnel with animation experience to allow us to provide a faster response time with improved communications and interaction with existing and prospective customers. Having a physical presence in LA will enable us to serve our existing customers more efficiently and more importantly, secure new projects. Our target customers will be the owners and producers of animated series and films, as well as other 2D animation production studios. As at the LPD, our Group is still in the process of identifying a suitable location in LA for the establishment of the sales office.

The sales office in LA is expected to commence operation by 2H 2024. The cost of setting up a sales office in LA is estimated at RM4.38 million which will be funded as follows:

	Estimated cost RM'000	Sources of funds	
		Internal funds/bank borrowings	IPO proceeds
		RM'000	RM'000
Salaries of personnel ⁽¹⁾	3,172	-	3,172
Rental of office ⁽²⁾	465	-	465
Business maintenance ⁽³⁾	399	-	399
Administrative expenses ⁽⁴⁾	285	-	285
Interior fit-out and furnishing	32	-	32
Software subscription ⁽⁵⁾	24	-	24
Total	4,377	-	4,377

Notes:

- (1) Hiring of 1 sales and marketing personnel and 1 business development personnel for FYE 2024, FYE 2025 and FYE 2026.
- (2) Rental of co-working space for 1 year.
- (3) Business maintenance expenses include costs for printing, stationary, postage and employee amenities.
- (4) Include administrative fees and professional fees for setting up of the sales office.
- (5) Subscription of animation production software which are valid for 36 months.

7. BUSINESS OVERVIEW (CONT'D)

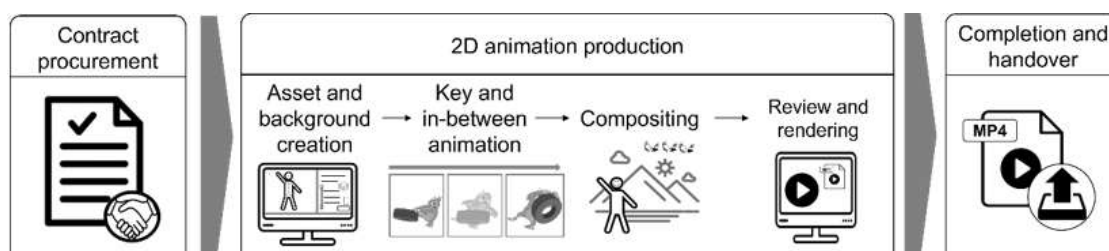
7.6.3 Total cost for our future plans and strategies

The total cost for our future plans and strategies is estimated at RM22.14 million which will be funded through the proceeds from the Public Issue is as set out as below:

	Estimated cost (RM'000)	Estimated time to commence
Domestic expansion	17,767	
- Set-up branch offices in Sabah and Sarawak	11,854	2H 2024
- Technical resources expansion and upgrade of existing operational office in Selangor	5,913	Q1 2025
Foreign expansion	4,377	
- Set-up sales office in the USA	4,377	2H 2024
Total	22,144	

7.7 OUR OPERATIONAL PROCESS

The general process flow for our 2D animation production projects is depicted in the diagram below:



Contract procurement

The contracts for our 2D animation production projects are secured through competitive bidding including open tenders or invitations to quote from our existing and prospective customers. Upon receiving the tender document or project requirement specifications, we will conduct an internal assessment of the contract's terms, work scope, time and resource commitment requirements, project timeframe and costs before participating in the tender or providing a quotation.

If our internal assessment is positive, we will commence the preparation of our tender bid or quotation for the project. Generally, our bid documents or quotation proposals will include commercial and technical terms. Commercial terms will involve contract value, and payment terms and schedule. Technical terms will include, technical specifications such as scope of work, technological software used and output format, project scheduling and milestones, commitment of resources, as well as capabilities and experience profile of the company. We will enter into a contract once the terms and conditions are negotiated and agreed.

7. BUSINESS OVERVIEW (CONT'D)

2D animation production

Once the contract is secured, the pre-production package will be provided to us by our customer. We would typically discuss with our customers to ascertain their requirements as well as any clarifications on technical details. Subsequently, we will carry out the project planning which involves, amongst others, scheduling milestones, timeline, workflow, costing and financial resources as well as assigning animation production personnel for the contract. While we have our in-house personnel, we will also engage freelancers for our animation production depending on the availability of our in-house resources and the timeline required to complete the project. Generally, 2D animation production involves processes as described below:

(a) Asset and background creation

This process involves the creation of characters, backgrounds and other visual elements that will be used for the animation. Generally, the conceptual design of the animation characters, key background and other elements are provided by the customer in the pre-production package as a guide for our animation production. Our production team will create the assets by producing the sketches, clean line art and coloured drawings of the assets. The digitally drawn asset will be reviewed and approved by our creative supervisors before the commencement of rigging. Rigging refers to the creation of digital skeletons to control the movement as well as the facial expression of an animated character. Once the final assets including the rigs are created, they will be stored in a library in digital format and can be used across multiple scenes of the animation.

(b) Key and in-between animation

Subsequently, the assets created will be used as the building blocks to create the key animation which comprises the start and end frames, and the in-between animation. The key animation will be created based on the storyboard and will depict the required key poses or movements of the character or the object for the particular scene. In-between animations refer to the creation of intermediate frames that will fill in the movements between the start and end frames, thereby creating smooth and fluid animation.

(c) Compositing

Once the keyframes and in-between frames are created, the compositing process will commence. During this stage, the main objective is to produce a finished output where the animated character, background, special effects, voice-over and other elements are placed on each of the keyframes and in-between frames, and subsequently in sequence to form a moving animated content.

(d) Review and rendering

Upon the completion of the compositing process, we will carry out the reviewing process of the animated content produced. This is to ensure that the timing and pacing of the animation are correct and that any errors or issues identified can be rectified before it is handed over to the customer.

Subsequently, the rendering process will commence by converting the animated content into the agreed specification, format and resolution before it is delivered to the customer.

Completion and handover

Generally, the first version of the animation content delivered to the customer is subject to further revisions. Upon receiving comments and feedback from the customer, we will make the necessary adjustments requested by the customer. Once all the changes are made, the customer will approve and sign-off their acceptance of the work which marks the completion of our contract for the production work.

7. BUSINESS OVERVIEW (CONT'D)**Typical project timeframe**

Typically, one episode of an 11-minute 2D animated series takes between 2 to 4 weeks to complete from project commencement to acceptance sign-off by our customers. The duration of each project would depend on design complexity, number of characters, runtime of the episode and whether it is a new or recurring series. A recurring series would mean we may be able to reuse existing character riggings, backgrounds and other elements stored in our library, which would speed up the production process.

7.7.1 Operational facilities

Our head office and operational facilities are located in Malaysia as follows:

Company	Main functions	Location
Inspidea	Head office and 2D animation production facility	G-G-01, G-01-01, G-02-01, G-G-03A, G-01-03A, G-02-03A, H-G-03A, H-1-03A, H-2-03A, H-G-3, H-1-3, H-2-3, G-G-05, -G-1-5, G-2-5, H-01-02, H-02-02, G-1-06, G-G-06 Glomac Square, Jalan SS 6/16A, 47301 Petaling Jaya, Selangor
Bowleh	Restaurant	H-G-02 Glomac Square, Jalan SS 6/16A, 47301 Petaling Jaya, Selangor

Please refer to Section 7.20.2 for further details of our operational facilities.

7.7.2 Major machinery and equipment

The key equipment and systems for our 2D animation production operations are as follows:

Main equipment and systems	Quantities	NBV as at 31 December 2023 (RM '000)
Personal computer	456	607
Network-attached storage server system	33	36
Drawing tablets	327	43
Uninterrupted power supply battery	344	25
Computer screen monitor	695	15
Network switches	24	3
TOTAL		729

7.7.3 Production output, capacity and utilisation

We are principally involved in the provision of 2D animation production services. Operational output, capacity and utilisation rate do not apply to our 2D animation production operations as the nature of our production is service based. Although we use computers as our main tool for the provision of our services, computer hardware is easily available for purchase as and when required.

7. BUSINESS OVERVIEW (CONT'D)

Nevertheless, the number of production employees and freelancers that we have may pose a limit to our production capacity. Our personnel comprise both full-time and contracted staff as well as freelancers. Freelancers provide us with workforce flexibility to cater to varying project workload. The engagement of freelancers is a common industry practice.

7.8 SALES AND MARKETING STRATEGIES

The sales and marketing activities is part of the business development portfolio headed by our Executive Directors, See Chin Joo and Ooi Kok Hong. Our marketing positioning and activities to retain existing customers, secure new customers and develop new business opportunities are focused on the following:

Market positioning

- Positioning our Group as having the established track record of 21 years in providing 2D animation production. We have been involved in 2D animation production since the commencement of our business in 2002 where our initial principal business activity was in the creation and development of proprietary content. Subsequently, we shifted focus to providing 2D animation production services. For the Financial Years Under Review and up to the LPD, we have completed 63 animation production projects with a collective contract value of RM75.67 million and a total runtime of approximately 5,015 minutes.
- Positioning our Group as having a client base of internationally recognised brands. Some of our internationally recognised customers include Warner Bros. Group and its group of companies as well as Titmouse Inc., and the notable animated contents where we carried out 2D animation production include Monster Beach, Lamput 3, The Harper House and Mao Mao Heroes of Pure Heart. Our ability to secure contracts from these customers serves as a reference for the quality and standard of our 2D animation production services and our ability to meet the technical requirements.
- Positioning our Group as having the capacity to carry out large-scale and many simultaneous 2D animation production. Typically, our large-scale projects are projects with contract value of RM3.00 million and above as well as total runtime of 100 minutes and above. This is substantiated by the completion of 2D animation projects with a total of approximately 941 minutes, 1,160 minutes, 1,323 minutes and 1,272 minutes for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.
- Positioning our Group as having stringent content security measures to protect the intellectual properties of our customers. Content security measures implemented by our Group include device, network, account, data movement, asset tracking security as well as employee awareness training on content security. Please refer to Section 7.4.1.6 of this Prospectus for further details on content security.

Marketing and sales activities

We adopt a proactive approach in sales and marketing activities to maintain our existing customers and address potential opportunities. We also approach new customers through referrals from our existing customers. Our sales and marketing activities include the following:

- We proactively target and approach prospective customers for the opportunity to showcase our Group's capabilities, profile and experience as a 2D animation production service provider. Our intention with prospective customers is to be invited to submit tender bids or quotations for potential projects.
- We follow up closely with existing customers to obtain their feedback on our 2D animation production works as well as to understand their expectations, particularly for upcoming opportunities in animation projects.

7. BUSINESS OVERVIEW (CONT'D)

- We participate in exhibitions, animation festivals and conferences as part of our marketing programme of broadening our network and communications with prospective customers. Since 2018 and up to the LPD, the events which we have participated include the followings:

Year	Event	Location
2018	Annecy International Animation Film Festival and Market (MIFA)	France
2018	Marché International des Programmes de Communication (MIPCOM) 2018	France
2018	Licensing Expo 2018 ⁽¹⁾	USA
2018	Licensing Expo Japan 2018 ⁽¹⁾	Japan
2019	Annecy International Animation Film Festival and Market (MIFA)	France
2019	MIPCOM 2019	France
2019	Licensing Expo 2019 ⁽¹⁾	USA
2024	Kidscreen Summit 2024 ⁽²⁾	USA

Notes:

- (1) *Licensing Expo is an exhibition that serves as a platform to facilitate licensing partnerships for various product categories including, amongst others, animation, art and design, gaming and others.*
- (2) *Kidscreen Summit is a conference that serves as a platform to facilitate business partnerships for operators within the children's media industry.*

7.9 SEASONALITY

We did not experience any seasonality in our business operations for the Financial Years Under Review.

7.10 TECHNOLOGY USED

2D animation production is a technology-intensive operation which requires IT infrastructure and management system to support the production process. We rely on the technologies that are embedded in the technology infrastructure and management system for our day-to-day operations.

(a) Technology infrastructure

The technology infrastructure supporting our 2D animation production operations consists of hardware, networks and software.

Hardware

Hardware includes computers, graphic tablets, digital pens, servers, storage devices, graphic processing units and networking equipment. The hardware in our operation offices is set up to meet the specific requirements of 2D animation production to ensure that animation works carried out can be done effectively.

Our servers are linked to cloud-based data storage for project assets, animation files and audio files. We are also equipped with data redundancy to ensure that data is secured, backed up and accessible at all times. Our data storage redundancy includes mirroring where data that is saved into our primary storage device are instantly mirrored or backed up in a secondary storage device. Our centralised cloud or primary storage

7. BUSINESS OVERVIEW (CONT'D)

device is located at our head office in Selangor while our secondary storage device is located offsite. In the event of issues affecting our primary data storage, we can switch to our secondary data storage with no loss of data and our staff can continue production works with minimal interruptions.

Network

Our network infrastructure links all the key hardware through a combination of wired and wireless connections to facilitate the collaboration of works among our animation production personnel from various locations and devices while ensuring data security.

As content security is critical for our animation production operations, our network topology is designed to integrate our servers with firewalls and other security equipment. The firewalls and security equipment are set up at key entry points of our network, forming a barrier between our internal technology infrastructure from the external network. The firewall and security equipment that we deploy within our network are embedded with intrusion detection and prevention systems to prevent unauthorised access to our data and animation production works.

