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The information in this Section 8 is based on the market research conducted by Protégé Associates commissioned by VETECE for the purpose of the IPO.

Date: 09 JUL 2024

The Board of Directors
VETECE Holdings Berhad
E-32-3A and E-32-03
Menara Suezcap 2, KL Gateway
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur
Wilayah Persekutuan

Dear Sirs/Madams,

Independent Market Research Report on the Enterprise Information Technology Services Industry in Malaysia ("IMR Report")

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion in the prospectus of VETECE Holdings Berhad ("**VETECE**" or the "**Company**") in relation to its initial public offering and listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

We have been engaged to provide independent market research of the abovementioned industry in which VETECE and its subsidiaries ("**VETECE Group**" or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information at the time of reporting is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of this IMR Report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/ or actions of the readers of this IMR Report. This IMR Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this IMR Report.

Thank you.
Yours sincerely,

Seow Cheow Seng
Managing Director

About Protégé Associates Sdn Bhd

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Seow Cheow Seng

Seow Cheow Seng is the Managing Director of Protégé Associates. He has 24 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.

The research for this IMR Report was completed on July 2024.

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1.0 Introduction to the ICT Services Industry

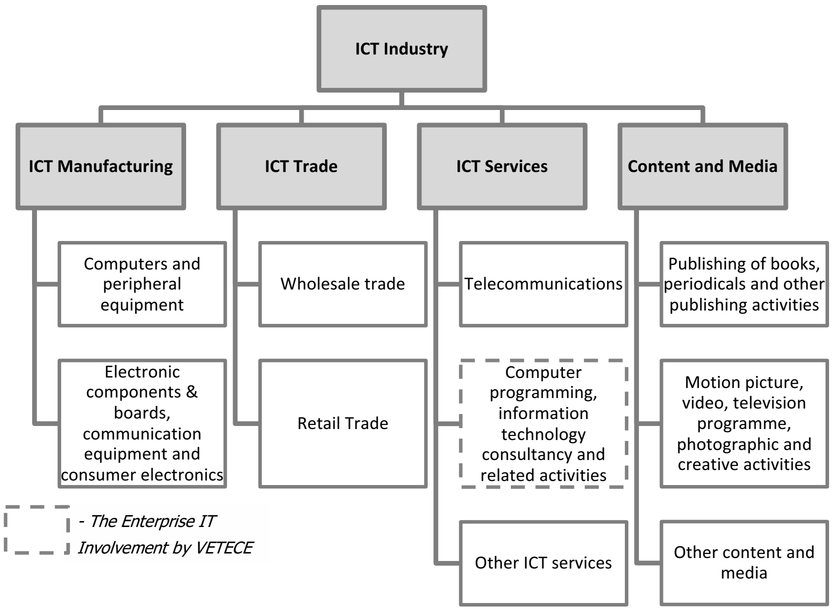
The information and communication technology ("**ICT**") industry is centered on providing technologies and services that facilitate the access, storage, processing, transformation, alteration and dissemination of information, including the transmission of voice, image, and data over various communication media. This industry plays a crucial role in enhancing the efficiency and effectiveness of product and service delivery, continually reshaping how people work, learn and play. It has evolved beyond being a mere collection of technological tools and has instead become a key driver of business transformation and a socio-economic enabler.

The Southeast Asian countries (i.e., Indonesia, Malaysia, the Philippines, Singapore, Thailand) experienced rapid surge in Internet users, with more than 100,000 new internet users daily. This growth is primarily driven by the ongoing improvement in the affordability of ICT products and services across the region. With availability of robust infrastructure, affordable mobile handsets and decreasing Internet expenses, access to broadband Internet and mobile phone services among the Southeast Asian population has steadily increased over the years. The Internet penetration rate in Southeast Asia is estimated at 75.6% with over 400 million Internet users. As an emerging regional market, the ICT services industry (also known as the digital economy) in the Southeast Asian region is expanding, mainly in areas including e-commerce, transport and food, online media, online travel as well as e-financial services, that growth was accelerated due to the pandemic.

The digital economy in the Southeast Asian region reached about USD200 billion in gross merchandise value ("**GMV**") in 2022 and is expected to further increase to reach USD218 billion in 2023. The travel and transport sectors are anticipated to surpass its pre-pandemic levels in 2024, while the e-commerce sector is expected to continue on a expansionary trajectory. Consumers are also adopting digital financial services (refers to all financial transactions done using a digital device) at a rapid pace, with digital payments making up more than half of the region's transactions. In 2022, Indonesia led the digital economy among other Southeast Asia countries with an estimated GMV of USD76 billion. This was followed by Thailand at USD36 billion, Vietnam at USD25 billion, Malaysia at USD22 billion, the Philippines at USD22 billion and Singapore at USD20 billion. As the digitalisation trend continues in the region, ICT services will be increasingly embraced across the telecommunication, financial institution, higher education, and manufacturing sectors. The GMV in Southeast Asian countries is expected to continue on an upward trajectory in the medium and long term.

In Malaysia, the ICT industry encompasses businesses involved in manufacturing or providing ICT products and services. According to the Department of Statistics Malaysia ("**DOSM**"), the primary categories of the ICT industry include ICT manufacturing, ICT trade, ICT services as well as content and media.

Figure 1: ICT Industry Segmentation



Source: DOSM

According to the Information and Communication Technology Satellite Account 2022 published by DOSM, the overall ICT industry (made out of 4 main individual industries, namely ICT manufacturing, ICT trade, ICT services, as well as content and media) contributed RM243.65 billion to Malaysia's gross domestic product in 2022, accounting for 13.6% of the total. This marked a growth of 12.4% compared to the previous year when it stood at RM216.82 billion. In 2022, as depicted in Figure 2 below, the ICT services industry held the largest share at 41.9%, followed by ICT manufacturing at 38.4%, ICT trade at 14.0%, and content and media at 5.7%.

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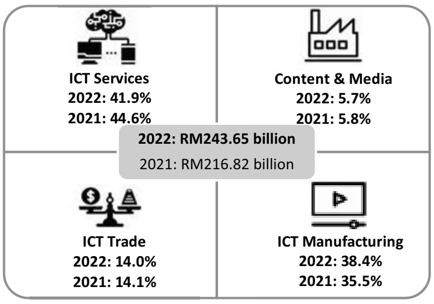
In 2022, the ICT services industry experienced a 5.6% growth, reaching a value of RM102.14 billion, up from RM96.69 billion in 2021. In the same period, the ICT manufacturing industry saw a robust 21.3% growth, reaching RM93.53 billion, primarily driven by electronic components and boards, communication equipment and consumer electronics. The ICT trade industry also recorded growth of 12.0% in 2022, with the retail trade of ICT products and services being the main driver. The content and media industry also increased by 10.2%, primarily due to higher activity in motion pictures, video, television programs, photography, and creative activities.

Figure 2: Value of the Malaysian ICT Industry, 2022



Source: DOSM

The main categories of the ICT services industry and its key features are set out below:-

Figure 3: Main Categories of the ICT Services Industry

Subsectors of ICT services	Key features
Telecommunications services	Operating, maintaining and providing access to telecommunications infrastructure for transmission of voice, data, text, video and etc.
Computer programming, information technology ("**IT**") consultancy and related activities	▪ Planning and designing of IT systems to gather requirements from stakeholders. This includes consultancy services as part of designing a complete system architecture and/or solution for customers. ▪ Designing the architecture, interface, structure and content of computer code of and/or writing the computer code needed to develop and implement system software and applications (including subsequent updates and patches), databases and webpages. ▪ Testing and deployment of software systems and applications so that it is functional within the customers' systems environment. ▪ Provision of onsite management and operation of customers' IT systems (including system security and disaster recovery) and/or data processing facilities and related support services.
Other ICT services	Web search portal and streaming services, data processing and hosting activities (including payment services), business and productivity software and licensing services, leasing or rental services for ICT equipment as well as other information service activities of supplying information.

Source: Protégé Associates

1.1 Enterprise IT Services Industry

The enterprise IT services industry is considered a sub-sector of the ICT services sector. In general, enterprise IT services encompass a wide range of IT services that are aimed to support businesses or organisations in achieving and improving operational efficiency. These services include design, planning and implementation of IT systems and infrastructure for company operations with the use of technologies such as artificial intelligence ("**AI**") and the Internet of Things ("**IoT**"), along with a combination with computer hardware and software.

Enterprise IT services also include maintenance and support services such as IT management, application and hosting services, installation and support of software and hardware, system integration, as well as IT education and training services. The industry also covers business outsourcing services, where IT-based business processes such as human resources, finance, accounting and customer services are outsourced to third-party service providers.

These enterprise IT services improve operational efficiency by integrating different aspects/ departments of a business through an enterprise IT architecture, enabling seamless exchange of information and data across various areas, systems, or departments, streamline data management and automate business processes and/or resource management. System integration is a critical aspect of enterprise IT services that involves seamless integration of hardware components, software application and IT systems to enable the flow of data and efficient management of information exchange between different applications. In particular, the integration of applications streamlines operations, minimises manual interventions and automates workflows, which heightened operational agility, accuracy and efficiency that translates into quicker response time and optimised resource utilisation. The demand for integration services is anticipated to be propelled by the surge in digital transformation initiatives among businesses, the increased complexity of IT ecosystem of application, databases and platforms, the growing adoption of cloud computing, as well as greater emphasis on data-driven decision making processes. Considering the global trend towards increasing digitisation, the enterprise IT services industry has a wide pool of end-user markets in both the private and public sectors, in which these end-user markets are embracing and/or implementing new advanced technologies and IT solutions to improve their operational efficiency. Examples of these end-user markets include but are not limited to, telecommunications, financial services, insurance, consumer products, education, healthcare, manufacturing, retail, hospitality and leisure, automotive, logistics and transportation.

VETECE is principally an enterprise IT solution provider, primarily focusing on providing implementation services, maintenance, support and professional services, as well as resale of hardware and software. Protégé Associates has provided an overview of the telecommunications and financial services industries in Malaysia given that the major clients of VETECE's enterprise IT solutions are primarily in the telecommunication and financial services industries in Malaysia.

2.0 Overview of the Telecommunications Industry in Malaysia

Over the last decade, Malaysia has seen extensive shifts in the telecommunications industry, mainly from wired to wireless platforms and from narrowband to broadband services. Due to high population densities and initiatives to catch up on connectivity in rural areas, the country has posed much potential for telecommunications growth.