Software

We also have a range of software to facilitate our animation production process. Some of the main production software that we use includes the following:

- **Animation production software** is the primary tool used in our 2D animation production. This software provides a wide range of features including drawing tools, animation tools and special effects which allow our production team to create 2D animation. The animation production software that we use includes Toon Boom Harmony and Adobe Animate. The animation production software is also embedded with a function to render the final animation and export it in resolutions and formats requested by the customers such as Shockwave Flash (SWF), MPEG-4 (MP4), QuickTime and Adobe Flash (FLA), making it compatible with playback on various devices and platforms. In addition, adjustments such as colour correction and adding of final touches can also be done using animation production software.
- **Editing software** is used to assemble and edit the sequences of the animation. Our production team can adjust each frame to fine tune the animation by ensuring that the time, pacing and transitions between frames are in accordance with the intended storyline. The editing software that we use for our 2D animation production includes Adobe Premier Pro and Final Cut Pro.

Generally, the software that we use is through subscription based on the number of users and features used. The subscription basis for our software provides us with access to regular updates and new features, allowing our production team to keep up with advanced tools offered by the respective software producer.

(b) Animation production management software

The animation production management software we use is mainly to assist our supervisors in managing the project, production team members and resources including time and budget. The animation production management software is used for the management of animation production projects where our project managers can track the progress of the project, the amount of work completed by each of the production team members and monitor the overall workflow to ensure that the project can be completed within the time and budget as agreed with the customers. The animation production management software we use is TESSR which is charged based on the number of users and features subscribed.

7. BUSINESS OVERVIEW (CONT'D)**7.11 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

The main types of materials and services we purchased for the Financial Years Under Review are set out below:

Main input materials and services	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Animation production	1,038	98.02	1,971	96.71	2,570	97.68	2,401	97.80
- Computer software ⁽¹⁾	953	89.99	1,244	61.04	1,261	47.93	1,320	53.77
- Subcontracted animation services	85	8.03	727	35.67	1,309	49.75	1,081	44.03
Food services	21	1.98	67	3.29	61	2.32	54	2.20
- Food ingredients	21	1.98	67	3.29	61	2.32	54	2.20
Total purchases	1,059	100.00	2,038	100.00	2,631	100.00	2,455	100.00

Note:

(1) Relates to IT expenses which include animation production management software subscriptions and computer software for animation production.

For the Financial Years Under Review, purchases of materials and services used in our animation production operations accounted for 98.02% (RM1.04 million), 96.71% (RM1.97 million), 97.68% (RM2.57 million) and 97.80% (RM2.40 million) of our purchases of materials and services for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. Within animation production operations, our purchases of materials and services consist of computer software and subcontracted animation services from individual freelancers and animation production companies.

The purchases of computer software accounted for 89.99% (RM0.95 million), 61.04% (RM1.24 million), 47.93% (RM1.26 million) and 53.77% (RM1.32 million) of our total purchases of materials and services for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. Our computer software is related to subscription fees for various production software to carry out the animation work as well as subscription fees for animation production management software.

For the Financial Years Under Review, purchases of subcontracted animation services accounted for 8.03% (RM0.09 million), 35.67% (RM0.73 million), 49.75% (RM1.31 million) and 44.03% (RM1.08 million) of our total purchases of materials and services for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

As for our food services operations, purchases are mainly for food ingredients which accounted for 1.98% (RM0.02 million), 3.29% (RM0.07 million), 2.32% (RM0.06 million) and 2.20% (RM0.05 million) of our total purchases of materials and services for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our purchases of local and imported materials and services are as below:

Main input materials and services	FYE 2020			FYE 2021			FYE 2022			FYE 2023		
	Purchases RM'000	Domestic (%)	Imported (%)	Purchases RM'000	Domestic (%)	Imported (%)	Purchases RM'000	Domestic (%)	Imported (%)	Purchases RM'000	Domestic (%)	Imported (%)
Animation production	1,038	21.06	76.96	1,971	55.98	40.73	2,570	63.70	33.98	2,401	36.74	61.06
- Computer software ⁽¹⁾	953	13.03	76.96	1,244	20.32	40.73	1,261	13.95	33.98	1,320	17.07	36.70
- Subcontracted animation services	85	8.03	-	727	35.66	-	1,309	49.75	-	1,081	19.67	24.36
Food services	21	1.98	-	67	3.29	-	61	2.32	-	54	2.20	-
- Food ingredients	21	1.98	-	67	3.29	-	61	2.32	-	54	2.20	-
Total	1,059	23.04	76.96	2,038	59.27	40.73	2,631	66.02	33.98	2,455	38.94	61.06

Note:

(1) *Relates to IT expenses which include animation production management software subscriptions and computer software for animation production.*

For the Financial Years Under Review, our purchases of local materials and services accounted for 23.04%, 59.27%, 66.02% and 38.94% of our total purchases for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. Our purchases of imported materials and services accounted for 76.96%, 40.73%, 33.98% and 61.06% of our total purchases for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. The imported materials that we purchase are computer software which are based on subscription fees for the usage of animation production software.

For the Financial Years Under Review and up to the LPD, we have not experienced any interruptions or shortages in the supply of materials and services for our business operations. As our materials and services for our 2D animation production services are not commodities, we are not subject to global price fluctuations arising from demand and supply conditions.

The materials that we purchase for our food services operations are minor and constituted less than RM100,000 per year during the Financial Years Under Review.

7. BUSINESS OVERVIEW (CONT'D)

7.12 RESEARCH AND DEVELOPMENT

We do not carry out research and development activities for our 2D animation production operations as it is not relevant to the nature of our business. However, we were involved in proprietary content creation and development where we have developed 12 proprietary contents including 9 animated series, 1 animated short film, 1 graphic novel and 1 animated character since the commencement of our business up to the LPD.

The creation and development of our proprietary content involves the processes as follows:

- **market research** where we will conduct research and analysis to understand the trend, market preference and the market acceptance of a potential animated content.
- **conceptualisation** which involves the preliminary design of the overall storyline of the animated content. The process of market research and conceptualisation may be conducted concurrently where the conceptual design of the animated content may be enhanced based on the analysis from market research.
- **scriptwriting** which involves the planning of scenes, actions and dialogues.
- **character design** which involves the conceptual and detailed design of characters required for the animated content.
- **storyboarding** which involves animatics planning pertaining to sequence of events, scenes, voice-over and sound.
- **animation production** which transforms the concept and storyline into actual animated content; and
- **post-production** which involves reviewing and final editing of the animated content.

These processes require creativity, innovation as well as research and studies to create content that is suitable for the target audience. The proprietary contents that we have developed provide a potential monetary value in the future where we may license the animated series or character to third-parties.

Since the commencement of our business and up to the LPD, the proprietary content we developed are as follows:

	Proprietary content ⁽⁴⁾	Year of release	Type of content	Ownership as at the LPD
1.	Johan the Young Scientist	2004	26-episode animated series with total runtime of approximately 312 minutes.	100.00%
2.	Mustang Mama Football Fever	2006	26-episode animated series with total runtime of approximately 52 minutes.	100.00%
3.	Mustang Mama Diehard Sports Fan	2007	26-episode animated series with total runtime of approximately 52 minutes.	100.00%
4.	Mustang Mama X3	2010	26-episode animated series with total runtime of approximately 52 minutes.	100.00%
5.	Happy Together	2010	52-episode animated series with total runtime of approximately 52 minutes,	100.00%
6.	Boo & Me	2010	26-episode animated series with total runtime of approximately 52 minutes.	100.00% ⁽¹⁾

7. BUSINESS OVERVIEW (CONT'D)

	Proprietary content⁽⁴⁾	Year of release	Type of content	Ownership as at the LPD
7.	Pet Squad	2011	52-episode animated series with total runtime of approximately 572 minutes.	20.00% ⁽²⁾
8.	Akis	2012	12-episode animated series with total runtime of approximately 24 minutes.	100.00%
9.	Kobushi	2012	104-episode animated series with total runtime of approximately 728 minutes.	42.50% ⁽³⁾
10.	Inner Tommy	2015	A short film with total runtime of approximately 5 minutes	100.00%
11.	Osiana World	2009	A graphic novel	100.00%
12.	Terrified Sushi	2019	A sushi-like animated character	100.00%

Notes:

- (1) *Boo & Me animated series was co-produced by our Group and an international children's television channel from United Kingdom, namely KidsCo Limited (a subsidiary of NBCUniversal Media LLC) where we own 100.00% ownership of the content created. NBCUniversal Media LLC is a subsidiary of Comcast Corporation Inc., an entity listed on National Association of Securities Dealers Automated Quotations ("NASDAQ") Stock Exchange in the USA.*
- (2) *Pet Squad animated series was co-produced by our Group together with 2 co-production partners from United Kingdom, namely Pet Squad Limited, and Canada, namely March Entertainment Limited, where we own 20.00% ownership of the content created.*
- (3) *Kobushi animated series was co-produced by our Group and a co-production partner from France, namely Zagtoon SARL, where we own 42.50% ownership of the content created.*
- (4) *For the Financial Years Under Review and up to the LPD, there was no revenue generated from the proprietary content that we developed. Prior to the Financial Years Under Review, the accumulated revenue generated from our proprietary content are as below:*

Proprietary content	Accumulated revenue generated prior to Financial Years Under Review (RM '000)
Johan the Young Scientist	414
Mustang Mama Football Fever	263
Mustang Mama Diehard Sports Fan	126
Mustang Mama X3	48
Happy Together	12
Boo & Me	645
Pet Squad	(a)_
Akis	310
Kobushi	(a)_
Inner Tommy	(b)_
Osiana World	(c)_
Terrified Sushi	(d)_

Notes:

- (a) *In view that the distributors for these animated series have yet to recover from their respective investments in Kobushi and Pet Squad, there has been no distribution of profit generated from these proprietary content to our Group up to and including the LPD. The expenses for the creation and development of Pet Squad and Kobushi were funded by our co-production partner as well as grant from MDEC.*

7. BUSINESS OVERVIEW (CONT'D)

- (b) *This short film was produced by our Group for the purpose of a festival and for promotional purpose, and there has been no revenue generated from this proprietary content up to and including the LPD. The expenses for the creation and development of Inner Tommy was funded through internally generated funds.*
- (c) *This is a novel developed by our Group and there was no revenue generated from this proprietary content up to and including the LPD. The expenses for the creation and development of Osiana World were funded through internally generated funds.*
- (d) *This is a character developed by our Group that was released on social media platforms including Facebook and Instagram in 2019 to create market awareness, but it was not commercialised. As such, there has been no revenue generated from this proprietary content up to and including the LPD. The expenses for the creation and development of Terrified Sushi were funded through internally generated funds.*

The illustration of the proprietary content we have developed are as follows:

Johan the Young Scientist



Mustang Mama Football Fever



Mustang Mama Diehard Sports Fan



7. BUSINESS OVERVIEW (CONT'D)

Mustang Mama X3



Happy Together



Boo & Me



Pet Squad



7. BUSINESS OVERVIEW (CONT'D)

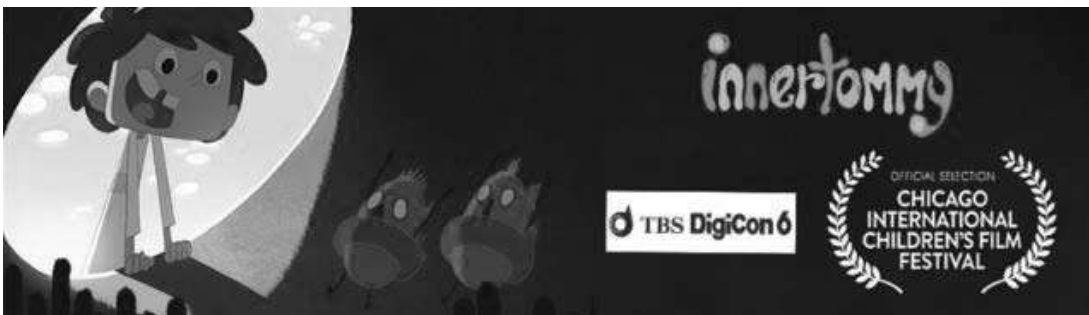
Akis



Kobushi



Inner Tommy



Osiana World



7. BUSINESS OVERVIEW (CONT'D)**Terrified Sushi**

We may submit a copyright voluntary notification to MyIPO in respect of the proprietary content that we developed, and such notification may serve as prima facie evidence of our ownership and the date of creation of such proprietary content that we developed. Notwithstanding that, we have not submitted such notification for any of our proprietary content as at the LPD.

For the Financial Years Under Review and up to the LPD, the focus of our business is in 2D animation production services and there was no revenue generated from the proprietary content that we developed. As at the LPD, we are engaged in preliminary discussion with a company operating in the entertainment industry from France for the joint development of a feature film based on the one of our proprietary contents.

7.13 INTERRUPTIONS TO THE BUSINESS AND OPERATIONS

Save as disclosed below, our Group did not encounter any other material interruptions during the Financial Years Under Review and up to the LPD.

COVID-19 conditions in Malaysia

- **Effects of COVID-19 on our business operations**

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 in the country, commencing on 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic and social activities.

During the MCO 1 period between 18 March 2020 and 3 May 2020, our business operations at our operational office were temporarily suspended and all of our management and employees worked from home following constraints imposed for MCO 1. We also notified our customers about the temporary suspension of our business operations and the delay in the delivery of animation works due to the constraints during the said period.

Following the implementation of Conditional MCO (“**CMCO**”) on 4 May 2020, we resumed our business operations at our operational office. We continued to operate during the Recovery MCO (RMCO) period in accordance with the specified guidelines and standard operating procedure (SOP) including the specified workforce capacity.

Subsequently, following the imposition of Enhanced MCO (“**EMCO**”) in Kuala Lumpur and Selangor on 1 July 2021, our business operations at our operational office were temporarily suspended and all of our management and employees worked from home. We resumed our business operations at our operational office following the upliftment of the EMCO on 18 July 2021.

7. BUSINESS OVERVIEW (CONT'D)

On 1 April 2022, Malaysia began its transition into the endemic phase, and we continued to operate at full workforce capacity according to Government SOP and guidelines.

- **Impact on our financial performance**

In FYE 2020, our financial performance was impacted by the COVID-19 pandemic mainly due to lower activities for our 2D animation production operations resulting from lower headcount partly due to uncertainties caused by the COVID-19 pandemic. For information, Inspidea recorded an audited revenue of approximately RM25.90 million in FYE 2019 at the company level.

In FYE 2021, our financial performance recovered where our total revenue increased by 18.44% from RM14.92 million in FYE 2020 to RM17.68 million in FYE 2021. In FYE 2022, our total revenue continued to increase by 32.87% from RM17.68 million in FYE 2021 to RM23.49 million in FYE 2022. In FYE 2023, our revenue increased by 19.90% from RM23.49 million in FYE 2022 to RM28.16 million in FYE 2023.

7.14 MAJOR CUSTOMERS

Our Group's top 5 major customers and their contribution to our revenue for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 are as follows:

FYE 2020

<u>Major customer⁽¹⁾</u>	<u>Country</u>	<u>Revenue contribution</u>		<u>Length of business relationship (years)⁽²⁾</u>	<u>Main services</u>
		<u>RM'000</u>	<u>%</u>		
Customer A Group	USA, Australia	4,939	33.10	13	2D animation production
Customer B Group	Canada, USA	3,775	25.30	6	2D animation production
Customer C Group	Canada	2,386	15.99	5	2D animation production
Customer D	France	1,028	6.89	Less than 1	2D animation production
Customer E Group	USA	897	6.01	3	2D animation production
Sub-total		13,025	87.29		
Group revenue		14,923			

7. BUSINESS OVERVIEW (CONT'D)**FYE 2021**

Major customer⁽¹⁾	Country	Revenue contribution		Length of business relationship (years)⁽²⁾	Main services
		RM'000	%		
Customer B Group	Canada, USA	7,886	44.62	7	2D animation production
Customer D	France	1,918	10.85	1	2D animation production
Customer F	France	1,753	9.92	7	2D animation production
Customer A Group	USA, Australia	1,479	8.37	14	2D animation production
Customer G Group	Netherlands	1,454	8.23	Less than 1	2D animation production
Sub-total		14,490	81.99		
Group revenue		17,675			

FYE 2022

Major customer⁽¹⁾	Country	Revenue contribution		Length of business relationship (years)⁽²⁾	Main services
		RM'000	%		
Customer B Group	USA, Canada	9,350	39.81	8	2D animation production
Customer A Group	USA, Australia	4,275	18.20	15	2D animation production
Customer H Group	Canada, UK	4,321	18.40	Less than 1	2D animation production
Customer C Group	Canada	2,459	10.47	7	2D animation production
Customer G Group	Netherlands	1,123	4.78	1	2D animation production
Sub-total		21,528	91.66		
Group revenue		23,485			

FYE 2023

Major customer⁽¹⁾	Country	Revenue contribution		Length of business relationship (years)⁽²⁾	Main services
		RM'000	%		
Customer B Group	Canada, USA	9,561	33.95	9	2D animation production
Customer H Group	Canada, UK	9,283	32.97	1	2D animation production
Customer J	France	3,790	13.46	12	2D animation production
Customer A Group	USA, Australia	2,060	7.32	16	2D animation production
Customer G Group	UK	1,625	5.77	2	2D animation production
Sub-total		26,319	93.47		
Group revenue		28,159			

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) *The customers' names have not been disclosed due to the confidentiality provisions in agreements entered with our customers. The confidentiality provisions are the conditions of our contracts placed by our customers. We have sought consent from our customers for the inclusion of their names in this Prospectus. However, our customers are unable to accede to the said request or have not responded.*
- (2) *Length of the relationship as at the respective financial year.*

None of our Directors, Promoters and substantial shareholders has any interest in, or undue influence over, any of our top 5 major customers.

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7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, our top 5 major customers collectively contributed 87.29%, 81.99%, 91.66% and 95.94% of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

We are dependent on the following customers by virtue of their revenue contribution of more than 10.00% to our revenue for any one or more years during the Financial Years Under Review. Our business relationships with these customers are set out below:

(i) Customer A Group

Customer A Group have been our customer between 8 years and 16 years as at FYE 2023. The overall revenue contribution from Customer A Group accounted for 33.10% (RM4.94 million), 8.37% (RM1.48 million), 18.20% (RM4.28 million) and 7.32% (RM2.06 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. We provide 2D animation production services to Customer A Group.

The revenue contribution of Customer A Group by its subsidiaries is as follows:

Customer	Year of business relationship commenced/ length of business relationship ⁽¹⁾	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
		RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾
Customer A1	2007 / 16 years	-	-	847	4.79	4,275	18.20	2,060	7.32
Customer A2	2015 / 8 years	4,925	33.01	351	1.99	-	-	-	-
Customer A3	2015 / 8 years	14	0.09	281	1.59	-	-	-	-
Total		4,939	33.10	1,479	8.37	4,275	18.20	2,060	7.32

Notes:

(1) Length of business relationship as at FYE 2023.

(2) Percentages are in proportion to our total revenue.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Customer B Group

Customer B Group has been our customer between 4 years and 9 years as at FYE 2023 with revenue contribution of 25.30% (RM3.78 million), 44.62% (RM7.89 million), 39.81% (RM9.35 million) and 33.95% (RM9.56 million) of our total revenue for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. We provide 2D animation production services to Customer B Group.

The revenue contribution of Customer B Group by its subsidiaries is as follows:

Customer	Year of business relationship commenced/ length of business relationship ⁽¹⁾	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
		RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾
Customer B1	2014 / 9 years	274	1.84	1,263	7.15	8,895	37.88	9,377	33.30
Customer B2	2019 / 4 years	3,501	23.46	6,623	37.47	455	1.93	184	0.65
Total		3,775	25.30	7,886	44.62	9,350	39.81	9,561	33.95

Notes:

- (1) Length of business relationship as at FYE 2023.
(2) Percentages are in proportion to our total revenue.

(iii) Customer C Group

Customer C Group has been our customer for 1 and 8 years as at FYE 2023. The length of business relationship with Customer C Group commenced in 2015 where we were engaged by one of its subsidiaries for the 2D animation services. For the Financial Years Under Review, there was no revenue from this said subsidiary. However, we continued to secure projects from other subsidiaries of Customer C Group and the revenue contribution from Customer C Group accounted for 15.99% (RM2.39 million), 7.53% (RM1.33 million) and 10.47% (RM2.46 million) of our total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively. There was no revenue from Customer C Group in FYE 2023. We provide 2D animation production services to Customer C Group.

7. BUSINESS OVERVIEW (CONT'D)

The revenue contribution of Customer C Group by its subsidiaries is as follows:

Customer	Year of business relationship commenced/ length of business relationship ⁽¹⁾	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
		RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾
Customer C1	2021 / 2 years	-	-	313	1.77	1,504	6.40	-	-
Customer C2	2022 / 1 year	-	-	-	-	922	3.93	-	-
Customer C3	2022 / 1 year	-	-	-	-	33	0.14	-	-
Customer C4	2020 / 3 years	358	2.39	744	4.21	-	-	-	-
Customer C5	2019 / 4 years	1,604	10.76	274	1.55	-	-	-	-
Customer C6	2019 / 4 years	424	2.84	-	-	-	-	-	-
Total		2,386	15.99	1,331	7.53	2,459	10.47	-	-

Notes:

(1) Length of business relationship as at FYE 2023.

(2) Percentages are in proportion to our total revenue.

(iv) Customer D

Customer D has been our customer for 3 years as at FYE 2023 and its revenue accounted for 6.89% (RM1.03 million) and 10.85% (RM1.92 million) of our total revenue for the FYE 2020 and FYE 2021 respectively. There was no revenue from Customer D in FYE 2022 and FYE 2023. We provide 2D animation production services to Customer D.

The revenue contribution of Customer D is as follows:

Customer	Year of business relationship commenced/ length of business relationship ⁽¹⁾	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
		RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾
Customer D	2020 / 3 years	1,028	6.89	1,918	10.85	-	-	-	-
Total		1,028	6.89	1,918	10.85	-	-	-	-

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Length of business relationship as at FYE 2023.
 (2) Percentages are in proportion to our total revenue.

(v) Customer H Group

Customer H Group has been our customer for 1 year as at FYE 2023 and revenue contribution from this customer accounted for 18.40% (RM4.32 million) and 32.97% (RM9.28 million) of our total revenue in FYE 2022 and FYE 2023 respectively. We provide 2D animation production services to Customer H Group.

The revenue contribution of Customer H Group by its subsidiaries is as follows:

Customer	Year of business relationship commenced/ length of business relationship ⁽¹⁾	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
		RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾
Customer H2	2022 / 1 year	-	-	-	-	285	1.22	3,553	12.62
Customer H4	2022 / 1 year	-	-	-	-	35	0.15	2,811	9.98
Customer H3	2022 / 1 year	-	-	-	-	69	0.29	1,390	4.94
Customer H1	2022 / 1 year	-	-	-	-	3,932	16.74	1,529	5.43
Total		-	-	-	-	4,321	18.40	9,283	32.97

Notes:

- (1) Length of business relationship as at FYE 2023.
 (2) Percentages are in proportion to our total revenue.

(vi) Customer J

Customer J had been our customer for 12 years as at FYE 2023 and revenue contribution from this customer accounted for 13.46% (RM3.79 million) of our total revenue in FYE 2023. We provide 2D animation production services to Customer J.

7. BUSINESS OVERVIEW (CONT'D)

The revenue contribution of Customer J is as follows:

Customer	Year of business relationship commenced/ length of business relationship ⁽¹⁾	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
		RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾	RM'000	% ⁽²⁾
Customer J	2011 / 12 years	-	-	-	-	-	-	3,790	13.46
Total		-	-	-	-	-	-	3,790	13.46

Notes:

- (1) Length of business relationship as at FYE 2023.
- (2) Percentages are in proportion to our total revenue.

Due to these customers' substantial contribution to our revenue during the Financial Years Under Review, losing them as customers may adversely affect our financial performance. In this respect, we intend to mitigate such risk by:

- (i) maintaining close working relationships with our existing customers and ensuring our service quality meets our customers' requirements. We have an established business relationship with Customer A Group, Customer B Group, Customer C Group and Customer J where the length of our business relationship with them ranges between 8 and 16 years as at FYE 2023. Since the start of our business relationship with them, we were able to maintain a close working relationship as evidenced by the multiple projects secured from each of the customer. Similarly, we maintain a close working relationship with Customer H Group and secured multiple projects from them although our length of business relationship with them is 1 year as at FYE 2023;
- (ii) taking proactive steps to look for new project opportunities and to expand our customer base. Our Directors, with the support from our key senior management, will actively seek for new projects by engaging with stakeholders within the animation industry and continue to participate in bidding for new projects from existing as well as prospective customers. In addition, we participate in relevant exhibitions as part of our marketing strategy to secure new customers; and
- (iii) part of our business strategy is to establish a sales office in LA, California in the USA. This will enable us to address potential business opportunities as well as to improve customer service by attending promptly to our existing customers within North America. Please refer to Section 7.6 of this Prospectus for further details on our business strategies and future plans.

Our established track record of 22 years in the 2D animation production will serve as testament of our capabilities and provide us with the advantage to secure new projects from our existing and prospective customers.

7. BUSINESS OVERVIEW (CONT'D)**7.15 MAJOR SUPPLIERS**

Our Group's top 5 major suppliers and their contribution to our total purchases of materials and services for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 are as follows:

FYE 2020

Major suppliers⁽¹⁾	Country	Purchase contribution		Length of business relationship (years)⁽²⁾	Products / services sourced
		RM'000	%		
Arboratory Limited ⁽³⁾	Hong Kong	733	69.22	1	Animation production management software
Ingram Micro Malaysia Sdn Bhd	Malaysia	131	12.37	10	Computer software
Toon Boom Animation Inc.	Canada	82	7.74	14	Computer software
Integrasi Erat Sdn Bhd	Malaysia	6	0.57	6	Computer software
Sub-total		952	89.90		
Total purchases		1,059			

FYE 2021

Major suppliers⁽¹⁾	Country	Purchase contribution		Length of business relationship (years)⁽²⁾	Products / services sourced
		RM'000	%		
Arboratory Limited ⁽³⁾	Hong Kong	763	37.44	2	Animation production management software
Ingram Micro Malaysia Sdn Bhd	Malaysia	399	19.58	11	Computer software
Lil Critter Workshop Sdn Bhd	Malaysia	211	10.35	Less than 1 year	Animation pre-production service
Tribal MNE Sdn Bhd	Malaysia	136	6.67	Less than 1 year	Animation pre-production service
Toon Boom Animation Inc.	Canada	68	3.34	15	Computer software
Sub-total		1,577	77.38		
Total purchases		2,038			

7. BUSINESS OVERVIEW (CONT'D)**FYE 2022**

Major suppliers⁽¹⁾	Country	Purchase contribution		Length of business relationship (years)⁽²⁾	Products / services sourced
		RM'000	%		
Tessereum Limited ⁽⁴⁾	Hong Kong	790	30.03	1	Animation production management software
Lil Critter Workshop Sdn Bhd	Malaysia	615	23.38	1	Animation pre-production service
Ingram Micro Malaysia Sdn Bhd	Malaysia	326	12.39	12	Computer software
Tribal MNE Sdn Bhd	Malaysia	303	11.51	1	Animation post-production service
Toon Boom Animation Inc.	Canada	105	3.99	16	Computer software
Sub-total		2,139	81.30		
Total purchases		2,631			

FYE 2023

Major suppliers⁽¹⁾	Country	Purchase contribution		Length of business relationship (years)⁽²⁾	Products / services sourced
		RM'000	%		
Tessereum Limited ⁽⁴⁾	Hong Kong	901	36.70	2	Animation production management software
Ingram Micro Malaysia Sdn Bhd	Malaysia	287	11.69	13	Computer software
Lil Critter Workshop Sdn Bhd	Malaysia	205	8.35	2	Animation pre-production service
Tribal MNE Sdn Bhd	Malaysia	87	3.54	2	Animation post-production service
Toon Boom Animation Inc.	Canada	77	3.14	17	Computer software
Sub-total		1,557	63.42		
Total purchases		2,455			

Notes:

- (1) For FYE 2020, the fifth supplier was not disclosed as it is an individual freelancer who provide animation production services on a contract basis with the Group. Purchases of services from each freelancer amounted to less than RM25,000 for each of the Financial Years Under Review.
- (2) Length of the relationship as at the respective financial year.
- (3) Please refer to Section 10.1.1 for further details on the related party transactions in relation to the services provided by Aboratory Limited to the Group.