Telecommunication firms in Malaysia have consistently allocated capital expenditure to stay at the forefront of technological advancements, extend their network coverage, and enhance their service offerings. According to the Malaysia Communications and Multimedia Commission ("**MCMC**"), the capital expenditure of the multimedia and communications industry (the telecommunications industry is part of the multimedia and communications industry) in Malaysia was RM5.42 billion in 2022, an increase of 8.8% compared with RM4.98 billion in 2021 mainly from investments made to expand network infrastructure. Among the total capital expenditure, investment into fixed service providers contributed 52.4% (RM2.84 billion), while investment into mobile service providers contributed the remaining 47.6% (RM2.58 billion). The capital expenditure investments in the short term will be directed towards accommodating the surge in data consumption, meeting the requirements of the Jalinan Digital Negara ("**JENDELA**") network, and ensuring service quality is maintained. JENDELA is a comprehensive digital infrastructure plan aimed at addressing the rising needs and demand for better quality for fixed and mobile broadband coverage due to COVID-19 pandemic and the movement control orders implemented by the Government.

The number of broadband subscriptions in Malaysia increased by 5.0% from 47.5 million in 2022 to approximately 49.9 million in 2023. The mobile broadband penetration rate per 100 people in Malaysia increased from 131.0% in 2022 to 134.5% in 2023. Mobile broadband is the dominant broadband used in Malaysia with the number of mobile broadband subscriptions reached 45.3 million in 2023, a growth of 4.9% from 43.2 million in 2022. The increase in mobile broadband subscriptions was mainly due to a higher number of devices being connected through mobile networks as well as availability of affordable devices and data packages. Meanwhile, fixed broadband subscriptions increased to 4.6 million in 2023 from 4.2 million in 2022.

The mobile cellular penetration rate in Malaysia in 2023 stood at 148.7% compared to 145.3% in 2022. Among the 50.1 million mobile cellular subscriptions in 2023, postpaid subscriptions increased by 3.5% from 14.3 million in 2022 to approximately 14.8 million in 2023, whilst prepaid subscriptions increased by 5.0% from 33.6 million to approximately 35.3 million in 2023. The increase in postpaid subscriptions was driven by increased demand for attractive data packages bundled with smartphones, free or discounted access to mobile apps and roaming. The performance indicator for mobile cellular market in Malaysia has been positive and points to a sustained growth, with the increasing demand for 5G technology to further boost its expansion. As the demand for data services continue to grow, the seamless integration of diverse systems becomes imperative for interoperability of enterprise IT infrastructures with cloud and migration solutions to facilitate efficient data management.

3.0 Overview of the Financial Services Industry in Malaysia

The Malaysian financial system is a well-developed and diversified system that plays a crucial role in supporting the country's economic growth and stability. It comprises a wide range of institutions to serve the increasingly complex and varied needs of the domestic economy. The financial system consists of the conventional and Islamic financial system which co-exists and operates in parallel. According to the official website of the Bank Negara Malaysia ("**BNM**"), the central bank of Malaysia which is responsible for overseeing the country's financial system, there are 181 licensed financial sector participants operating in Malaysia as at June 2024. These institutions are categorised into different types such as commercial banks, Islamic banks, digital banks, investment banks, insurance companies, takaful operators, reinsurers and retakaful, development financial institutions, money services business principals, principal dealers and e-money issuers. In 2023, based on the Malaysian Investment Development Authority ("**MIDA**"), a total of 42 projects amounting to RM6.3 billion were approved under financial services, mainly from the insurance and banking segment, specifically onshore conventional and Islamic banking activities.

A major development confronting the Malaysian financial services industry is the transformative forces of digitalisation fuelled by rapid technological advancements such as AI and machine learning ("**ML**"), distributed ledger technology and potential future applications from quantum computing. These will affect the delivery of finance in a multitude of ways. Digitalisation has enabled the emergence of new innovative and technology-intensive industries requiring financing, such as aerospace, biomass energy, electrical & electronics ("**E&E**"), halal, creative and smart agriculture industries. Meanwhile the shifting consumer and business behaviour towards the adoption of digital solutions and the accompanying 'new' experiences, necessitates the digitalisation of financial services to remain competitive. At the same time, financial institutions are increasingly making use of AI and ML to better understand consumer behaviour and spending patterns in support of better risk management practices, more accessible financial services, and more customer-centric innovation. Financial service providers are also entering into an array of strategic partnerships, such as with financial technology ("**fintech**") and other firms, as the lines blur between financial and non-financial services. Collectively, these trends translate to increased competition and collaboration as well as more efficient and innovative financial services going forward, and accordingly greater demand for financial services. The competitive nature of the financial services industry highlights the importance of seamless system integration for providers to remain relevant. Through the cohesive connection of diverse software applications and data sources, financial service providers can streamline and automate internal processes, resulting in reduced operational costs and an enhanced customer experience. These advancements are anticipated to drive a higher demand for enterprise IT services, particularly system integration services. The industry's evolution towards more integrated, efficient and customer-centric financial services reflects the ongoing digital transformation and the need for financial institutions to adapt to these changing dynamics.

As Malaysia is expected to become an ageing nation by 2030, this coupled with slower population growth, represents new opportunities and challenges for the financial sector going forward. In light of this, financial services will need to remain accessible and affordable in tandem with shifting societal needs of various segments of the population. Going forward, the financial sector is expected to develop sufficient diversity in financial products and services that are linked to health and income protection in response to such needs and thereby bolstering demand for financial services going forward.

The Malaysian financial services industry is also confronted with climate change and the broader sustainability agenda. As the implications of climate change becomes increasingly evident, there is a pressing need to foster a climate-resilient financial sector that supports an orderly transition to a low-carbon economy, in tandem with the goals of the Paris Agreement which came in force in November 2016 and the Government's longer-term commitment to become a net zero nation. This provides ample opportunities for market participants within the financial sector to innovate and cater for such growing demand moving forward.

Malaysia, being a small and open economy, will continue to see its opportunities and risks being shaped by external developments and uncertainties. Amid geopolitical tensions in an increasingly multi-polar world order, there are possibilities for prolonged effects on global trade. Additionally, there are on-going pressures for deglobalisation alongside rising protectionist sentiments and shifting global supply chains. These trends will continue to weigh on the global growth, and ultimately the country's financial sector.

The outlook for the Malaysian financial sector remains positive as demand for financing is expected to be sustained by the continued expansion of economic activity and improvement in labour market conditions. Additionally, the supply of credit remains forthcoming, enabled by banks' healthy capital, liquidity buffers and willingness to lend. Domestically, on-going progress on key reforms along with sound economic policies would provide impetus for sustained inflows and boost further improvement in domestic financial markets. However, there remains challenges from the external fronts for the Malaysia's financial sector including expectations surrounding the path of global monetary policy, the continued uncertainty arising from geopolitical conflicts and global growth outlook, and China's economic prospects.

4.0 Historical Market Performance and Growth Forecast

Protégé Associates has provided the following historical performance and growth forecast of the enterprise IT services industry in Malaysia based on a combination of resources including the data obtained from DOSM, Malaysia Digital Economy Corporation ("**MDEC**"), the MCMC and MIDA. Data has also been gathered from further secondary and primary research works conducted. Searches on private limited industry players have also been conducted with the Companies Commission of Malaysia ("**CCM**") while financial information from public listed enterprise IT services industry players has been extracted from the website of Bursa Securities to gather more information on their business performance. Primary research works have been conducted with stakeholders in the local enterprise IT services industry in order to gather their insights on the industry. All the findings have been collated, analysed and/or computed to ascertain the outlook of the enterprise IT services industry in Malaysia. ***As the enterprise IT services industry revolves mainly in providing IT consultancy services and supporting activities, the gross value added of "computer programming, IT consultancy and related activities" has been used as a proxy for the size of the enterprise IT services industry in Malaysia. This excludes revenue derived from telecommunications and other ICT services (including repair of electrical equipment, installation of industrial machinery and equipment, and publishing of ready-made (non-customised) software) under the ICT services industry as set out in Figure 3 above.***

Figure 4: Historical Market Size (Revenue) and Growth Forecast for the Enterprise IT Services Industry in Malaysia, 2020-2028

Year	Market Size (Revenue) (RM billion)	Growth Rate (%)
2020	19.44	-
2021	19.98	2.8
2022	21.30	6.6
2023e	22.36	5.0
2024f	23.48	5.0
2025f	24.77	5.5
2026f	26.14	5.5
2027f	27.70	6.0
2028f	29.51	6.5

*Compound annual growth rate ("**CAGR**") (2024-2028) (base year of 2023): 5.7%*
e denotes estimate; f denotes forecast

Sources: DOSM and Protégé Associates

In 2022, the enterprise IT services industry in Malaysia was valued at an estimated size of RM21.30 billion, marking a 6.6% increase from the RM19.98 billion recorded in 2021. The surge in demand for enterprise IT services, particularly for digitalisation of business operations, has been a notable trend in recent years. This trend gained momentum during the COVID-19 pandemic, as social distancing measures necessitated the adoption of technology to facilitate remote work and addressing changes in supply chain management. Companies relied on technologies like remote access solutions and process automation to sustain their operations.

Additionally, the introduction of new digital technologies such as 5G and the emergence of tech-driven sectors like financial technology further fuelled the demand for enterprise IT services. Following the Malaysian Government's announcement of transitioning COVID-19 into an endemic phase and a return to normal economic activities in the country, the work from home trend continued to persist. Despite the restoration of normalcy, the ongoing preference for remote work is likely to endure, emphasising the continued importance of a robust IT system, including remote work infrastructure. This trend is anticipated to drive demand for enterprise IT services.

Although the local enterprise IT services industry is expected to slowdown in 2023 due to global economic uncertainties, the industry is still projected to register positive growth throughout the year. The market size of the enterprise IT services sector in Malaysia is estimated to increase to RM22.36 billion in 2023. Going forward, the industry is forecast to reach RM23.48 billion in 2024 and grow to RM29.51 billion by 2028, registering a CAGR of 5.7% for the 2024-2028 period, driven by the ongoing digital transformation of the local economy.

4.1 Competitive Landscape

The enterprise IT services industry in Malaysia is fragmented with various players offering a broad spectrum of services. These services encompass IT consulting, ICT planning, design, and implementation, ICT systems integration and management, ICT management and support services, as well as data processing and web hosting services. It is estimated that approximately 9,500 establishments were engaged in activities related to computer programming, IT consultancy, and related services in 2023.

Industry players within the local enterprise IT services industry compete among each other based on a series of factors, including, amongst others, the following:

- **Industry reputation** – A company's reputation is cultivated over time by consistently delivering satisfactory IT services to its customers. Enterprise IT service providers with established reputations and a proven track record are typically perceived as capable of providing high-quality services and possessing the technical expertise required to handle large and intricate ICT service projects. On the other hand, new entrants who lack such established reputations are likely to encounter challenges in securing business opportunities and gaining a foothold in the market, especially when competing with established service providers.
- **Business relationship with other IT product and service suppliers and vendors** – Enterprise IT service providers are typically tasked with integrating diverse IT hardware and software components into a cohesive operating system. They often procure these IT products and software from a variety of suppliers and vendors. Through the establishment of long-term business relationships, these providers can secure favourable pricing, credit terms and customer support from their suppliers and vendors. This can, in turn, create a barrier to entry for new competitors.
- **Ability to attract and retain skilled IT professionals** – Typically, experienced and proficient IT professionals are inclined to favour employment with well-established, sizable IT firms due to the enticing salary and compensation packages, along with the satisfaction of working on substantial and intricate IT projects. Consequently, new entrants may encounter difficulties in attracting, recruiting and retaining such experienced and skilled IT professionals.

The barriers to entry in the local enterprise IT services industry are considered moderate. Key barriers to entry include the need to have a team of IT professionals with the necessary technical competency and/or qualifications. Potential market entrants also need to be mindful of the need to have an established operating track record and meet higher capital requirement such as initial investment and staffing to grow the business. Further, some clients, particularly those in highly regulated environments such as the financial services industry have stringent criteria to be adhered to. These clients handle sensitive data and require expertise and experience in security and compliance that potential IT services providers must have before they can be engaged. Due to the long screening and vetting processes required before an IT services provider is accepted as a vendor, it is less likely for a client to engage a different IT services provider or switch midway if the services of its existing IT service provider are up to the standards required. This is especially the case in the financial services industry where barriers to entry is higher as tight security control is required and the engagement of a less experienced newcomer to the industry has a higher probability of leading to security breaches. Having domain expertise of the industry or a deep understanding of the specific IT needs of different clients allows market players to understand the clients' requirements and provide suitable enterprise IT solutions.

4.1.1 Selected Market Players

VETECE is principally an enterprise IT solution provider, primarily focusing on providing implementation services, maintenance, support and professional services, as well as resale of hardware and software. For the financial year ended ("**FYE**") 31 August 2023, VETECE recorded a revenue of RM23.13 million from its operations.

Protégé Associates has selected the following industry players that are comparable to VETECE, based on the following criteria:

- A company registered in Malaysia participating in the enterprise IT services industry in Malaysia; and
- A company involved in the provision of IT consulting and implementation services, operations, maintenance and other support services.

It needs to be highlighted that the list of market players is not exhaustive and only serves as a reference.

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Figure 5: VETECE Group and Selected Comparable Market Players

	Business Activities	Latest available FYE	Revenue (RM'000)	Gross Profit (RM'000)	Profit Before Tax (RM'000)	Profit After Tax (RM'000)	Gross Profit Margin (%)	Profit Before Tax Margin (%)	Profit After Tax Margin (%)
VETECE	**The company is principally involved in the provision of implementation services, maintenance, support and professional services as well as resale of hardware and software.**	**31 August 2023**	**23,133**	**9,739**	**8,700**	**6,564**	**42.1**	**37.6**	**28.4**
ACT Technology Solution Sdn Bhd	The company is principally involved in providing IT systems integration and field services support, IT out-tasking and hosting, licensing of software packages and related professional and consulting services.	31 July 2023	13,643	4,652	391	311	34.1	2.9	2.3
Beans Group Sdn Bhd	The company is principally involved in the dealing of computer software, IT program consultancy and trading in computer hardware.	31 January 2023	8,917	6,082	1,641	1,292	68.2	18.4	14.5
CTC Global Sdn Bhd[(a)]	The company is principally involved in the provision of IT systems integration and field services support, IT out-tasking and hosting, licensing of software packages and related professional and consulting services.	31 March 2023	877,971	82,541	35,755	26,562	9.4	4.1	3.0
Deloitte Consulting Malaysia Sdn Bhd	The company is principally involved in the business of consultants and advisers in the field of information and communication technology and other related services.	31 May 2022	44,973	NA	5,756	3,954	NA	12.8	8.7
Ernst & Young Consulting Sdn Bhd	The company is principally involved in provision of advisory and consultancy services involving business solutions, project management and share support services.	31 December 2022	244,797	NA	48,523	36,849	NA	19.8	15.1
Hitachi eBworx Sdn Bhd[(b)]	The company is principally involved in the provisions of computer software applications and dealing in computer software and hardware for the financial services industry.	31 March 2023	225,667	84,054	45,824	40,493	37.2	20.3	17.9
Infomina Berhad[(c)]	The company is principally involved in the provision of technology hardware, software, consultancy, support and services and investment holding.	31 May 2023	251,262	72,755	49,001	39,850	29.0	19.5	15.9

Microlink Solutions Berhad[d]	The company is principally involved in investment holding and provision of research and development for IT solutions to the financial services industry, while its subsidiaries are mainly engaged in the provision of IT solutions, research and development for IT solutions, deployment services, IT consultancy services, system integration services, distribution and maintenance of computer hardware and software.	31 March 2023	248,449	71,264	31,924	26,033	28.7	12.8	10.5
Ramssol Group Berhad[e]	The company is principally engaged in the business of investment holding, while the principal activities of its subsidiaries include provision of software development and advisory services, provision of computer programming activities, education IT program and applications, IoT, user interface and user experience, design and support, knowledge process outsourcing and conducting courses and seminars.	31 December 2023	30,378	20,922	7,189	6,000	68.9	23.7	19.8
Telcowin Sdn Bhd	The company is principally involved in the supply and maintenance of computer software and hardware, general trading and services and its related activities.	31 January 2023	22,196	10,071	261	146	45.4	1.2	0.7
Tentacle Technologies MSC Sdn Bhd	The company is principally involved in the business of formulating, developing, improving, designing and selling software and programme products and support related services.	31 December 2022	605	109	126	105	18.0	20.8	17.4
Uberfusion Sdn Bhd	The company is principally involved as software developers and providers of IT related services.	31 December 2022	35,834	10,909	2,267	1,697	30.4	6.3	4.7

Notes:

(1) The selected market players in Figure 5 are comparable with VETECE as they provide implementation services, maintenance, support and professional services as well as resale of hardware and software. Nevertheless, not all companies carry out the same type of hardware and software solutions as each other. Each company may specialise in different areas (e.g., cloud computing, data analytics and application integration) or cater to specific client's business processes (e.g., supply chain management, customer relationship management, financial operations), resulting in a diverse range of software offerings across the enterprise IT services industry.

(2) Gross Profit Margin = Gross Profit/ Revenue

(3) Profit before Tax Margin = Profit before Tax/ Revenue

(4) Profit after Tax Margin = Profit after Tax/ Revenue

(a) CTC Global Sdn Bhd is a subsidiary of Itochu Techno-Solutions Corporation, a company incorporated in Japan, while the ultimate holding company of CTC Global Sdn Bhd is Itochu Corporation, a company incorporated in Japan and is listed on the Tokyo Stock Exchange.

(b) Hitachi eBworx Sdn Bhd is a subsidiary of Hitachi Limited, a company incorporated in Japan and is listed on the Tokyo Stock Exchange.

(c) Infomina Berhad is listed on the ACE Market of Bursa Securities

(d) Microlink Solutions Berhad is listed on the Main Market of Bursa Securities

(e) Ramssol Group Berhad is listed on the ACE Market of Bursa Securities

Sources: VETECE, CCM, annual reports of Infomina Berhad, Microlink Solutions Berhad and Ramssol Group Berhad, and Protégé Associates

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4.1.2 Estimated Market Share

For the FYE 31 August 2023, VETECE generated revenue of RM23.13 million, equivalent to 0.1% share based on the estimated enterprise IT services industry size in Malaysia of RM22.36 billion in 2023.

5.0 Demand and Supply Conditions

5.1 Demand Conditions

Figure 6: Demand Conditions Affecting the Enterprise IT Services Industry in Malaysia, 2024-2028

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	Digital Transformation of the Economy	High	High	High
+	High Broadband Penetration Rate	High	High	High
+	Continued Capital Expenditure by Telecommunications Operators	Medium	Medium	Medium
+	Shifting Consumer and Business Behaviours Post Pandemic	Medium	Medium	Medium

Source: Protégé Associates

Digital Transformation of the Economy

In an increasingly inter-connected world that is rapidly transitioning to a digital economy, technologies like 5G, AI, cloud computing, robotics, IoT, and big data analytics ("**BDA**") are being adopted more extensively by businesses to maintain competitiveness. Notably, cloud computing allows users to access various digital services, including servers, storage, applications and services, over a network. Due to its convenience and scalability, cloud computing is progressively gaining ground in numerous industries such as communications, healthcare, education, government affairs, finance, e-commerce, and even sectors that were traditionally not heavy technology users, like transportation and agriculture. IoT encompasses a network of physical objects interconnected within a system designed for data collection and exchange. These objects utilise a variety of information sensing devices, including QR code scanners, radio frequency identification (RFID), infrared sensors and global positioning systems ("**GPS**"), to facilitate intelligent identification, location tracking, monitoring and management. Additionally, in the adoption of IoT, businesses establish connections between their physical infrastructure and the Internet to enable the exchange of data and information among diverse devices and platforms, ensuring interoperability and connectivity. This process necessitates consultation, planning, the development of ICT infrastructures and the provision of related support services. Simultaneously, there has been a growing utilisation of digital technologies such as robotics, AI, BDA and IoT in the healthcare and manufacturing sectors. In healthcare, for instance, medical robotic technology and robot-assisted surgical procedures are now integrated with computer systems and networks, while patient records have transitioned into digital formats. These advancements in digital business practices are anticipated to stimulate the demand for enterprise IT service offerings. Similarly, the implementation of smart manufacturing processes which involve the connection of robotics to manufacturing systems and automated inventory systems for replenishing low stock, is poised to generate a greater need for enterprise IT services.