7. BUSINESS OVERVIEW (CONT'D)

(4) Please refer to Section 10.1.1 for further details on the related party transactions in relation to the services provided by Tessereum Limited to the Group.

As an animation production service provider, our purchases are mainly subscription fees for the use of computer software as well as subcontracted animation production services. The computer software that we use includes software for animation creation and editing, and project management for our animation production operations.

Arboratory Limited (a related party), Tessereum Limited (a related party) and Toon Boom Animation Inc. (a non-related party) are the IP owners of their respective computer software that we use in our business operations.

(i) Arboratory Limited and Tessereum Limited

The purchases from Arboratory Limited for the supply of animation production management software customised based on our requirement, namely "Inspirator" accounted for 69.22% and 37.44% of our total purchases of materials and services FYE 2020 and FYE 2021 respectively. The animation production management software is used for the management of animation production projects where our project managers can track the progress of the project, the amount of work completed by each of the production team members and monitor the overall workflow. Our project manager will monitor the overall workflow to ensure that the project can be completed within the time and budget as agreed with the customers.

We entered into a software sublicense agreement with Tessereum Limited (a subsidiary of Arboratory Limited) on 1 January 2022 for the usage of the animation production management software, namely "TESSR". The TESSR is a similar animation production management software to Inspirator. Arboratory Limited owns Tessereum Limited via 37.5% of the ordinary shares and 100% of the convertible preference shares of Tessereum Limited. For FYE 2022 and FYE 2023, the purchases from Tessereum Limited amounted to 30.03% and 36.70% of our total purchases respectively.

Please refer to Section 10.1.1 for further details of the related party transactions.

(ii) Toon Boom Animation Inc

Purchases from Toon Boom Animation Inc. for the supply of animation production software namely Toon Boom Harmony which accounted for 7.74%, 3.34%, 3.99% and 3.14% of our total purchases of materials and services for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

In addition, we have been using Adobe software for our business operations during the Financial Years Under Review. We purchased the Adobe software from Ingram Micro Malaysia Sdn Bhd, a supplier of Adobe software in Malaysia, which accounted for 12.37%, 19.58%, 12.39% and 11.69% of our total purchases of materials and services the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively.

We are not dependent on the above software or supplier as we can use alternative software such as ShotGrid for animation production management or CelAction for animation production or we may purchase Adobe software from other suppliers.

We are also not dependent on our suppliers of subcontracted animation production services namely Lil Critter Workshop Sdn Bhd and Tribal MNE Sdn Bhd as these are nominated subcontractors for an animation production project by a customer during the FYE 2021, FYE 2022 and FYE 2023 respectively.

7. BUSINESS OVERVIEW (CONT'D)

7.16 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENT AND OTHER ARRANGEMENTS

As at the LPD, our Group is not dependent on any material contracts, agreements, documents or other arrangements that could affect our Group's business or profitability.

7.17 EMPLOYEES

As at the LPD, we have a total workforce of 262 employees whereby 50 of our employees are permanent employees and the remaining 212 are contract / temporary employees.

The breakdown of our employees by business segment and department as at FYE 2023 is depicted as follows:

Categories	2D animation production				Food services				Total employees
	Permanent		⁽⁷⁾ Contract / Temporary		Permanent		Contract / Temporary		
	Local	Foreign	Local	⁽⁸⁾ Foreign	Local	Foreign	Local	Foreign	
Management	11	-	3	3	1	-	-	-	18
Technical professionals⁽²⁾	2	-	1	-	1	-	1	-	5
Skilled staff (Animation technical personnel)	35	-	177	43	-	-	-	-	255
- Animator ⁽³⁾	18	-	133	43	-	-	-	-	194
- Background artist ⁽⁴⁾	6	-	29	-	-	-	-	-	35
- Compositing artist ⁽⁵⁾	3	-	6	-	-	-	-	-	9
- Others ⁽⁶⁾	8	-	9	-	-	-	-	-	17
Total	48	-	181	46	2	-	1	-	⁽⁹⁾278

7. BUSINESS OVERVIEW (CONT'D)

The breakdown of our employees by business segment and department as at the LPD is depicted as follows:

Categories	2D animation production				Food services				Total employees
	Permanent		⁽⁷⁾ Contract / Temporary		Permanent		Contract / Temporary		
	Local	Foreign	Local	⁽⁸⁾ Foreign	Local	Foreign	Local	Foreign	
Management	9	-	1	4	1	-	-	-	15
Technical professionals⁽²⁾	1	-	1	-	1	-	1	-	4
Skilled staff (Animation technical personnel)	38	-	178	27	-	-	-	-	243
- Animator ⁽³⁾	22	-	133	27	-	-	-	-	182
- Background artist ⁽⁴⁾	6	-	25	-	-	-	-	-	31
- Compositing artist ⁽⁵⁾	4	-	6	-	-	-	-	-	10
- Others ⁽⁶⁾	6	-	14	-	-	-	-	-	20
Total	48	-	180	31	2	-	1	-	⁽⁹⁾262

Notes:

- (1) *Relates to personnel which are entrusted with managerial responsibilities within our Group.*
- (2) *Relates to personnel which are responsible for matters such as information technology support for 2D animation production, as well as restaurant manager and kitchen crew for the food services segment.*
- (3) *The role of an animator is to create character and object movements according to the requirements of the production.*
- (4) *The role of a background artist is to illustrate visual background and environment surrounding the animated characters and the actions of the animation.*
- (5) *The role of a compositor is to integrate elements such as animated characters, visual background and others to form the final output of an animated content.*

7. BUSINESS OVERVIEW (CONT'D)

(6) *Includes production coordinators and builders. The role of a production coordinator includes production planning. The role of a builder involves the process of character modelling and create digital skeletons (rigs) which enable animators to manipulate and move the characters.*

(7) *The Group has hired more employees under contract/temporary arrangements instead of permanent arrangement in view that this will accord the Group with the flexibility and agility to promptly adapt its human capital resources in response to changing demands and to cater for specific project requirements.*

Contract staffs are typically engaged on a fixed term basis which usually last for a duration of 2 years, and are paid a fixed salary together with project incentives and participation in bonuses. On the other hand, temporary staffs (which are the freelancers) are typically engaged on a project basis, which usually last for less than 12 months. The temporary staffs are paid based on output produced. The Group has hired a total of 46 and 20 freelancers for the FYE 2023 and as at the LPD, respectively.

(8) *All 11 non-Malaysians under contract employment are currently holding a valid working permit.*

(9) *The total number of employees reduced from 278 in FYE 2023 to 262 as at the LPD, which is mainly due to a decline in freelancers engaged by our Group as a result of the completion of certain animation projects. In addition, the number of employees from the management category reduced from 18 employees in FYE 2023 to 15 employees as at the LPD, due to the resignation of our employees from the animation production department and the human resources department. Notwithstanding, we do not foresee any material impact to the Group's business resulting from the resignations of the said employees.*

None of our employees belongs to any trade unions. During the Financial Years Under Review, there has been no major labour disputes involving our employees.

7. BUSINESS OVERVIEW (CONT'D)

7.18 MAJOR APPROVALS, LICENCES AND PERMITS OBTAINED

As at the LPD, save as disclosed below and the general business approvals, licences and permits issued by local councils, there are no other major approvals, licences and permits issued to our Group in order for us to carry out our business operations:

No.	Approving authority / issuer	Type of approvals / licences / permits	Licence / Permit / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
Inspidea						
1.	National Film Development Corporation Malaysia (FINAS)	Licence to engage in the production of films	Licence No. PF 05/10566	Date of issuance: 17 January 2024	(i) The licence is issued subject to the conditions prescribed in the Third Schedule to the Perbadanan Kemajuan Filem Nasional Malaysia (Licensing) Regulations 1983.	Noted
				Validity period: 17 January 2024 to 16 January 2025	(ii) The licence is valid for a period of one year from the date of issuance or renewal.	Noted
					(iii) Inspidea shall not transfer or assign the licence to any other person.	Complied
					(iv) Inspidea duly registered under the Companies Act 1965 shall inform FINAS of any change in the share capital or the composition of the board of directors of Inspidea. Such information shall be given not less than 14 days from the day the change take effect.	Complied
					(v) Inspidea shall not change the location of the place of business without obtaining the prior approval of FINAS.	Complied
					(vi) Inspidea shall:	
					i. inform FINAS in writing if Inspidea ceases to engage in the activity for which Inspidea is licenced and shall forthwith return the licence to FINAS for cancellation;	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Approving authority / issuer	Type of approvals / licences / permits	Licence / Permit / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					<ul style="list-style-type: none"> ii. not engage in the activity for which Inspidea is licenced under a name different from that stated in the licence; iii. display the licence in a conspicuous manner at the premises specified in the licence; iv. inform FINAS in writing and within 14 days any change in the composition of Inspidea's officers holding managerial or executive positions; and v. not later than 6 months after the end of the financial year of Inspidea's business, submit to FINAS its audited statement of accounts and any other reports as may be required by FINAS. 	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>
2.	Malaysia Digital Economy Corporation (MDEC)	For the grant of the Multimedia Super Corridor Malaysia ("MSC") status (now known as Malaysian Digital Status) to Inspidea	Certificate No. 0954	Date of issuance: 9 June 2004 Date of expiry: Not applicable	<p>Inspidea shall, amongst others:</p> <ul style="list-style-type: none"> (i) complete business registration of the proposed entity as a locally incorporated company under the Companies Act 1965 within 1 month from 9 June 2004, commence operations of the proposed entity within 6 months from 9 June 2004, and undertake such activities specified in the company's business plan as approved by MDEC ('MSC Qualifying Activities'), MDEC, within 6 months from 9 June 2004, or by such dates as may be specified in the company's business plan as approved, which dates may be extended or modified with the written consent of MDEC, 	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Approving authority / issuer	Type of approvals / licences / permits	Licence / Permit / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					and thereafter continue with such business and activities unless otherwise approved by MDEC. The MSC Qualifying Activities are “development and provision of content animation production” and “provision of animation production services”. Any changes proposed to the MSC Qualifying Activities must receive the prior written consent of MDEC;	
					(ii) locate the implementation and operation of the MSC Qualifying Activities in Cyberjaya, within 6 months from 9 June 2004 and will seek MDEC’s prior written approval in the event of any changes in the location or address of Inspidea ⁽¹⁾ ;	Complied
					(iii) ensure that at all times at least 15.00% of the total number of employees (excluding support staff) of Inspidea shall be “knowledge workers”;	Complied
					“Knowledge worker” is an individual who holds one of the following:	Complied
					i. tertiary qualification from an institution of higher learning (in any field);	
					ii. diploma in information and communication technologies, engineering, technology or specialised certification plus at least 2 years’ relevant experience in a field that is a heavy user of technology;	

7. BUSINESS OVERVIEW (CONT'D)

No.	Approving authority / issuer	Type of approvals / licences / permits	Licence / Permit / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					<ul style="list-style-type: none"> iii. professional, executive, management and technical work categories in information technology enabled services (e.g. information technology / information systems professionals, finance / accounting, business administration, engineering, medical or legal); iv. also includes foreign workers with knowledge-based skills that are not prevalent in Malaysia and required by Inspidea; or v. workers who are utilised for their creative talent to produce value-added creative work for Inspidea; 	
					(iv) continuously comply with MDEC's environmental guidelines as determined by MDEC from time to time;	Complied
					(v) submit to MDEC a copy of the company's annual report and audited statements in parallel with submission to the Companies Commission of Malaysia;	Complied
					(vi) inform and obtain the prior approval of MDEC for any proposed change in the name of Inspidea;	Complied
					(vii) inform MDEC of any change in the equity structure or shareholding structure of Inspidea, or such other changes that may affect the direction or operation of Inspidea. MDEC must be informed of any change before steps are taken to effect such change;	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Approving authority / issuer	Type of approvals / licences / permits	Licence / Permit / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					(viii) comply with all such statutory, regulatory and/or licensing requirements as may be applicable;	Complied
					(ix) the MSC status shall not be transferable or assignable in any way whatsoever without the prior written consent of MDEC; and	Complied
					(x) MDEC may from time to time add to, remove from or vary the conditions as set out above.	Complied
					In the event Inspidea:	Noted
					(a) fails to comply with the terms and conditions as set out above;	
					(b) fails to comply with the monitoring processes and procedures as prescribed by MDEC and/or willingly refuses to provide such assistance as may be required by MDEC in its monitoring activities; or	
					(c) fails to or is unable to achieve or fulfill its objectives, projections or assurances as contained in the application documents (including but not limited to the three year business development plan) and/or any subsequent update documents,	
					then MDEC shall in the first instance notify Inspidea of such failure and/or non-compliance and afford an opportunity to Inspidea to explain its position to MDEC and seek a waiver or otherwise come to a mutually acceptable compromise or resolution of the matters relating to such failure and/or non-compliance. In the event that MDEC and Inspidea are unable to arrive at a mutually acceptable compromise or resolution, MDEC	

7. BUSINESS OVERVIEW (CONT'D)

No.	Approving authority / issuer	Type of approvals / licences / permits	Licence / Permit / Reference no.	Date of issuance / Validity	Major conditions imposed	Status of compliance
					<p>may at anytime thereafter notify Inspidea in writing of its intention to recommend the revocation of the grant of MSC status of Inspidea. Upon receipt of the notice, Inspidea may within thirty days, appeal to MDEC in writing stating any grounds or arguments supporting its appeal against the intended revocation, failing which, MDEC may in its discretion proceed to issue a written notice to Inspidea stating the grant of MSC status of Inspidea will be revoked.</p> <p>Note:</p> <p>(1) <i>Inspidea has an office located in Cyberjaya between 2010 – 2020. Pursuant to the announcement made by MDEC on March 2022, company with Malaysia Digital Status may operate their business in any location in Malaysia. As at the LPD, Inspidea still maintains the Malaysia Digital Status and is operating at their existing office in Selangor.</i></p>	
Bowleh						
1.	Ministry of Health Malaysia	Certificate of registration for food premises to conduct restaurant business (P3 – food premises where food is prepared, processed, stored or served for sale)	FSSM032301271-0	<p>Date of issuance: 10 March 2023</p> <p>Validity period: 10 March 2023 to 10 March 2026</p>	-	-

In the event Inspidea failed to renew the licence issued by National Film Development Corporation Malaysia (FINAS) as set out above, Inspidea will not be able to produce its own proprietary content.

7. BUSINESS OVERVIEW (CONT'D)

Prior to 10 March 2023, Bowleh commenced restaurant operations without obtaining the certificate of registration for food premises. On 10 March 2023, Bowleh had obtained a valid certificate of registration for food premises issued by Ministry of Health Malaysia. Please refer to Section 7.21.3 of this Prospectus for further details of the said past non-compliance.




As at the LPD, our Group is not in breach of the terms and conditions of the approvals, licences and permits set out above and has not encountered any difficulties in renewing the approvals, licences and permits, where applicable, in the past.

7.19 INTELLECTUAL PROPERTY RIGHTS

Our Group is not highly dependent on any of the trademarks and patents. We do not foresee any material impact to the Group's business or profitability in the event of non-approval for registration / renewal of the trademarks and patents.

7.19.1 Trademarks

As at the LPD, our Group holds the following trademarks:

No.	Trademark	Name of applicant / Registration no.	Issuing authority	Class / Description	Status / Expiry Date
1.		Inspidea / 06014995	MyIPO, Malaysia	Class 41 / Education; providing of training; entertainment; or sporting and cultural activities	Registered / 23 August 2026
2.		Bowleh / TM2020012941	MyIPO, Malaysia	Class 43 / Restaurant services	Registered / 1 July 2030
3.		Bowleh / TM2020013139	MyIPO, Malaysia	Class 43/ Restaurant services	Registered / 2 July 2030

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark	Name of applicant / Registration no.	Issuing authority	Class / Description	Status / Expiry Date
4.	INSPIDEA	Inspidea / TMA771488	Canadian Intellectual Property Office, Canada	<p>Class 9 / Animated films, television film recordings, prerecorded video tapes featuring animation, prerecorded audio tapes featuring narrative text, prerecorded compact discs featuring narrative text, prerecorded compact discs featuring music, prerecorded compact discs featuring computer games, prerecorded compact discs featuring animation, rerecorded optical discs featuring animation, downloadable video recordings featuring animated entertainment, downloadable audio recordings featuring narrative text, downloadable audio recordings featuring music, downloadable electronic publications, namely, magazines and newsletters in the field of entertainment, and downloadable computer game programs; and</p> <p>Class 41/ Production and distribution of animated films, television programs, video tape recordings, audio tape recordings, compact disc recordings, and optical disc recordings; entertainment services, namely, on-going television programs the field of animation; and entertainment services, namely, providing online computer games; and entertainment services, namely, providing downloadable videos recordings featuring animated entertainment over the Internet mobile telecommunication networks.</p>	Registered / 7 July 2025

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark	Name of applicant / Registration no.	Issuing authority	Class / Description	Status / Expiry Date
5.	INSPIDEA	Inspidea / 3586130	National Institute of Industrial Property, France	<p data-bbox="1200 363 1854 858">Class 9 / Animation films, television film recordings, pre-recorded videotapes containing animation, pre-recorded audio cassettes containing stories, pre-recorded audio cassettes containing music, pre-recorded compact discs containing stories, pre-recorded compact discs containing music, pre-recorded compact discs containing video games, pre-recorded compact discs containing animation, pre-recorded optical discs containing animations, downloadable video recordings containing entertainment in the field of animation, downloadable audio recordings containing stories, downloadable audio recordings containing music, downloadable electronic publications in the form of magazines and newsletters in the field of entertainment, and downloadable computer game programmes.</p> <p data-bbox="1200 890 1854 1410"><i>(Films d'animation, enregistrements de films télévisés, bandes 159 ideo préenregistrées contenant des animations, cassettes audio préenregistrées contenant des récits, cassettes audio préenregistrés contenant de la musique, disques compacts préenregistrés contenant des récits, disques compacts préenregistrés contenant de la musique, disques compacts préenregistrés contenant des jeux vidéos, disques compacts préenregistrés contenant des animations, disques optiques préenregistrés contenant des animations, enregistrements 159ideo téléchargeables contenant du divertissement dans le domaine de l'animation, enregistrements audio téléchargeables contenant des récits, enregistrements audio téléchargeables contenant de la musique, publications électroniques téléchargeables sous la forme de magazines et de lettres d'information dans le domaine du divertissement,</i></p>	Registered / 3 July 2028

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark	Name of applicant / Registration no.	Issuing authority	Class / Description	Status / Expiry Date
				<i>et programmes de jeux d'ordinateur téléchargeables.)</i>	
				<p>Class 38 / Telecommunications, telephone services, services for the transmission and reception of video images on the Internet using a computer or mobile telephone, television programmes, broadcasting and transmission of television programmes and animated films, communication via computer terminals; communication (transmission) on all multimedia media and networks including the Internet</p> <p><i>(Télécommunications, services téléphoniques, services pour la transmission et la réception d'images vidéo sur internet au moyen d'un ordinateur ou d'un téléphone mobile, programmes de télévision, diffusion et transmission de programmes de télévision et de films d'animation, communication par terminaux d'ordinateurs • communication (transmission) sur tous supports multimédia et réseaux dont internet.)</i></p>	
				<p>Class 41 / Production and distribution of animated films, television programmes, video recordings, audio recordings, compact disc recordings, optical disc recordings; entertainment services in the form of television programmes in the field of animation, and entertainment services, namely provision of on-line computer games, downloadable video recordings containing entertainment in the field of animation accessible via the Internet and wireless telecommunications networks.</p>	

7. BUSINESS OVERVIEW (CONT'D)



No.	Trademark	Name of applicant / Registration no.	Issuing authority	Class / Description	Status / Expiry Date
6.	I N S P I D E A	Inspidea / T0614724E	Intellectual Property Office of Singapore, Singapore	<p><i>(Production et distribution de films d'animation, de programmes de télévision, d'enregistrements vidéo, d'enregistrements audio, d'enregistrements de disques compacts, d'enregistrements de disques optiques • services de divertissement sous la forme de programmes de télévision dans le domaine de l'animation, et services de divertissement, à savoir mise à disposition de jeux d'ordinateurs en ligne, d'enregistrements vidéo téléchargeables contenant des divertissements dans le domaine de l'animation accessibles par internet et des réseaux de telecommunication sans fil.)</i></p> <p>Class 41 / Entertainment services, namely production and distribution of animation for television, mobile telecommunication networks, internet; interactive game services provided online; film production; book publications; production and reproduction of audio and video recordings on audio and/or video carriers of different kinds, especially video and audio tapes, cassettes, discs and records; all included in Class 41.</p>	Registered / 25 July 2026

7. BUSINESS OVERVIEW (CONT'D)

In addition, our Group has submitted applications for registration of the following trademarks which are currently pending approval:

No.	Trademark	Name of applicant / Registration no.	Issuing authority	Class / Description	Status / Validity period
1.	KUCINGKO	Kucingko Berhad/ TM2023035725	MyIPO, Malaysia	<p>Class 9 / Videotapes and videodiscs recorded with animation; videotapes and videodisks recorded with animation; animated cartoons; pre-recorded video cassettes featuring cartoons; prerecorded video cassettes featuring cartoons; videodiscs recorded with animated cartoons; videodisks recorded with animated cartoons; videotapes recorded with animated cartoons; augmented reality software for playing computer games; computer games programmes; computer games programs; computer games software; computer programs for video and computer games; computer software for arcade apparatus and games; downloadable computer games; downloadable computer programs for video and computer games; downloadable interactive entertainment software for playing computer games; downloadable interactive entertainment software for playing video games; games software; recorded programs for hand-held games with liquid crystal displays.</p> <p>Class 41 / Animation production services; special effects animation services for film and video.</p> <p>Class 42 / Animation and special effects design for others; animation design; animation design services; design of animations.</p> <p>Class 45 / Cartoon character licensing; licensing of advertising slogans and cartoon characters.</p>	Legal status (provisional refusal (formality)) obtained on 20 December 2023 ⁽¹⁾

7. BUSINESS OVERVIEW (CONT'D)

No.	Trademark	Name of applicant / Registration no.	Issuing authority	Class / Description	Status / Validity period
2.		Kucingko Berhad/ TM2024005498	MyIPO, Malaysia	<p>Class 9 / Videotapes and videodiscs recorded with animation; videotapes and videodisks recorded with animation; animated cartoons; prerecorded video cassettes featuring cartoons; prerecorded video cassettes featuring cartoons; videodiscs recorded with animated cartoons; videodisks recorded with animated cartoons; videotapes recorded with animated cartoons.</p> <p>Class 41 / Animation production services; special effects animation services for film and video.</p> <p>Class 42 / Animation and special effects design for others; animation design; animation design services; design of animations; programming of computer animations.</p> <p>Class 45 / Cartoon character licensing; licensing of advertising slogans and cartoon characters.</p>	Legal status (under substantive examination) obtained on 27 March 2024
3.		Fuloso Sdn Bhd/ TM2024011161	MyIPO, Malaysia	Class 42 / Animation design; programming of computer animations.	Legal status (under formality validation) obtained on 16 May 2024

7. BUSINESS OVERVIEW (CONT'D)

Note:

- (1) Our Company has submitted the application on 24 November 2023 and the application has been provisionally refused for registration by MyIPO Malaysia on 20 December 2023 on the ground that Kucingko submitted the trademark application as a series, notwithstanding that it is not and the applicant was an individual instead of Kucingko. Kucingko had on 16 February 2024 resubmitted an application in response to the provisional refusal and the application is currently under MyIPO's review and evaluation.

Barring any unforeseen circumstances, the abovementioned trademarks are expected to be registered by the fourth quarter of 2024.

7.20 MATERIAL PROPERTIES

7.20.1 Properties

As at the LPD, we do not own any properties.

7.20.2 Rented Properties

As at the LPD, the details of the material properties rented by our Group are set out as follows:

Landlord	Tenant	Postal Address	Description / Existing Use	Date of CFO / CCC or equivalent	Approximate Floor Area	Tenure	Rental Per Annum (RM)
Yang Li Fu @ Yeoh Chin Choon and Yang Chong Yaw, Alan	Inspidea	G-G-01, G-1-01 and G-2-01, Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor	Office	3 July 2006	5,237.25 sq.ft.	5 years Commencing from 1 January 2021 to 31 December 2025	102,000

7. BUSINESS OVERVIEW (CONT'D)

Landlord	Tenant	Postal Address	Description / Existing Use	Date of CFO / CCC or equivalent	Approximate Floor Area	Tenure	Rental Per Annum (RM)
Yang Li Fu @ Yeoh Chin Choon and Yang Chong Yaw, Alan	Inspidea	G-G-03A, G-1-03A and G-2-03A, Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor	Office	3 July 2006	5,237.25 sq.ft.	5 years Commencing from 1 January 2021 to 31 December 2025	102,000
Seating Lane (M) Sdn Bhd	Inspidea	G-G-5, G-1-05, G-2-05, Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor	Office	3 July 2006	5,237.25 sq.ft.	5 years Commencing from 1 June 2022 to 31 May 2027	108,000
Gulf Media Sdn Bhd	Inspidea	H-G-02, H-1-02, H-2-02, Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor	Office	3 July 2006	5,237.25 sq.ft.	4 ½ years Commencing from 1 July 2022 to 31 December 2026	96,000
Tan Tuan Hui	Inspidea	H-G-03, H-1-03, H-2-03, Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor	Office	3 July 2006	5,237.25 sq.ft.	5 years Commencing from 1 January 2022 to 31 December 2026	96,000

7. BUSINESS OVERVIEW (CONT'D)

<u>Landlord</u>	<u>Tenant</u>	<u>Postal Address</u>	<u>Description / Existing Use</u>	<u>Date of CFO / CCC or equivalent</u>	<u>Approximate Floor Area</u>	<u>Tenure</u>	<u>Rental Per Annum (RM)</u>
Spurs Industries (M) Sdn Bhd	Inspidea	H-G-03A, H-1-03A, H-2-03A, Glomac Square, Jalan SS6/16A, Kelana Jaya, 47301 Petaling Jaya, Selangor	Office	3 July 2006	5,237.25 sq.ft.	5 years Commencing from 1 June 2019 to 1 June 2024 <u>Renewed Term:</u> 5 years Commencing from 1 June 2024 to 31 May 2029	108,000

7. BUSINESS OVERVIEW (CONT'D)

7.20.3 Material plans to construct, expand or improve property, plant and equipment

As at the LPD, our Group does not have any existing properties or plants. Save as disclosed in Sections 4.8.1 and 4.8.2 of this Prospectus, our Group has no immediate material plans to expand or improve any of our tenanted properties or existing equipment.