In 2023, Malaysia registered a total of RM329.5 billion in approved investments spanning the manufacturing, services, and primary sectors. The services sector emerged as the primary contributor to these investments, accounting for 51.1% (RM168.4 billion) of the total. Notably, the information and communications sub-sector played a significant role within this sector, featuring five data centre and cloud computing services projects. During the same year, the manufacturing sector secured the second position, amassing RM151.9 billion (46.1% of total investments), while the primary sector recorded RM9.1 billion (2.8%). The manufacturing sector's progress has been driven by the adoption of automation and smart manufacturing technologies associated with the Fourth Industrial Revolution ("**4IR**"), including IoT, AI, machine learning and BDA. These technologies have contributed to increased efficiency and reduced reliance on foreign labour.

Meanwhile, the ongoing process of digitalisation is increasingly influencing the financial services industry, driven by customer expectation for faster, smoother and more personalised services coupled with the increasing awareness of data privacy and security. Furthermore, financial service providers are undergoing a fundamental shift towards an ecosystem-oriented strategy. This transformation involves a strategic reconfiguration, where these providers are either establishing themselves as comprehensive platforms or fostering extensive networks of partnerships. Whether through a centralised platform or collaborative networks, the aim is to create a seamless and interconnected financial ecosystem that offers customers a holistic suite of services. The key challenge for Malaysia's financial services industry lies in harnessing the benefits of digitalisation while effectively managing associated risks such as addressing the potential threats to overall system stability, maintaining consumer satisfaction and fostering trust in the financial services industry.

The investments and integration of IT systems across various industries are expected to have a positive impact on the local enterprise IT services industry by providing the latter with larger pool of potential customer base and end-user markets.

High Broadband Penetration Rate

Malaysia has a relatively high broadband penetration rate. According to the MCMC, between 2017 and 2023 the mobile broadband penetration rate per 100 inhabitants consistently exceeded 100%, with the caveat that this can happen due to multiple subscriptions per individuals. This upward trajectory is expected to continue as the country increasingly shifts its daily activities online. By 2023, all states in Malaysia had mobile broadband penetration rates exceeding 100%, except for Sabah (98.9%) and Wilayah Persekutuan Labuan (98.2%). Simultaneously, the penetration rate for fixed broadband per 100 premises increased from 47.6% in 2022 to 50.6% in 2023. The enterprise IT services industry in Malaysia is poised to benefit from this trend, as its offerings cater to businesses seeking IT enterprise services to enhance their efficiency. Furthermore, the implementation of the national digital infrastructure plan known as JENDELA, including the future deployment of the 5G technology standard for broadband cellular networks, is expected to further drive broadband usage. Overall, the digital advancement in Malaysia is expected to lead to more industries integrating IT systems into their operations. This, in turn, will boost growth for the local enterprise IT services industry.

Continued Capital Expenditure by Telecommunications Operators

Capital expenditure is an important cost component to the telecommunications operators in order for them to sustain their existing business and support future growth. Part of the capital expenditure involves undertaking the necessary infrastructure construction for telecommunications network services. For existing network infrastructure, telecommunications network services are required to continue providing the necessary support and maintenance. As the ICT industry is characterised by rapid change in technology, the telecommunications operators are also likely to install new or constantly upgrade its network infrastructure to expand signal coverage and improve network services. The continued upgrade of mobile data networks is expected to generate greater demands for the enterprise IT services industry.

Shifting Consumer and Business Behaviours Post Pandemic

In the wake of the pandemic, the prevalence of the 'low-touch' economy where businesses reduced on physical interactions and transactions has significantly increased. This shift has been driven by heightened customers' familiarity with digital and remote access allowing authorised personnel to access a computer or network from a different location through a network connection. Simultaneously, there has also been an increase in online and cashless payments as consumers seek to minimise physical contact. While traditional physical channels such as brick-and-mortar retail stores, bank physical branches, cash transaction and in-person meetings are expected to maintain their relevance, this change in consumer and business behaviours is likely to stay for specific demographic segments, particularly among those who are digitally savvy.

Increasingly, customers will seek an experience characterised by a seamless, cost-effective and personalised approach. At the same time, there has also been an increase in demand for cloud computing services as organisations adopt the cloud for various purposes, including data backup, disaster recovery, email, virtual desktops, software development and testing, BDA and other web-based applications. In response to these shifting preferences and to remain relevant, businesses and organisations are expected to develop clear and comprehensive digitalisation strategies as well as continuously invest in digitising their businesses in areas such as operational stability, marketing and cybersecurity to remain competitive. Given these developments, the demand for enterprise IT services is expected to rise accordingly.

5.2 Supply Conditions

Figure 7: Supply Conditions Affecting the Enterprise IT Services Industry in Malaysia, 2024-2028

Impact	Supply Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	Strong Government Support to Drive the Adoption of Digital Technology	High	High	High
+	Availability of Skilled IT Professionals	Medium	Medium	Medium

Source: Protégé Associates

Strong Government Support to Drive the Adoption of Digital Technology

- National Policy Framework for the 4IR and Digital Economy Blueprint

  On 31 October 2018, the Industry4WRD initiative was launched with an initial focus on the manufacturing sector and related services. Subsequently, in 2021, the National 4IR Policy (2021-2030) was introduced as a comprehensive national policy designed to foster the socioeconomic development of the country through the adoption of 4IR technologies. This policy serves as a guiding principle for ministries and agencies, enabling them to establish suitable policies and regulatory frameworks. These measures aim to provide businesses and society with access to the opportunities and socioeconomic benefits offered by the 4IR.

  The allocation of resources will be concentrated on developing technological capabilities in five key 4IR technologies: AI, IoT, blockchain, cloud computing and BDA, as well as advanced materials and technologies. The deployment of 4IR technologies will be focused on ten core sectors complemented by six supporting sectors. This strategic approach is intended to create new opportunities for socioeconomic growth in the economy. The core sectors include manufacturing, transport and logistics, healthcare, education, agriculture, utilities, finance and insurance, professional, scientific and technical services, wholesale and retail trade, and tourism. The supporting sectors encompass construction, property, mining and quarrying, arts, entertainment and recreation services, , information and communication services, and administrative and support services.

  The National 4IR Policy is complemented by the Digital Economy Blueprint (2021-2030), known as MyDigital. This blueprint was developed in response to the significant advancements in digital technology and the growth of high-speed internet connectivity, which have transformed the way goods and services are produced, distributed, and consumed, as well as how people interact. MyDigital outlines 22 strategies aimed at establishing the necessary digital infrastructure and cultivating digital talents to drive digital transformation in both the public and private sectors.

- Incentives offered to encourage adoption of digitalisation

  Recognising the significance of digital integration, MIDA has introduced several initiatives, including the Industry4WRD Intervention Fund, the Automation Capital Allowance and the Smart Automation Grant. These measures are aimed at promoting automation and digitalisation among small and medium enterprises operating in the manufacturing and related service sectors. In the Budget for 2022, tax incentives have been made available for activities falling under the Digital Ecosystem Acceleration Scheme, initially catering to companies within the Multimedia Super Corridor. The proposal also extends these incentives to digital technology providers and digital infrastructure companies. In Budget 2023, RM100 million was allocated under the Geran Digital PMKS MADANI for micro, small and medium entrepreneurs ("**MSME**") to support business automation and digitisation. This was followed by RM100 million provided in Budget 2024 for digitisation grants of up to RM5,000 for the benefit of more than 20,000 MSME.

Furthermore, in alignment with the National Transport Policy (2019-2030), the Malaysian Government is dedicated to advancing IoT within the transport sector through the adoption of automation and digitisation. Additionally, the government is actively endorsing the establishment of an open data platform to facilitate enhanced data integration across all transport sectors, as well as the introduction of a single-entry pass/payment method for seamless journeys.

Availability of Skilled IT Professionals

The presence of qualified and experienced manpower is a critical success factor for enterprise IT service providers striving to maintain their competitiveness in the industry. It is imperative that these enterprise IT service providers can attract, recruit and retain talented employees as they play a crucial role in daily operations, from development, implementation and maintenance of IT products and solutions, to the installation of related software and hardware. In 2023, the ICT services industry employed approximately 137,000 high-skilled workers (includes managers, professionals and technicians). Generally, there is no shortage of skilled talents in the ICT services industry.

However, the various movement control orders implemented during the COVID-19 pandemic resulted in a surge in job losses and subsequently led to an increase in the country's unemployment rate. The competition among graduates for job opportunities has become more challenging due to the larger pool of unemployed individuals who lost their jobs during the pandemic. To mitigate the pandemic's impact, the government has introduced various initiatives, including the Wage Subsidy Program to promote employee retention, assistance for hiring and training to encourage businesses to employ workers, and reskilling and upskilling programs aimed at enhancing the employability of both young people and the unemployed. While companies faced challenges in recruiting qualified and experienced IT professionals in 2020 and 2021 due to the restrictions imposed by the various movement control orders, this is expected to be a short-term issue with the situation anticipated to improve in line with the economic recovery.

6.0 Prospects and Outlook of the Enterprise IT Services Industry In Malaysia

The enterprise IT services industry in Malaysia is anticipated to have a positive outlook and promising prospects throughout the forecast period. The COVID-19 pandemic and the subsequent lockdown measures have expedited the utilisation of the Internet and the adoption of digital platforms, paving the way for increased potential demand for enterprise IT services. Consequently, this has created extensive opportunities for local enterprise IT services to broaden their business scope. Factors priming growth within the enterprise IT services industry include the ongoing digital transformation of the economy and the increasing demand for cloud computing and IoT technologies. Notably, even sectors that were not traditionally considered heavy technology users, such as transportation and agriculture, have started integrating IT components into their operations. Furthermore, the relatively high broadband penetration rate coupled with continuous capital expenditure into the multimedia and communications industry is conducive to the growth of the local enterprise IT services industry. Simultaneously, demand for enterprise IT services is expected to rise due to shifting consumer and business behaviours post pandemic. On the supply side, the Malaysian Government's robust support and the availability of skilled IT professionals are expected to further bolster the local enterprise IT services industry. The enterprise IT services industry in Malaysia was valued at RM21.30 billion in 2022 and expanded to an estimated RM22.36 billion in 2023. Moving forward, the local enterprise IT services industry is projected to expand at a CAGR of 5.7% from RM23.48 billion in 2024 to reach RM29.51 billion in 2028.