7.21 GOVERNING LAWS AND REGULATIONS INCLUDING ENVIRONMENTAL CONCERNS

7.21.1 Governing Laws and Regulations

Our business is regulated by and in some instances required to be licenced under specific laws of Malaysia. As such, the following is an overview of the material laws and regulations that are relevant to the business operations of our Group in Malaysia:

- **Perbadanan Kemajuan Filem Nasional Malaysia Act 1981 (“FINAS Act”)**

All film producers and film distributors in Malaysia are subject to the provisions contained in the FINAS Act, a legislation which was specifically enacted with the objective to promote, nurture and facilitate the development of the film industry of Malaysia. National Film Development Corporation Malaysia (FINAS) is a statutory body under the purview of the Ministry of Information, Communication and Culture and tasked with the responsibility of encouraging growth of the Malaysian film industry.

National Film Development Corporation Malaysia (FINAS) is also the licensing body empowered under the FINAS Act to issue licences for companies which carry out film/video production, film/video distribution and film/video exhibition activities. Each licence is renewable annually.

As at the LPD, Inspidea holds a valid licence issued by National Film Development Corporation Malaysia (FINAS). Please refer to Section 7.18 of this Prospectus for further details of the said licence.

The following are some of the ancillary laws and regulations in respect of our business in Malaysia:-

- (i) **Employees Provident Fund Act 1991**

In the past, our subsidiary, Inspidea did not make Employees’ Provident Fund (“EPF”) deductions and employer’s contribution on project incentives paid out to employees who achieved their quota and targets.

Our Group had on its own volition consulted with EPF on 8 June 2023 to seek clarification on the requirement to make EPF deduction and employer’s contribution for the project incentives including, if necessary, payment of any penalties which may arise therefrom.

On 24 October 2023, EPF has issued a letter to inform Inspidea that the outstanding EPF contribution for the past project incentives for the affected period, being August 2020 until August 2023, amounts to RM93,337.00 and Inspidea is required to make the payment within 14 calendar days from the date of the said letter. Inspidea had made the necessary payment to EPF and as at to date, EPF has not taken any other action against Inspidea in relation to the abovementioned matter. As such, the abovementioned matter will not result in a material adverse impact on the overall business operations and/or financial performance of our Group.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Food Act 1983

The Ministry of Health is mandated under the Food Act 1983 to protect the public against health hazards and fraud in the preparation, sale and use of food. The way food is prepared, preserved, packaged, stores, distributed or sold falls within the ambit of the Food Act 1983.

Pursuant to Regulation 3 of the Food Hygiene Regulations 2009, a subsidiary legislation under the Food Act 1983, no person shall use any food premises for the purposes of preparing, preserving, packaging, storing, distributing or sale of any food except where the premises is registered under the Food Hygiene Regulations 2009. Any person who fails to comply with the Regulation 3 of the Food Hygiene Regulations 2009 may be liable to a fine not exceeding RM10,000.00 or to imprisonment for a term not exceeding 2 years.

As at the LPD, Bowleh holds a valid certificate of registration for food premises issued by Ministry of Health Malaysia.

Please refer to Section 7.18 of this Prospectus for further details of the said certificate.

(iii) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990

Section 24D(1) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 provides that no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation, and an employer or centralised accommodation provider who contravenes Section 24D(1) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 shall be liable on conviction to a fine not exceeding RM50,000.00.

Our subsidiary, Inspidea is required to comply with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 as Inspidea provide accommodations to 19 of its employees. Inspidea has rented a total of 6 condominium units as accommodation for its employees, one of which has been terminated on 31 August 2023. Inspidea has submitted applications for Certificates for Accommodation to the Department of Labour of Peninsular Malaysia (Jabatan Tenaga Kerja) for the 5 condominium units on 17 August 2023. On 19 October 2023, the Department of Labour of Peninsular Malaysia (Jabatan Tenaga Kerja) has vided its 5 letters all dated 19 October 2023, rejected all 5 applications submitted by Inspidea on the basis that the accommodations did not meet certain requirements under the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990. Notwithstanding, Inspidea has vide its 5 letters all dated 14 November 2023, appealed against the decision of the Department of Labour of Peninsular Malaysia (Jabatan Tenaga Kerja). On 15 February 2024, the Department of Labour of Peninsular Malaysia (Jabatan Tenaga Kerja) has issued an approval letter to Inspidea in respect of the successful appeal of the applications, and Inspidea has obtained the Certificates for Accommodation for the 5 condominium units.

As at the LPD, Inspidea has not been penalised and has not received any penalty in relation to the accommodation provided to its employees without Certificates for Accommodation in the past.

The abovementioned matter will not result in a material adverse impact on the overall business operations and/or financial performance of our Group.

7. BUSINESS OVERVIEW (CONT'D)

7.21.2 Environmental Concerns

As at the LPD, there are no environmental issues which may materially affect our Group's business or operations and usage of properties rented by our Group.

7.21.3 Additional Disclosures

There are other non-compliances by our Group in the past. Example of such non-compliances include the following:

- (i) late payment of tax instalments by Inspidea and Tourific for year 2020. where the aggregate late payment penalty of RM31,113.60 has been imposed and subsequently waived by the Inland Revenue Board of Malaysia;
- (ii) underestimation of tax payable by Fuloso and Toonigami for year 2020 and 2021 where aggregate penalties of RM129.24 have been imposed by the Inland Revenue Board of Malaysia ("**Underestimation of Tax Payable**"); and
- (iii) failure to obtain certain certificates or licences such as certificate of registration for food premises and music licence (to play/broadcast music in the restaurant premises) since our restaurant commenced operations in October 2019.

In respect of the music licence, any person who fails to obtain such licence may be liable to a fine not less than RM10,000 and not more than RM50,000 or to imprisonment for a term not exceeding 5 years or to both pursuant to the Copyright Act 1987. In respect of the certificate of registration for food premises, please refer to Section 7.21.1(ii) of this Prospectus for further details on the potential penalties.

These non-compliances are mainly due to oversight on our part, and do not have any impact to the financial performance and business operations of the Group.

As at the LPD, such non-compliances have been resolved without penalties being imposed on our Group or penalties imposed but waived, save for non-compliances relating to the Underestimation of Tax Payable where penalties have been imposed on and settled by our Group. Notwithstanding, such penalties are immaterial to our Group. Further, Bowleh has also obtained the certificate of registration for food premises and music licence on 10 March 2023 and 30 April 2023 respectively.

To reduce the risk of non-compliance and improve the overall handling of the Group's compliance, our Group has put in place adequate measures/policies which include, amongst others, the following:

- (i) our Company has identified our Group's finance manager as a designated personnel within our Group to oversee our Group's compliance with the relevant law, rules and regulations, and ensure our Group's ongoing compliances moving forward;
- (ii) our Group is establishing a compliance register to facilitate the management and monitoring of applicable legal and regulatory obligations. The register will be reviewed and updated regularly to ensure that any changes or updates to the laws and regulations are reflected in the register. On a periodic basis, the compliance status of the applicable laws and regulations will be reported to our management including the development of corrective action plans to rectify any non-compliances matters identified and the status of its implementation;
- (iii) The Audit and Risk Management Committee have been established comprising entirely of Independent Non-Executive Directors. The Audit and Risk Management Committee is responsible to assist our Board in evaluating, assessing and reviewing the adequacy and effectiveness of our Group's system of risk management and internal control.

7. BUSINESS OVERVIEW (CONT'D)

Significant risks and internal control weaknesses, including any material non-compliances, will be reported to our Board. After our Listing, a statement about the state of risk management and internal control of our Group will be provided in the annual report, including the disclosure of any significant risks and material non-compliances identified during the respective financial year; and

- (iv) After our Listing, our Group will establish an internal audit function which is independent of the activities it audits and report directly to the Audit and Risk Management Committee. The internal audit function shall, amongst others, provide assessment of the adequacy and effectiveness of our Group's system of internal controls for compliance with applicable laws and regulations, and provide recommendations for improvement. Our Management is responsible to ensure the recommended corrective actions are implemented within the required time frame. The results of internal audit assessments are to be reported periodically to the Audit and Risk Management Committee.

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8. INDEPENDENT MARKET RESEARCH REPORT



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

29 May 2024

The Board of Directors
Kucingko Berhad
H-G-03A Glomac Square
Jalan SS6/16A, Kelana Jaya
47301 Petaling Jaya
Selangor

Dear Sirs and Madams

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 7931-3188
Fax: (603) 7931-2188
Website: www.vitalfactor.com

Independent Assessment of the 2D Animation Production Industry

We are an independent business consulting and market research company based in Malaysia. We commenced our business in 1993 and, among others, our services include the provision of business plans, business opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market studies. We have also assisted in corporate exercises since 1996, having been involved in initial public offerings, takeovers, mergers and acquisitions, and business regularisations for public listed companies on the Bursa Malaysia Securities Berhad (Bursa Securities) where we acted as the independent business and market research consultants. Our services for corporate exercises include business overviews, independent industry assessments, management discussion and analysis, and business and industry risk assessments.

We have been engaged to provide an independent assessment of the above industry for inclusion in the prospectus of Kucingko Berhad for the listing of its shares on the ACE Market of Bursa Securities. We have prepared this report independently and objectively and have taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, the availability of timely information and analyses based on secondary and primary market research as at the date of this report. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions, actions or inactions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include information, assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from the University of New South Wales, Australia and a degree in Master of Business Administration from the New South Wales Institute of Technology (now known as the University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities Berhad.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



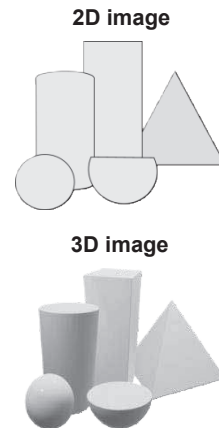
Date of Report: 29 May 2024

INDEPENDENT ASSESSMENT OF THE 2D ANIMATION PRODUCTION INDUSTRY

1. INTRODUCTION

- Kucingko Berhad together with its subsidiaries, (herein referred to as Kucingko Group) is mainly involved in the provision of two-dimensional (2D) animation production services serving customers mainly in the United States (US), Canada, France and Australia, which will be covered in this report.
- This report focuses on 2D animation production and it excludes gaming, unless stated otherwise. All references to gross domestic product (GDP) refer to nominal GDP unless stated otherwise, and all data and statistics are based on the latest available to the public as at the date of this report. This report primarily discusses the 3-year compound annual growth rate (CAGR) data as it represents more recent industry performance compared to the 5-year CAGR data. Nevertheless, 3-year and 5-year CAGR data are provided, where available.
- Animated content can be produced in 2D or three-dimensional (3D) formats as follows:

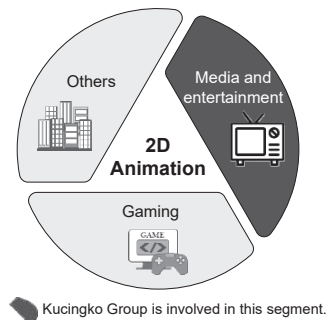
- **2D animation** refers to animation that is created by manipulating flat images or drawings in 2D space namely width and height. 2D animations have a relatively simplistic style compared to 3D animations. Kucingko Group is involved in 2D animation production.
- **3D animation** refers to animation that is created by manipulating images in 3D space namely width, height and depth. Unlike 2D animation, 3D animation is often used for creating complex and realistic animations with more dynamic and immersive visuals. In comparison to 2D animation, the production of 3D animated content is more skilled resource intensive, and subsequently more expensive to produce.



2. OVERVIEW OF THE 2D ANIMATION PRODUCTION INDUSTRY

- 2D animation is focused on creating motion pictures of drawn images. It involves creating a series of still images and playing them in rapid sequence to create the illusion of movement. Animated content is widely used in various sectors to convey a particular story, message or information, as well as in gaming (electronic games) as follows:

- Animation is used in the **media and entertainment** industry to produce various types of audiovisual content, including television (TV) series, short films, feature films, documentaries and music videos, which are primarily for entertainment. These animated contents can be distributed through a variety of media, including physical media such as digital versatile disks (DVD) (less common nowadays), TV, cinemas and electronic devices such as mobile phones, tablets, computers and smart TV using the internet. While the content shown on TV and in cinemas is based on a set schedule, users can access online streaming or download content whenever and wherever they want.