7.0 Overview and Prospects of the Enterprise IT Services Industry in Singapore

Singapore stands out as a preferred destination for IT firms to engage in technology development among the Southeast Asian countries, thus bolstering the development of the enterprise IT services industry in Singapore. The nation boasts robust infrastructure, a skilled talent pool, government support and favourable regulatory environments and a focus for cybersecurity. In particular, Singapore is connected to more than 25 active submarine cables that act as the primary means of connectivity for voice, data and Internet across the globe. The country also boasts as one of the fastest fixed broadband speeds in the world and has a mobile penetration rate of more than 160%. Further, some of the initiatives by the Singaporean Government to promote the IT sector include the Productivity Solutions Grant, which helps Singapore companies improve their productivity and automate existing processes through IT solutions and equipment. At the same time, the Personal Data Protection Act and the Cybersecurity Act has also helped to bolster the development of the country's various industries, including financial services and IT industries.

The country also has a collaborative ecosystem of partners. Notably, Singapore hosts a myriad of global technology companies, including Google, Facebook, Alibaba as well as regional leaders such as Garena, Grab, Lazada and Razer; fostering the development of cutting-edge technologies and solutions to support its Smart Nation vision. Established companies like IBM and Huawei have forged partnerships across financial services, manufacturing and services industries in Singapore, working collaboratively to create and deliver new solutions not only for the local region but also on a global scale. At present some of the trending industries in the ICT services industry in Singapore include fintech, healthcare IT, e-commerce and logistics, Smart Nation solutions, cybersecurity, AI and machine learning, gaming and Esports, as well as educational technology. At the same time, Singapore is one of the major financial centres in Asia Pacific. There are currently 111 commercial banks, 49 merchant banks and 45 other banks with offices in Singapore. The country's role as a financial hub in the region also bodes well for the development of the local enterprise IT industry. The enterprise IT industry in Singapore was estimated at SGD52.10 billion in 2023 and is expected to grow at a CAGR of 11.4% from SGD57.31 billion in 2024 to SGD89.38 billion in 2028.

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Our growth and profitability are dependent on our ability to secure new and renewal of contracts

Due to the nature of our business operations, our future profitability and financial performance depend on our ability to consistently secure contracts for the provision of enterprise IT services particularly from existing and new clients. Our contracts with clients vary in length and scope of services depending on the nature of the project. The tenure of our implementation services contracts with our clients ranges from 3 month to 2 years whilst our maintenance, support and professional services contracts with our clients ranges from 6 months to 5 years. We do not enter into long-term contracts with our clients for our implementation services due to the rapid technological changes and market trends of the industry in which our clients operate in. As for our maintenance, support and professional services contracts, the tenure of the contracts is slightly longer, but we are subject to termination or reduction of our services by the clients in the event that there are changes to the clients' strategies or changes in the enterprise IT solutions required for their operations. Further, our Group's current contracts are subject to various termination clauses which both parties are required to adhere to. In some of the contracts, our clients have the right to terminate our services without cause by giving us the requisite notice period as stipulated in the contract. If our contracts are terminated and we are unable to replace the contracts with other contracts of similar value, our financial performance and business operations may be adversely affected.

The potential loss of clients, especially with our major clients, or risk of facing difficulties in securing new clients or additional projects from existing clients in a timely manner, may adversely affect our business and financial performance. Further, the volume and size of contracts, as well as the revenue generated from them, can be affected by several factors which include, among others, economic downturns, industry-specific slowdowns and clients' financial constraints. As a result, our revenue may experience fluctuations across different financial years. For the Financial Years Under Review, we have not encountered any termination of contracts with our major clients. However, there have been instances of variations or additions to the scope of services within existing contracts.

9.1.2 We are dependent on Telekom Malaysia Berhad Group as our major client

We are dependent on Telekom Malaysia Berhad Group, the national connectivity and digital technology provider, providing a wide range of communication services and solutions in enterprise digitalisation, fixed (telephone and broadband), mobility content, Wi-Fi, ICT, cloud, data centre, cyber security, Internet of Things (IoT) and smart devices. We have been providing implementation, maintenance, support and professional services to Telekom Malaysia Berhad Group since 2007, accounting for 15.74%, 22.81%, 45.60% and 53.54% of our total revenue for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. As at the LPD, our Group's outstanding amounts of existing contracts with Telekom Malaysia Berhad Group is approximately RM4.64 million.

Although we have not encountered any material disputes with Telekom Malaysia Berhad Group to-date, there is no assurance that our current working relationship with them will not deteriorate or we would continue to secure new projects from Telekom Malaysia Berhad Group in the future upon completion of the existing projects or renew our maintenance and support services contract. As such, our Group's sustainability, revenue and financial performance will be materially and adversely affected if there is any termination of our business relationship with Telekom Malaysia Berhad Group and we are unable to secure any new contracts of similar or greater value to replace the loss of business.

9.1.3 Our enterprise IT solution projects are exposed to unexpected delays or interruption that is beyond our control

Our business operations are subject to unexpected delays or interruptions caused by factors beyond our control. For example, our clients may delay the completion of projects due to unforeseen circumstances such as unavailability of key personnel at the clients' sites, hindering the smooth facilitation of project implementation. Additionally, difficulties in accessing our clients' infrastructure due to sudden breakdowns or unscheduled system maintenance, may contribute to delays.

Our service contracts and agreements generally contain clauses which impose penalties for project delays and interruptions to business. However, we have not incurred any penalties for the projects that we have undertaken with our clients in the Financial Years / Period Under Review.

In the event that project delays are caused by our clients, it has a direct impact on the progress of our projects. This, in turn, affects our delivery timelines, subsequently affecting the timing for revenue recognition and the collection of payment from our clients. As a result, our financial performance is directly tied to the availability and cooperation of our clients. The minimisation of delays in project deliverables is crucial to ensuring timely and successful project outcomes.

9.1.4 We are dependent on our Non-Independent Executive Vice Chairman, Non-Independent Executive Director and our Key Senior Management for continued success and growth of our business

The growth and future success of our Group is dependent on the continuous contribution from our Non-Independent Executive Vice Chairman, Tee Chee Chiang. His leadership is instrumental in determining the overall strategic direction and driving the business development and growth of our Group. Additionally, we also attribute our continuous success to the capabilities, skills, experience and efforts of our Non-Independent Executive Director / CEO, Chan Wai Hoong for overseeing the operational functions, spearheading the execution of the Group's business strategies and leads to the implementation of expansion plans.

Further, we are dependent on the continued service of our other Key Senior Management who possess relevant knowledge in their respective fields of work to ensure smooth operation of our business. Hence, the loss of any of our Non-Independent Executive Vice Chairman, Non-Independent Executive Director and other Key Senior Management, without suitable and timely replacements could have an unfavourable impact on our Group's operations, financial performance and prospects of our Group.

9.1.5 We are dependent on our skilled IT employees to support our operations

The implementation of the respective enterprise IT solutions, as well as our maintenance, support and professional services requires the expertise of our IT solution delivery employees. For the Financial Years / Period Under Review, our IT solution employees comprise 90.20%, 90.32%, 91.89% and 91.09% of our total workforce, respectively.

The retention and attraction of skilled IT solution employees are crucial factors for our continued success, future business growth and expansion. The potential loss of these employees and our inability to promptly secure suitable replacements could disrupt project deliverables. Consequently, if our Group is unable to adhere to our project delivery schedules, our billing schedule will be delayed as invoices are issued according to project delivery milestones. For FYE 2021, FYE 2022 FYE 2023 and FPE 2024, our IT employees turnover rate was 13.8%, 22.6% 16.7% and 15.84%, respectively. Our Group was able to recruit replacements in a timely manner. During the Financial Years / Period Under Review up to the LPD, our Group have not experienced any project delays or failures due to the loss of IT employees and have not engaged any external third parties to complete the projects as we consistently maintain contingency plans to mobilise additional resources in case of staffing gaps during project execution. These plans may also involve offering extra compensation to employees for additional hours worked during project executions.

Further, based on the contracts for our current on-going projects as at the LPD, our clients are allowed to claim for liquidated damages. In the event that our clients claim for liquidated damages in relation to delays or failures caused by our Group to meet any milestones as specified in the contracts, it will increase our project cost and this may adversely affect our financial performance. Since the commencement of our business, our Group has not received any requests for claims for liquidated damages arising from delays in meeting project milestones.

In addition, based on the contracts for our current on-going maintenance, support and professional services, our clients are allowed to claim for liquidated damages. If our clients claim for liquidated damages in relation to delays or failures caused by our Group to provide such services, it may adversely affect our financial performance.

9.1.6 We are reliant on the enterprise IT solutions from our technology partners and/or vendors for the implementation, maintenance, support and professional services as well as for the resale of hardware and software

As an enterprise IT solutions provider, our services encompass the provision of implementation, maintenance, support and professional services as well as the sale of hardware and software of enterprise IT solutions. As we do not develop our own enterprise IT solutions, we source our enterprise IT solutions from 7 technology partners and/or vendors.

Each of our technology partner specialises in distinct enterprise IT solutions, which enables us to recommend the most suitable IT solution based on our clients' requirements and business operations. Nevertheless, we are particularly dependent on our technology partners'/ vendors' products to provide implementation, maintenance, support and professional services as well as resale of hardware and software.

Our technology partners conduct yearly assessment on our Group to ensure that we have sufficient capabilities and resources to maintain as their technology partners and/or vendors. Some of the assessment criteria of our technology partners are as follows:

(i) yearly requirement of our employees to obtain product training and accreditation of their enterprise IT solutions;

(ii) active participation in joint sales activities with the respective technology partners;

(iii) meeting yearly delivery quantity requirement for the deployment of enterprise IT solutions; and

(iv) maintaining financial stability to ensure sufficient resources for business growth, sustaining the partnerships, and investing in technical training for our enterprise IT solution employees to enhance customer support capabilities.

Our Group recognised the importance of adhering to these assessment criteria to maintain partnerships with our technology partners and have historically been able to meet these criteria to ensure continued partnership. In the event that we are unable to adhere to the yearly assessment of our technology partners, or a decision by technology partners to cease our partnership, we may lose referrals from our technology partners, which may impact our profitability.