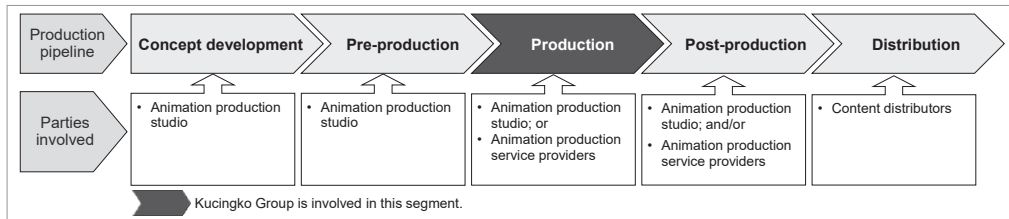


8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



- In the **gaming** sector, animation is used extensively to provide interaction between the player and the game. Animation is a fundamental component of the gaming sector as the visual elements including interactive character movements, background and special effects, are essential for an immersive and engaging experience. In addition, animation is used to tell stories and convey emotions in games, helping to create a narrative that draws the player into the game world. It can be used to create non-interactive cinematic sequences within a game, dialogue sequences and other elements that contribute to a more engaging gaming experience.
- **Other** sectors include education, government and corporate. In education, animation is used to create interactive and engaging visual content. Governments and corporations use animation to create training materials, instruction briefs, marketing content and others. Animation can be an effective tool in conveying complex or technical information in an easily digestible and engaging format, which can improve learning outcomes, increase audience engagement and enhance overall communication effectiveness.
- Kucingko Group is involved in the provision of 2D animation production services for the media and entertainment industry.

2.1 2D animation production pipeline and value chain



- The pipeline of 2D animation production begins with **concept development**, where the main idea of the animation and storyline is developed. This stage involves generating as well as developing the conceptual story structure and character design. The second phase of the 2D animation production pipeline is **pre-production**, which involves the development of detailed technical aspects of the 2D animation including the creation of concept art, storyboard, scripting, character design as well as other audio and visual elements that form the animation. This is followed by the **production** phase, which involves the actual creation of images. The 2D animation incorporating all relevant audio and visual elements will then be reviewed and undergo final editing during the **post-production** phase before it is **distributed** to the market.
- Generally, the key parties involved in the production of 2D animation are as follows:
 - **Animation production studios**, where they are responsible for the entire process of creating an animation, from initial concept development to final delivery. This includes tasks such as script writing, storyboarding, character design, layout, sound and post-production.
 - **Animation production service providers**, where they typically undertake outsourced production and post-production work for animation studios, and are responsible for transforming the concept and storyline into actual animated content. Generally, they are responsible for asset creation to prepare all the individual elements required for the animation, such as character rigging, backgrounds and other visual elements. The elements created are then used

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



for the framing process. Framing involves creating keyframes that depict the essential movements and expressions required for the scene, and in-between frames that fill up the gaps between two keyframes. Subsequently, the compositing process combines all the individual elements including characters, backgrounds and special effects into a final scene. This is achieved by layering the elements on top of each other using specialised software to create a cohesive and seamless image. In addition, the vocal, sound and music elements will also be integrated into the scene at this stage to enhance the overall viewing experience.

- **Content distributors** are involved in promoting and distributing the final animation to viewers. The animated content can be distributed via various channels such as TV, cinema screening, physical media such as DVD, as well as online streaming and download platforms.
- Kucingko Group is involved in the 2D animation production segment as an animation production service provider.

2.2 Methods of 2D animation production

- Two of several methods to produce 2D animated content are as follows:
 - **Traditional animation**, also known as cell animation, refers to the production of animation where each frame is manually drawn by hand and photographed against a mainly static background to create a smooth and continuous illusion of motion. This animation technique involves drawing each element of the frame such as the characters, background, and other elements by hand. As each frame is slightly different from the previous one, this process can be very time-consuming.
 - **Digital animation** refers to the production of animated content using computer software. Typically, the frames of a digital animation are drawn by the animator using a digital pen and tablet, where any changes and corrections can be made easily. Unlike traditional animation, digitally created frames can be used repetitively as they can be edited and manipulated using specialised software for the desired motion of the animated elements, such as the walk cycle of a character. In addition, effects such as shadows, lighting and other special effects, as well as sound elements including special sound effects, voiceovers and music, can be integrated into the animation using computer software.

Once the frames are created, they are rendered into a video file of various qualities such as high-definition quality, as well as various file formats such as Moving Picture Experts Group-4 Part 14 (MP4) and movie file extension (.mov) for further editing and enhancement. Kucingko Group is involved in using digital animation for its 2D animated content.

3. DEMAND DEPENDENCIES

3.1 Traditional media and digital platforms

- Growth in the distribution of content through traditional media channels such as TV broadcasting and cinema screenings, and digital platforms such as internet streaming and downloads, will provide opportunities to operators in the 2D animation production industry. Demand for 2D animated content was traditionally driven by TV, which includes free-to-air broadcasting and pay-to-view channels, as well as cinemas and public screenings. The rise of digital technology and the ubiquitous use of the internet have opened up more

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



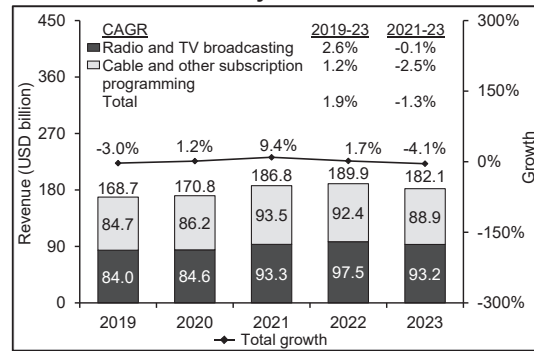
convenient and popular means to distribute 2D animated content to a global audience. As a result, the demand for 2D animated content expanded into digital platforms including streaming services such as Netflix, Amazon Prime Video, Disney+, Max (formerly known as HBO Max), Tencent Video and iQIYI, online video platforms such as YouTube and Vimeo, as well as social media platforms such as Facebook, X (formerly known as Twitter) and Instagram. The shift in consumer behaviour and growth in new distribution platforms have created more opportunities for 2D animated content to be distributed promptly and consumed by a larger global audience.

- The following provides some indication of the performance of the broadcasting industry in the US, Canada, France and Australia, as Kucingko Group mainly serves customers in these countries. Among others, their 2D animated content is distributed through traditional media such as TV, and streaming platforms such as Netflix and Disney+.

3.2 The US

- The US is a major hub for content distribution, housing many large media and entertainment companies including major film studios, TV networks and streaming platforms. Its broadcasting industry comprises radio and TV broadcasting, as well as cable and other subscription programming.
- In 2023, revenue of the broadcasting industry in the US declined by 4.1%, mainly attributed to the growing popularity of online streaming services. In addition, any original scripted content airing on cable television was impacted by the work stoppages of screenwriters and actors (Source: Vital Factor analysis).

Revenue of the Broadcasting (except internet) Industry in the US



(Source: US Census Bureau)

Given the shift in consumer habits, online streaming and downloads have become increasingly important in influencing the demand for content, including 2D animated content. The large global subscriber bases of these streaming platforms would provide growth opportunities for 2D animation production service providers serving customers in the US. Some of the streaming platforms with head offices in the US include the following:

Platforms	Paid subscribers (mil)	Platforms	Paid subscribers (mil)
Netflix	270 ⁽¹⁾	Amazon Prime Video	n.a.
Disney+	118 ⁽²⁾	Max (formerly known as HBO Max)	n.a.
Hulu	50 ⁽²⁾		

mil= million; n.a.= not available. Notes: (1) As of 31 March 2024; (2) As of 30 March 2024. (Source: Vital Factor analysis)

3.3 Canada

- Canada is also a major country for content distribution, where its broadcasting industry comprises broadcasting distribution undertakings (BDU), TV and radio segments. BDU encompasses cable, internet protocol TV (IPTV), direct-to-home and multipoint distribution services. Between 2020 and 2022, the revenue of the broadcasting industry in Canada declined at an average annual rate of 1.1%, mainly attributed to the BDU and radio segments.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



- In 2022, the revenue of the TV segment grew by 2.0% mainly due to increased discretionary services, while the BDU segment declined by 5.3% partly attributed to the increasing use of online streaming services such as Netflix and Amazon Prime Video (Source: Canadian Radio-TV and Telecommunications Commission (CRTC)).

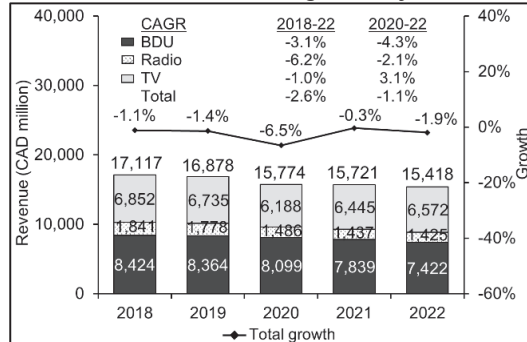
3.4 France

- Gross value added is a measure of a sector's contribution to the overall economy. In France, the gross value added of programming and broadcasting activities which covers radio and TV segments, declined by 3.8% in 2021 following a growth of 1.1% in 2020.

3.5 Australia

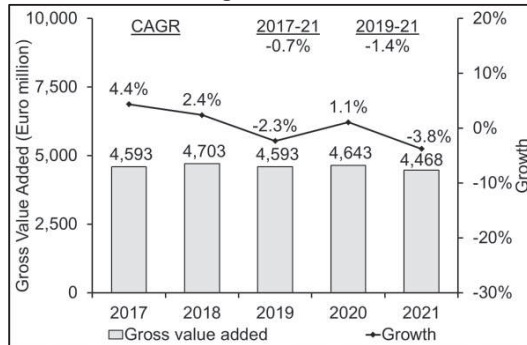
- In Australia, statistics are commonly reported based on the financial year of 1 July to 30 June. In Australia, the income of the broadcasting industry covering radio and TV segments, grew by 1.6% in the financial year ended June 2022 (2021-22). Meanwhile, the income of the internet publishing and broadcasting industry in Australia grew by 13.2% in 2021-22. This builds on the longer-term trend of Australians increasingly shifting their viewing habits to online options (Source: Australian Communications and Media Authority)

Revenue of the Broadcasting Industry* in Canada



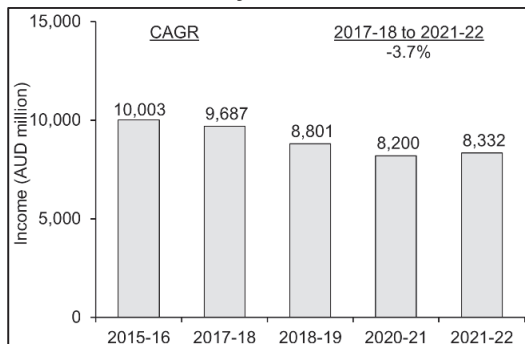
Latest available information. * Excludes internet-based audio and video services. (Source: CRTC)

Gross Value Added of Programming and Broadcasting Activities* in France

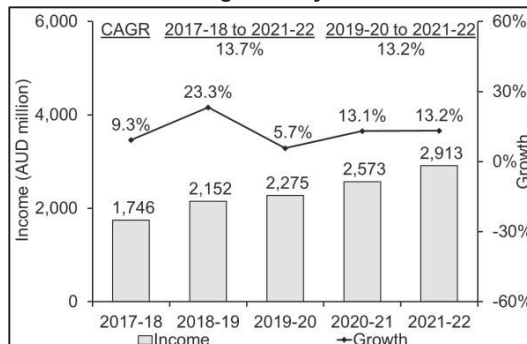


Latest available information. * Includes internet broadcasting. (Source: The National Institute of Statistics and Economic Studies (INSEE), France)

Income of the Broadcasting (except internet) Industry in Australia



Income of the Internet Publishing and Broadcasting Industry in Australia



Note: 2021-22 is the latest available data. There is no available data for 2016-17 and 2019-20 for the broadcasting industry. (Source: Australian Bureau of Statistics)

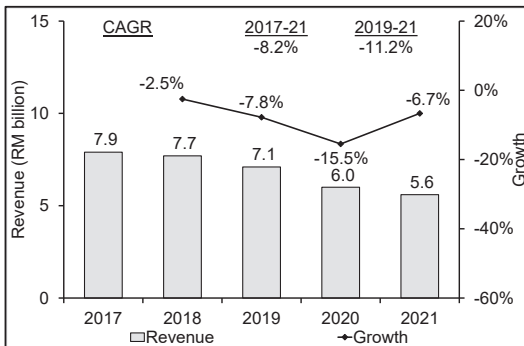
8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



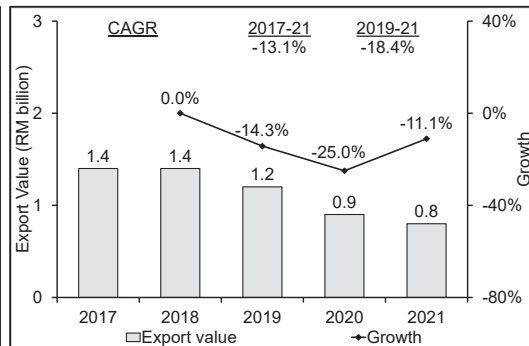
4. DIGITAL CREATIVE CONTENT INDUSTRY IN MALAYSIA

- In Malaysia, 2D animation production is part of the broader digital creative content industry, which includes companies that utilise technologies for the development, production and distribution of digital content, and complementary tools, products, services and platforms. Between 2019 and 2021, being the latest available information, the revenue and export value of digital creative content in Malaysia have been declining at an average annual rate of 11.2% and 18.4% respectively. In the first half of 2022, the revenue of the digital creative content industry in Malaysia reached RM2.8 billion, while the export value reached RM0.4 billion (Source: Malaysia Digital Economy Corporation (MDEC)).