Meanwhile, our Group's current contracts with technology vendors are subject to various termination clauses which both parties are required to adhere to. In some of the contracts, our technology vendors have the right to terminate our services without cause by giving us the requisite notice period as stipulated in the contract. In respect of projects where we act as subcontractors to our technology vendors, if our contracts with our technology vendors are terminated and we are unable to replace the contracts with other contracts of similar value, it will adversely affect our business operations and financial performance.

The length of relationship between our Group and each of the technology partners and vendors as at the LPD are as follows:

Technology Partners	**Approximate length of relationship as at the LPD (years)**
- Oracle	14
- WSO2	4
- Salesforce	5
- Technology Partner A	1
- Technology Partner B	3
Technology Vendors	
- Teradata	3
- Technology Vendor A	8

Any termination of our relationships with any of our technology partners and/or vendors would adversely impact our business operations and financial performance. Therefore, maintaining strong partnerships and adhering to the criteria set by our technology partners are vital for the continuity and success of our business. However, our Group has not experienced any terminations with our technology partners and/or vendors during the Financial Years / Period Under Review and up to the LPD.

9.1.7 We may not be able to successfully execute our future plans and business strategies

Our future growth, to a certain extent, is dependent upon the successful execution of our future plans and business strategies. Our future plans and business strategies are as follows:

(i) expansion of our enterprise IT solutions portfolio to include AI-driven data handling and analytic solutions;

(ii) continuous strengthening of our Group's enterprise application integration and enterprise data engineering and analytics solutions

(iii) establishment of our COE for software solutions; and

(iv) strengthening of our Singapore operations.

Kindly refer to Section 7.23 of this Prospectus for more information on our future plans and business strategies.

The execution of these strategies necessitates additional expenditures for talent acquisition, training, certifications, as well as setting up of offices and marketing efforts. While such additional expenditures aim to drive growth, there is a risk that increased operational costs may adversely impact our profit margins if sufficient revenue is not generated following strategy implementation.

Hence, there is no assurance that we will successfully implement our future plans and business strategies, nor can we assure the anticipation of all the business, industry and operational risks arising from our business strategies. Failure to execute our future plans and business strategies within the estimated timeline, as well as failure to anticipate all the business, industry and operational risks may adversely affect our future growth, as well as our financial performance.

9.1.8 We are exposed to risks related to data and cybersecurity breaches

In the course of offering our enterprise IT solutions and with the consent of our clients, we will have access to confidential information of our clients including information on our clients' operations, IT policies and IT systems. For implementation of our client's system, our scope of work is limited to the implementation of the enterprise IT solutions and does not encompass design of our clients' security infrastructure. Instead, we adhere to our clients' security protocols during the implementation of our enterprise IT solutions into their system.

Our Group has established stringent policies and protocols, which are designed to protect the security, integrity and confidentiality of the system information that we handle. These stringent policies and protocols include installation of firewall systems, enforcement of authentication and user access restriction at workstations through the use of password protection on devices and access cards to access our offices, monitoring of security logs and installation of closed-circuit cameras within our office.

We adhere to our client's established policy and security protocols for remote working arrangements such as either the use of client Virtual Desktop Infrastructure (VDI) or client's Virtual Private Network (VPNs) to connect to customer's network. We also utilise certain tools and applications to monitor the activities and data usage by our employees. We also impose strict confidentiality obligations on all our employees and any contravention will result in disciplinary action, dismissal and/or court proceedings.

As at the LPD, we have not experienced any security breaches to our systems and information to date, whether arising from internal sources (such as technical malfunctions, employee error or misconduct) or external sources (such as malware, hacking, espionage and cyber intrusion). However, despite our stringent efforts, there is no guarantee that inadvertent disclosure (which may arise from software bugs or other technical malfunctions, employee error or misconduct, or other factors) or unauthorised disclosure or loss of personal or confidential information will not occur or that third parties will not gain unauthorised access to our systems and information.

In January 2024, news surfaced concerning a purported hacker who claimed to have gained unauthorised access to customer database system of one of our major clients. It was reported that the client had subsequently confirmed the user data breach. Our Group was involved in implementing the client's customer database system in 2013.

Our Group's enterprise IT solutions implementation includes of designing customer database system using technology partners' application which has been designed to be hosted in the client's local network infrastructure or hosted by technology partners and/or secured cloud infrastructure. It is subject to the client's internal network firewalls in which its network infrastructure is fully managed by the client and their security team. Additionally, the hosting of data and database access is controlled by our clients or hosting technology partners.

Any data leakage or loss of data or cybersecurity breaches to our client's IT infrastructures or as a result of the provision of our services, whether actual or perceived could adversely affect the market perception of our services and this in turn may damage our Group's reputation. If any such incident relating to the leakage or loss of confidential information of our clients is by us, this could expose us to significant liability if we are subject to litigation or other action resulting in monetary damages and legal fees. As a result, our revenue could decline and/or we may incur additional costs in defending any claims which could adversely affect our business, and financial performance.

For the Financial Years / Period Under Review and up to the LPD, there have not been any claims made against us in respect of data or cybersecurity breaches. Nonetheless, there can be no assurance that we will not be subject to any data or cybersecurity breaches in the future which may adversely affect our reputation and financial performance.

9.1.9 We are subject the risk of fluctuations of foreign exchange rates which may impact the profitability of our Group

Our proportion of sales and purchases transactions denominated in local and foreign currencies are as follows:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue denominated in:								
- RM	19,513	97.35	20,710	99.37	22,929	99.12	11,143	98.92
- SGD	532	2.65	132	0.63	204	0.88	122	1.08
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**	**11,265**	**100.00**
Purchases denominated in:								
- RM	2,415	74.65	4,533	78.60	1,727	50.20	716	100.00
- USD	820	25.35	1,234	21.40	1,713	49.80	-	-
Total	**3,235**	**100.00**	**5,767**	**100.00**	**3,440**	**100.00**	**716**	**100.00**

We are exposed to transactional currency exposure as 25.35%, 21.40% and 49.80% of our purchases were denominated in USD for the Financial Years Under Review, respectively. Our purchases comprising software licences from technology partners and appointed distributor of technology partners are denominated in USD.

As at the LPD, we do not have a formal policy with respect to our foreign exchange transactions and we do not hedge our exposure to fluctuation in foreign currency exchange rates. As such, we are subject to foreign exchange fluctuation risk for our revenue and purchases denominated in foreign currencies which we transact.

A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion. For the Financial Years / Period Under Review, our gains and losses from foreign exchange fluctuations are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Net realised foreign currency exchange loss/ (gain)	45	(16)	(2)	(35)

9.1.10 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in the course of our business operations

We maintain insurance levels which are customary in our industry to protect us against various losses and liabilities. As at the LPD, some of the insurance policies taken by our Group are as follows:

(i) professional indemnity insurance policies which includes technology liability, cyber enterprise risk management, public and product liability;

(ii) fire insurance policies for both our properties in Cyberjaya and Petaling Jaya; and

(iii) personal medical insurance policies for our employees in Malaysia and Singapore.

There has been no insurance claims made during the Financial Years / Period Under Review and up to the LPD.

Notwithstanding the above, in the event of claims, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations as a result of exclusions and limitations of liability both in amount and with respect of the insured events. Moreover, we will be subject to the risk that, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates in the future. If we were to incur a significant liability for which we are not fully insured, it could have a material adverse effect on our business operations and financial performance.

For the Financial Years Under Review, we have not encountered any events or incidences that have resulted in any insurance claims of a material nature.

9.1.11 We are exposed to risk of natural disasters, accidents, and future outbreak of disease and/ or pandemics

Unexpected events such as pandemics, accidents and natural disasters may also pose potential constraints on our business operations. These events may restrain our employees' movements, particularly impacting our implementation teams' ability to travel to customer premises. As the delivery of our services and project deliverables is dependent on our employees and cannot be replaced or automated with machines, any unexpected significant interruptions to our manpower which are not promptly resolved may affect project timelines. This, in turn, could impact the timing of project delivery, subsequently affecting revenue recognition and payment collection from our clients.

While, our business operations were not materially impacted by the COVID-19 pandemic, we did experience minor disruptions. These disruptions were evident in our supply chain, where travel restrictions hindered our ability to carry out implementation and maintenance works at clients premises and minor disruptions to our business operations as some of our clients had insufficient IT infrastructure which prevented us for conducting implementation works remotely, as well as our inability to travel overseas due to the travel restrictions which prohibited us from selling our enterprise IT solutions overseas, as well as securing new clients in overseas.

Kindly refer to Section 7.22 of this Prospectus for further information on the interruptions to our business and operations.

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9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We face competition within our industry

We face competition from existing industry players and we compete in terms of technology, range and quality of solutions, price and timeliness of project delivery. Our competitors may have longer histories, equipped with better resources and possess comparable software and technical expertise than us, thereby enabling them to offer better value proposition to our prospective client. As such, we may experience and expect to continue to face competition from local and international solution providers.

Further, we may also compete with existing and new entrants who adopt aggressive pricing strategies and offer more attractive sales terms which may result in stiffer competition and reduction of our market share in the enterprise IT services industry. If we are unable to remain competitive and adapt to changes in the industry, our business operations and financial performance may be adversely affected.

9.2.2 We may not be able to keep up with rapid technological advancements

The enterprise IT solutions industry is characterised by rapid technological changes, evolving industry standards, frequent introductions and enhancements of new products and services, and changing customer demands. The introduction of new technology and the emergence of new industry standards may render our services to be obsolete and uncompetitive.

Our future success will depend on our ability to adapt to the rapid technological changes, evolving industry standards and continuous improvement on the know-how of our employees in response to evolving demands of the marketplace. If we are unable to keep up with the technological changes or we are unable to adapt in a timely and effective manner, we may lose our competitive advantage and in turn, will adversely affect our business operations and financial performance.

9.2.3 We are exposed to risks relating to economic, political, legal and regulatory changes in Malaysia and other countries in which we derive revenue

Notwithstanding that we principally operate in Malaysia, we derive a portion albeit small percentage of our revenue from foreign markets. For the Financial Years / Period Under Review, our revenue generated from foreign markets accounted for approximately 23.13%, 11.33%, 3.60% and 2.95%, respectively. As we continue to expand our business, our financial performance and results of operations may be affected by any adverse developments in the economic, political, legal and regulatory environments that are beyond our control in the countries where we operate and transact business. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests and foreign exchange controls.

Any changes in government policies that may cause disruptions in business operations and financial performance of businesses, may consequently cause a decline in IT budgets and demand for our Group's products and services. Such events may adversely affect our business, results of operations and financial performance. There can be no assurance that any adverse economic, political, legal and regulatory changes will not lead to adverse effect on the business performance of our Group.

9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

9.3.1 No prior market for our Shares and it is uncertain whether a sustainable market will ever develop

Prior to our IPO, there has been no public trading for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or if developed, that such a market will be sustainable. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the selling prices at which holders would be able to obtain for our Shares.

We and our Promoters have no obligation to cause our Shares to be marketable. The IPO Price was determined after taking into consideration various factors and these factors could cause our Share price to fluctuate which may adversely affect the market price of our Shares.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and that the market price of our Shares will not decline below the Issue Price.

9.3.2 The trading price and volume of our Shares upon Listing may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and global stock market and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes in capital market, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of the capital market as the business activities of our Group have no direct correlation with the performance of securities listed in the capital market.

Our Shares could trade at prices lower than the IPO Price depending on various factors, including current economic, financial and fiscal condition in Malaysia, our operations and financial results and the price volatility in the markets for securities in similar or related industry in Malaysia or emerging markets. There is no assurance that any market for our Shares will not be disrupted by price volatility or other factors, which may have a material adverse effect on the market price of our Shares.

Further, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

(i) variation in our results and operations;

(ii) success or failure in our management team in implementing business and growth strategies;

(iii) gain or loss of an important business relationship

(iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(v) change in market valuations and share prices of companies with similar businesses with our Group that may be listed on Bursa Securities

(vi) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events and factors;

(vii) national disasters, health epidemics and outbreaks of contagious diseases;

(viii) additions or departures of our Key Senior Management;

(ix) fluctuations in stock market prices and volumes; or

(x) involvement in litigation.

In addition, many of the risks described herein could materially and adversely affect the market price of our Shares. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated. Accordingly, there can be no assurance that our Shares will not trade lower than the original IPO price of our Shares.

9.3.3 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

As disclosed in Section 5.1 of this Prospectus, our Promoters will collectively hold in aggregate 64.68% of our enlarged issued share capital after our Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

9.3.4 The sale or the possible sale of a substantial number of Shares in the public market following our IPO could adversely affect the price of our Shares

As disclosed in Section 5.1 of this Prospectus, our Promoters will directly and collectively hold, in aggregate, 64.68% of our enlarged issued share capital upon Listing.

It is possible that our Promoters may dispose of some or all of their Shares after their respective moratorium period, pursuant to their own investment objectives. If our Promoters sell, or are perceived as intending to sell, a substantial amount of our Shares, the market price of our Shares could be adversely affected.

9.3.5 Delay in or cancellation of our Listing

(i) The occurrence of certain events, including the following, may cause a delay in or termination of our Listing:

  (a) our Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations under such agreement;

  (b) our inability to meet the minimum public spread requirement under the Listing Requirements of having at least 25.00% of the total number of our Shares for which our Listing is sought being in the hands of at least 200 public shareholders holding at least 100 Shares each at the point of our Listing; or

  (c) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

(ii) Where prior to the issuance and allotment of our IPO Shares:

  (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall repay all monies paid in respect of the applications for our Issue Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(b) our Listing is aborted, investors will not receive any of our Issue Shares, all monies paid in respect of all applications for our Issue Shares will be refunded free of interest within 14 days.

(iii) Where subsequent to the issuance and allotment of our IPO Shares:

(a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our Issue Shares shall be redeemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(b) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules to the extent that our Issue Shares form part of our share capital. Such cancellation can be implemented by either:

(aa) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

(bb) the sanction or our shareholders by special resolution in a general meeting supported by a solvency statement from the directors.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.1 Our Group's Related Party Transactions

Save as disclosed below, our Group has not entered into nor proposes to enter into any material related party transactions for the Financial Years / Period Under Review, and for the subsequent financial period up to the LPD:

No.	Transacting Parties	Nature of relationship	Nature of transaction	Arm's Length (Yes/No)	Transaction value				
					FYE 2021 (RM'000)/%	FYE 2022 (RM'000)/%	FYE 2023 (RM'000)/%	FPE 2024 (RM'000)/%	Up to LPD (RM'000)/%
1.	VTCM and VPSB	Tee Chee Chiang and Chan Wai Hoong are Directors of the Company. They are also directors of VPSB. Tee Chee Chiang is a major shareholder of the Company and VPSB while Chan Wai Hoong is a shareholder of the Company and VPSB.	Advances by VTCM to VPSB for VPSB's administrative expenses.	No(1)	17 / 0.90%(a)	18/ 1.01% (a)	19/ 1.51% (a)	-	-
2.	VTCM and Petbacker Sdn Bhd	Tee Chee Chiang is a Director and major shareholder of the Company. He is also a Director and major shareholder of Petbacker Sdn Bhd.	Advances by VTCM to Petbacker Sdn Bhd for Petbacker Sdn Bhd's administrative expenses.	No(1)	*	2 / 0.11% (a)	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting Parties	Nature of relationship	Nature of transaction	Arm's Length (Yes/No)	Transaction value FYE 2021 (RM'000)/%	FYE 2022 (RM'000)/%	FYE 2023 (RM'000)/%	FPE 2024 (RM'000)/%	Up to LPD (RM'000)/%
3.	VTCM and Petbacker Sdn Bhd	Tee Chee Chiang is a Director and major shareholder of the Company. He is also a Director and major shareholder of Petbacker Sdn Bhd.	Rental paid by Petbacker Sdn Bhd to VTCM[(2)].	No[(2)]	- [(3)]	- [(3)]	- [(3)]	17/ 9.18% [(b)(4)]	10/ 14.41%[(b)(4)]
4.	VTCM and Tee Chee Chiang	Tee Chee Chiang is a Director and major shareholder of the Company.	Payment by Tee Chee Chiang on behalf of VTCM for its administrative expenses.	No[(1)]	-	19/ 1.07% [(a)]	11/ 0.87% [(a)]	-	-
5.	VTCS and Petbacker Pte Ltd	Tee Chee Chiang is a Director and major shareholder of the Company. He is also a Director and major shareholder of Petbacker Pte Ltd.	Provision of outsourcing services of software maintenance / IT support services from VTCS to Petbacker Pte Ltd[(5)].	No[(5)]	145/ 0.72%[(c)]	149/ 0.71%[(c)]	-	-	-
6.	VTCS and Petbacker Limited	Tee Chee Chiang is a Director and major shareholder of the Company. He is also a Director and major	Provision of outsourcing services of software maintenance / marketing	No[(5)]	46/ 0.23% [(c)]	47/ 0.23% [(c)]	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting Parties	Nature of relationship	Nature of transaction	Arm's Length (Yes/No)	Transaction value FYE 2021 (RM'000)/%	FYE 2022 (RM'000)/%	FYE 2023 (RM'000)/%	FPE 2024 (RM'000)/%	Up to LPD (RM'000)/%
		shareholder of Petbacker Limited.	services from VTCS to Petbacker Limited(5).						

***Notes**:*

* *Negligible*

(a) Based on our Group's administrative expenses for each of the respective FYE.

(b) Based on our Group's other income for the respective FPE and 1 April 2024 up to LPD.

(c) Based on our Group's audited revenue for each of the respective FYE.

(1) The advances provided were non-trade related, unsecured and interest free. As the advances were given interest free, they were not given on arm's length basis. As at the LPD, all the advances have been fully repaid and there are no outstanding balances with the related parties.

(2) The property owned by VTCM which is B2-1007 and B2-1009 Setia Jaya Property is partially occupied by Petbacker Sdn Bhd.

(3) FYE 2021 to FYE 2023

Petbacker Sdn Bhd had occupied B2-1007 and B2-1009 Setia Jaya Property partially but had not been charged any rental amount by VTCM. As there had been no rental paid, the transaction was not carried out on arms' length basis. VTCM has since entered into a tenancy agreement with Petbacker Sdn Bhd to collect rental on the B2-1007 and B2-1009 Setia Jaya Property.

(4) FPE 2024 and up to LPD

VTCM had entered into a tenancy agreement dated 1 September 2023 with Petbacker Sdn Bhd for the rental of B2-1007 and B2-1009 Setia Jaya Property at a monthly rental rate of RM2,400 for 3 years commencing from 1 September 2023 to 31 August 2026, with an option to renew the tenancy subject to a written notice of such intention given by Petbacker Sdn Bhd to VTCM, 2 months prior to the expiry of the term of the tenancy. Either party may terminate the tenancy agreement with prior written notice of a minimum of 6 months to the other party or by paying an amount equivalent to 6 months' rent. The rental rate had been agreed based on the prevailing market rate, which was arrived at after comparing the rental rates of similar units within the commercial building. The transaction has been carried out on an arm's length basis and on normal commercial terms which are not unfavourable to the Group and are not detrimental to the minority shareholders.

10. RELATED PARTY TRANSACTIONS (CONT'D)

(5) VTCS had been engaged by Petbacker Pte Ltd and Petbacker Limited to provide outsourcing services of software maintenance and marketing services. As the services included highly customisable services of software configuration and development services, the transaction was not carried out on arms' length basis and was based on commercial terms negotiated between the parties, which were not unfavourable to the Group.

Save for the related party transaction disclosed in note 4, all the related party transactions outlined above between our Group and our Directors and/or major shareholders of our Company and/or persons connected to them were not transacted on an arm's length basis and not on normal commercial terms. However, they were not unfavourable to our Group and were not detrimental to our minority shareholders.

10.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Group has not entered into any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, with a related party in the Financial Years Under Review and up to the LPD.

10.3 OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE TO OR FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) and/or financial assistance that have been granted by our Company and/or any of our Subsidiaries to or for the benefit of the related parties for the Financial Years / Period Under Review and up to the LPD.