Revenue of Digital Creative Content in Malaysia



Export Value of Digital Creative Content in Malaysia

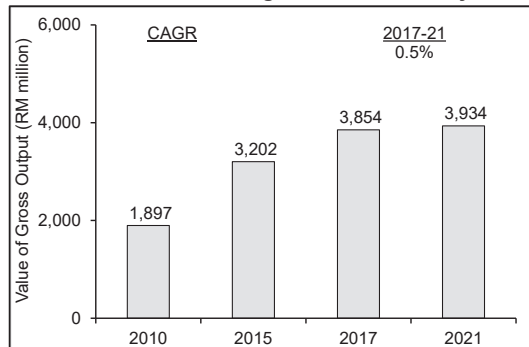


Latest available information. (Source: Malaysia Digital Economy Corporation (MDEC))

- The declining revenue was mainly due to competition from over-the-top platforms (platforms offering content directly to consumers via the internet) and an increasingly crowded broadcast market. On the export front, the declining export value was mainly due to the impact of the COVID-19 pandemic. In addition, the Children’s Online Privacy Protection Rule also impacted the distribution of content on YouTube, affecting mainly studios that cater to the children segment. (Source: MDEC)

- Motion picture, video and TV programme production encompass activities including production, distribution, projection and supporting activities such as film editing, cutting and dubbing. Sound recording and music publishing activities encompass production, release, promotion and distribution of sound recordings, which includes the acquisition and registration of copyrights for musical compositions, as well as the promotion and authorisation of their use. (Source: Department of Statistics Malaysia (DOSM))

Value of Gross Output of Motion Picture, Video and TV Programme Production, Sound Recording and Music Publishing Activities in Malaysia



Latest available information. (Source: DOSM)

- Between 2017 and 2021, being the latest available information, the value of gross output of motion picture, video, TV programme production, sound recording and music publishing activities grew marginally at a CAGR of 0.5% to RM3.9 billion in 2021.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

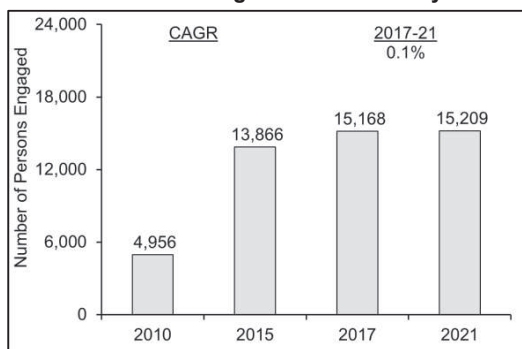


5. SUPPLY DEPENDENCIES - MALAYSIA

5.1 Availability and cost of skilled talent

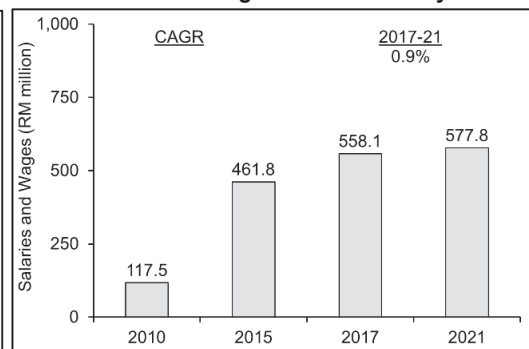
- The quality of 2D animation production largely depends on the skills and capabilities of the production staff. In addition, salaries and wages typically represent a significant proportion of the 2D animation production costs.
- Between 2017 and 2021, being the latest available information, the number of persons engaged in motion picture, video, TV programme production, sound recording and music publishing activities in Malaysia grew minimally at a CAGR of 0.1%. During the same period, salaries and wages grew at a CAGR of 0.9%. This represented a CAGR of 0.8% in terms of average salaries and wages per person engaged between 2017 and 2021 (Source: Vital Factor analysis).

Persons Engaged: Motion Picture, Video, TV Programme Production, Sound Recording and Music Publishing Activities in Malaysia



Latest available information. (Source: DOSM)

Salaries and Wages: Motion Picture, Video and TV Programme Production, Sound Recording and Music Publishing Activities in Malaysia



Latest available information. (Source: DOSM)

- According to the Mid-Term Review of the Twelfth Malaysia Plan (12MP), the government planned to introduce programmes aimed at increasing the awareness of creative career pathways, and enhance the industry bridging programme with local and global digital content studios. Additionally, a feasibility study on the establishment of an accreditation scheme for the creative industry will be undertaken. These efforts are expected to contribute to the development of skilled creative talent, which will benefit operators in the 2D animation production industry.

5.2 Government initiatives and incentives

- Government initiatives and incentives are important in building and supporting the animation industry ecosystem in respect of funding, promotion and marketing, as well as talent and infrastructure development. The following are some of the initiatives and incentives introduced by the MDEC to support the digital creative content industry:
 - **Digital Content Grant** is aimed at supporting local creative content companies in developing, producing and marketing their digital content in animation, games, comic and creative technology content through funding;
 - **Digital Creative Content Creator Studio** is an industry bridging programme that provides training allowance incentives for Malaysia-based studios to offer internship placements to Malaysian youth. In 2022, 15 companies and 124 participants were involved in the programme (Source: Ministry of Economy);

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

- **Enterprise Development Programme (EDP)** is a continuous development programme that offers free or at-cost courses that are conducted in partnership with local and international partners offering subjects ranging from technical workshops to creative industry business management and operations;
- **Digital Content Creators Challenge (DC3)** is a competition-based initiative aimed to help content creators develop and produce world-class digital content, and increase the creation of intellectual properties. The winners will receive prize money to develop and commercialise the proposed digital creative content, with the support of industry experts through a mentorship program; and
- **'Kre8tif!'** is a business networking platform with events to connect industry players from Southeast Asia with global buyers. It also serves as a platform for sharing experiences and insights, as well as pitching ideas.

These are expected to benefit operators in the digital creative content industry, including 2D animation production service providers such as Kucingko Group.

- In addition, the introduction of the **Film in Malaysia Incentive (FIMI)** by the National Film Development Corporation Malaysia (FINAS) offers a 30% cash rebate on all qualifying Malaysian production expenditure (QMPE) for production and/or post-production activities in Malaysia. There is an additional cash rebate of up to 5% available, subject to passing the cultural test for production activities in Malaysia. FIMI applies to various formats, including feature films, TV series, feature animations, animation series and documentaries, for both domestic and foreign companies. For foreign production companies to qualify for this incentive, they must either engage in co-production or appoint a domestic service provider to carry out production and/or post-production activities, and achieve the specified minimum QMPE threshold. This provides opportunities for 2D animation production service providers in Malaysia as more foreign production companies seek to leverage the incentive to reduce their production costs.

6. COMPETITOR LANDSCAPE**6.1 Operators in the industry**

- To provide an indication of the performance of companies in the animation production industry, the following Malaysian companies were selected based on the following criteria:
 - involved in the provision of animation production services, including 2D and/or 3D animation;
 - having operations in Malaysia; and
 - availability of relatively recent financial information.

Companies listed in descending order of revenue	FYE/ FPE ⁽¹⁾	Rev ⁽²⁾ (RM mil)	GP/GL ⁽²⁾ (RM mil)	NP/NL ⁽²⁾ (RM mil)	GP/GL ⁽²⁾ Margin (%)	NP/NL ⁽²⁾ Margin (%)
Lemon Sky Animation S/B ^(a)	FYE Dec-22	80.2	40.5	14.7	50.6	18.3
Kucingko Group	FYE Dec-23	28.2	n.a.	8.4	n.a.	29.7
Lil Critter Workshop S/B ^(b)	FYE May-23	12.9	5.5	0.1	42.6	1.0
Polygon Pictures Malaysia S/B ^(c)	FYE Dec-23	9.0	-0.1	-0.8	-1.2	-8.4

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

Companies listed in descending order of revenue	FYE/ FPE ⁽¹⁾	Rev ⁽²⁾ (RM mil)	GP/GL ⁽²⁾ (RM mil)	NP/NL ⁽²⁾ (RM mil)	GP/GL ⁽²⁾ Margin (%)	NP/NL ⁽²⁾ Margin (%)
Animasia Studio S/B ^(d)	FYE Dec-22	9.0	n.a.	-1.0	n.a.	-11.6
Fly Studio S/B ^(e)	FYE Mar-23	7.9	1.0	0.1	12.7	1.4
Anima Vitae Point S/B ^(f)	FPE Dec-22	6.9	n.a.	1.3	n.a.	18.8
Warnakala Studios S/B ^(g)	FYE Jan-23	6.7	1.4	-0.2	21.4	-2.4
OLM Asia S/B ^(h)	FYE Mar-23	4.0	0.8	-0.6	20.5	-15.7

FYE= Financial Year Ended; FPE= Financial Period Ended; Rev= Revenue; GP= Gross Profit; GL= Gross Loss; NP= Net Profit; NL= Net Loss; mil= million; S/B= Sendirian Berhad; n.a.= not available; **Notes:** (1) Latest available financial information; (2) Derived from animation production services including 2D and 3D animation, as well as other business activities.

- (a) Involved in the provision of creative art, 2D and 3D animation production services, electronic gaming, as well as education and training. A subsidiary of iCandy Interactive Limited, a company incorporated in Australia and listed on the Australian Securities Exchange.
- (b) Involved in intellectual property development and creative content production for broadcast by using animation and puppetry.
- (c) Involved in the production of computer graphics animation and related support services. A subsidiary of Polygon Pictures Holdings Inc., a company incorporated in Japan.
- (d) Involved in animation production and general trading.
- (e) Involved in the production of graphic design for multimedia broadcasting and advertisement.
- (f) Involved in developing and producing computer-generated imagery for entertainment. Based on the financial period from 1 June 2022 to 31 December 2022.
- (g) Involved in creating and producing multimedia content on conventional and modern media platforms.
- (h) Involved in the development of animation graphics. A subsidiary of Imagica Group Inc., a company incorporated in Japan and listed on the Tokyo Stock Exchange.

6.2 Barriers to entry

- There is no onerous licencing or regulatory barriers to entry into the 2D animation industry. Capital investments are relatively low mainly focused on computing hardware and software. Impediments to entry are mainly focused on track record, as well as the need for specialised skills in asset creation, animation and compositing. As such, acquiring and retaining talent with the required skills and expertise is crucial, which could pose challenges to new entrants in the industry. As an indication of the level of barriers to entry, there are 84 animation companies in Malaysia as of 2021, based on the latest available information (Source: MDEC).

7. MARKET SIZE AND SHARE

2021	Estimated market size in Malaysia ⁽¹⁾	Kucingko Group	
		Revenue ⁽²⁾	Market share in Malaysia ⁽³⁾
Animation industry	RM600 million	RM17.6 million	3%

Notes:

- (1) Latest available information. (Source: MDEC).
- (2) Kucingko Group's revenue for 2D animation production services for the financial year ended 31 December 2021 (Source: Kucingko Group).
- (3) (Kucingko Group's revenue divided by Malaysia's estimated animation industry market size) x 100%.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)


8. INDUSTRY CONSIDERATION FACTORS
Drivers of growth and opportunities

- **Digitalisation and growth in the distribution of content** will provide opportunities to operators in the 2D animation production industry. Viewer demand for 2D animated content, which drives the demand for 2D animation production services, is largely dependent on content providers and their distribution networks. Distribution networks are crucial for reaching viewers. The digitalisation of content, widespread internet usage for downloads and streaming, as well as the increased use of mobile devices for content consumption have expanded the reach of traditional distribution channels such as TV and cinemas, as well as enabled new distribution channels including online download and streaming platforms such as Netflix, Amazon Prime Video, Disney+, Max (formerly known as HBO Max), Tencent Video and iQIYI, which have a global reach.
- The prospects of the 2D animation production industry in Malaysia are dependent upon, among others, **government initiatives and incentives** that support and develop the industry ecosystem. According to the Malaysia Digital Economy Blueprint, the Government of Malaysia aims to establish Malaysia as a regional hub for digital content including animation, games and visual effects, and set out to achieve a CAGR of 8% in digital content export from 2021 to 2025. Based on the Mid-Term Review of the 12MP, the government planned to undertake a study to strengthen the ecosystem of the creative industry and establish a creative industry satellite account to facilitate better policy planning and monitoring. Under Budget 2024, a total of RM160 million has been allocated to implement various initiatives in the creative industry, comprising RM60 million for the digital content fund, RM90 million for FIMI and RM10 million for the MyCreative Matching Grant Scheme to support artists in the production of creative projects.

Threats and challenges

- 2D animation faces **competition from 3D animation**, as some customers may prefer the visual depth and realism offered by 3D animation over 2D animation. Although 3D animation production is typically more expensive than 2D animation production, technological advancements may lead to cost reductions, which could make 3D animation more competitive with 2D animation. The shift in the cost dynamics could influence the choices made by animation studios when deciding on animation styles for their projects.
- Recent **advances in generative artificial intelligence (AI) tools** have demonstrated their capability to create digital animated content. As a result, generative AI tools have the potential of reducing the labour required in animation production thus reducing the overall cost of an animation project. Lower animation project value may result in lower revenue for operators in the animation production industry. Potentially, some animation production studios may decide to carry out the animation production in-house which would reduce the demand for animation production services.
- As 2D animation production is a digital technology-based service, the production process can be carried out remotely and delivered from anywhere in the world with an internet connection. As such, **competition is global in nature**. Global competition to Malaysia will include countries like the Philippines, India, South Korea, China and others.
- The animation industry may be affected by related **strikes and work stoppages**. An example is the recent strike by the Writers Guild of America (WGA) and the Screen Actors Guild - American Federation of TV and Radio Artists (SAG-AFTRA), resulting in a stoppage of work from its members. This caused interruptions to film and TV production, including among others, animation projects.