No.	Transacting parties	Nature of relationship	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	From 1 April 2024 up to the LPD RM'000
Amount due from related parties (1)							
1.	VTCM and Vetece Sdn Bhd	Our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman, namely Tee Chee Chiang, is a director and shareholder of Vetece Sdn Bhd.	30	48	-	-	-
2.	VTCM and Petbacker Sdn Bhd	Our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman, namely Tee Chee Chiang, is a director and shareholder of Petbacker Sdn Bhd.	35	37	-	-	-
3.	VTCM and Petbacker Limited	Our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman, namely Tee Chee Chiang, is a director and shareholder of Petbacker Limited	2	2	-	-	-
4.	VTCM and Petbacker Pte Ltd	Our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman, namely Tee Chee Chiang, is a director and shareholder of Petbacker Pte Ltd	200	200	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Transacting parties	Nature of relationship	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	From 1 April 2024 up to the LPD RM'000
Amount due to Directors (2)							
5.	VTCM and Tee Chee Chiang	Tee Chee Chiang is our Promoter, Substantial Shareholder and Non-Independent Executive Vice Chairman	17	30	-	-	-

***Notes**:*

(1) This amount comprises expenses paid by our Group on behalf of the related parties.

(2) This amount comprises expenses paid by our Directors on behalf of our Group.

The advances provided were non-trade related, unsecured and interest free. As the advances were given interest free, they were not given on arm's length basis. However, our Directors are of the view that the advances provided to related parties are not detrimental to our Group. As at the LPD, all the advances have been repaid and there are no outstanding balances with the related parties.

Moving forward, our Group has put in place strict internal control and compliance procedures in relation to advances and loans to third parties, and no further advances or loans will be given to any related parties of our Group unless such advances and loans are permitted under applicable law and the Listing Requirements and brought to the Audit and Risk Management Committee and our Board for deliberation and approval.

10.4 PROVISION OF GUARANTEES BY OUR PROMOTERS FOR BANKING FACILITIES GRANTED TO OUR GROUP

Our Directors and/or Promoters, namely, Tee Chee Chiang and Chan Wai Hoong, have jointly and severally provided personal guarantees for the banking facilities extended by Public Bank Berhad to our Group. The breakdown of the facilities secured by our Group and the personal guarantees provided by our Directors and/or Promoters as at the LPD is set out below:

Financier	Guarantors	Amount utilised RM'000	Unutilised balance RM'000	Total amount of guarantee provided RM'000
Public Bank Berhad	• Tee Chee Chiang • Chan Wai Hoong	4,004	-	4,004
	Total	**4,004**	**-**	**4,004**

In conjunction with the Listing, we have applied to Public Bank Berhad to obtain a release and/or discharge of the guarantees provided by Tee Chee Chiang and/or Chan Wai Hoong by substituting the same with corporate guarantees to be provided by our Company.

Until such release and/or discharge are obtained from Public Bank Berhad, the Directors and Promoters will continue to guarantee such banking facilities extended to our Group.

As at the date of this Prospectus, we have received conditional approvals from Public Bank Berhad to discharge the relevant personal guarantees by substituting the same with corporate guarantees from our Company.

10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Our Audit and Risk Management Committee will review the terms of all related party transactions (including recurrent related party transactions), and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the direct or indirect interest of our Directors, our interested Directors shall disclose to our Board the nature and extent of their interest including all matters in relation to the proposed related party transactions that they are aware or should reasonably be aware of, which is not in our best interest. Our interested Directors shall also abstain from any of our Board's deliberation and voting on the relevant resolutions in respect of such proposed related party transactions.

Further, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions. The interested persons shall abstain from voting on the relevant resolutions in respect of such proposed related party transactions at our general meetings. Under the Listing Requirements, related party transactions may be aggregated to determine their materiality if the related party transactions occurred within a 12-month period, are entered with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one particular corporation/asset or of various parcels of land contiguous to each other.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS OF OUR GROUP, OUR CLIENT AND/OR SUPPLIER

As at the LPD, none of our Directors and/or Substantial Shareholder have any interest, whether direct or indirect, in other businesses or corporations which are carrying on a similar trade to that of our Group or which are the clients and/or suppliers of our Group.

For information purposes, our Non-Independent Executive Vice Chairman and Substantial Shareholder, namely Tee Chee Chiang is also a director and shareholder of Petbacker Pte Ltd and Petbacker Limited, who were our clients for FYE 2021 and FYE 2022. The principal activity of both Petbacker Pte Ltd and Petbacker Limited is pet care services.

The involvement of our Non-Independent Executive Vice Chairman mentioned above will not affect his commitment and responsibilities to our Group in view of the following:

(a) Tee Chee Chiang is not actively involved in the day-to-day running of the businesses of Petbacker Pte Ltd and Petbacker Limited;

(b) Petbacker Pte Ltd's and Petbacker Limited's businesses are not competing with our Group as we do not provide pet care services to our clients as at the LPD;

(c) the transactions between our Group and Petbacker Pte Ltd and Petbacker Limited has ceased since FYE 2023; and

(d) our Group is not dependent on Petbacker Pte Ltd and Petbacker Limited for revenue, nor are we dependent on Petbacker Pte Ltd and Petbacker Limited for supplies.

Please refer to Section 10.1.1 of this Prospectus for more details.

In order to mitigate any possible conflict of interest situation, our Directors will declare to the Audit and Risk Management Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group.

The Audit and Risk Management Committee will first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, the Audit and Risk Management Committee will then:

(a) immediately inform our Board of the conflict of interest situation;

(b) make recommendations to our Board to direct the conflicted Director to:

    (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an executive director); and

    (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of the Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairperson of our Board, be present at our Board meetings for the purpose of answering any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with the Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, the Audit and Risk Management Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by Kenanga IB

Kenanga IB confirms that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our IPO.

11.2.2 Declaration by Wong Beh & Toh

Wong Beh & Toh confirms that there is no existing or potential conflict of interest in its capacity as the Solicitors for our IPO.

11.2.3 Declaration by Baker Tilly Monteiro Heng PLT

Baker Tilly Monteiro Heng PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our IPO.

11.2.4 Declaration by Protégé Associates Sdn Bhd

Protégé Associates Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the IMR for our IPO.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated in Malaysia on 22 November 2023 under the Act as a private limited company under the name of VETECE Holdings Sdn Bhd and was subsequently converted to a public limited company and assumed its present name on 8 December 2023 to facilitate our Listing.

We have completed the Acquisitions on 21 June 2024. As such, the historical combined financial statements for the Financial Years / Periods Under Review were prepared as if our group structure had been in existence throughout the Financial Years / Periods Under Review. All intra-group transactions and balances have been eliminated on combination.

As such, the financial statements of our Group comprise:

(i) the combined statements of financial position as at 31 August 2021, 31 August 2022, 31 August 2023 and 31 March 2024;

(ii) the combined statements of comprehensive income for the Financial Years / Periods Under Review;

(iii) the combined statements of changes in equity for the Financial Years / Periods Under Review; and

(iv) the combined statement of cash flows for the Financial Years / Periods Under Review.

Our audited combined financial statements were prepared in accordance with the MFRS and IFRS.

You should read the historical financial information presented below together with:

(i) Management's Discussion and Analysis of Financial Conditions and Results of Operations as set out in Section 12.2 of this Prospectus; and

(ii) Accountants' Report, together with its accompanying notes as set out in Section 14 of this Prospectus.

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12. FINANCIAL INFORMATION (CONT'D)

12.1.1 Historical combined statements of profit and loss and other comprehensive income

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	20,045	20,842	23,133	11,419	11,265
Cost of sales	(14,170)	(13,796)	(13,394)	(7,007)	(6,530)
GP	**5,875**	**7,046**	**9,739**	**4,412**	**4,735**
Other income	267	395	395	191	183
Administrative expenses	(1,878)	(1,774)	(1,262)	(692)	(887)
Operating profit	**4,264**	**5,667**	**8,872**	**3,911**	**4,031**
Finance costs	(136)	(138)	(172)	(97)	(103)
PBT	**4,128**	**5,529**	**8,700**	**3,814)**	**3,928**
Income tax expense	(989)	(1,377)	(2,136)	(914)	(944)
PAT	**3,139**	**4,152**	**6,564**	**2,900**	**2,984**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation surplus, net of deferred tax liabilities	582	-	-	-	-
Exchange differences on translation of foreign operations	45	240	396	381	8
Total comprehensive income for the financial year	**3,766**	**4,392**	**6,960**	**3,281**	**2,992**

EBITDA [(1)]	4,426	5,804	9,030	3,963	4,131
GP margin (%) [(2)]	29.31	33.81	42.10	38.64	42.03
PBT margin (%) [(3)]	20.59	26.53	37.61	33.40	34.87
PAT margin (%) [(3)]	15.66	19.92	28.38	25.40	26.49
Effective tax rate (%) [(4)]	23.96	24.91	24.55	23.96	24.03
Basic and diluted EPS (sen) [(5)]					
- After the Acquisitions but before IPO (sen) [(6)]	1.07	1.41	2.23	0.99	1.02
- After IPO (sen) [(7)]	0.80	1.06	1.67	0.74	0.76

Notes:

(1) EBITDA are calculated as follows:

	Audited			*Unaudited*	*Audited*
	FYE 2021	*FYE 2022*	*FYE 2023*	*FPE 2023*	*FPE 2024*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
PAT	*3,139*	*4,152*	*6,564*	*2,900*	*2,984*
Less:					
Interest income	*(91)*	*(97)*	*(90)*	*(66)*	*(20)*
Add:					
Finance costs	*136*	*138*	*172*	*97*	*103*
Income tax expense	*989*	*1,377*	*2,136*	*914*	*944*
Depreciation	*253*	*234*	*248*	*118*	*120*
EBITDA	***4,426***	***5,804***	***9,030***	***3,963***	***4,131***

(2) Calculated based on GP divided by revenue.

(3) Calculated based on PBT divided by revenue and PAT divided by revenue.

(4) Calculated based on income tax expense divided by PBT.

(5) The basic EPS is the same as the diluted EPS as there were no outstanding convertible securities for the Financial Years / Periods Under Review.

(6) Calculated based on the PAT for the financial year / periods over our number of Shares in issue of 294,000,000 Shares after the Acquisitions but before our IPO.

(7) Calculated based on the PAT for the financial year / periods over our enlarged number of Shares in issue of 392,000,000 Shares after our IPO.

12.1.2 Historical combined statements of financial position

	Audited			
	As at 31 August			As at 31 March
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,323	7,546	7,418	7,319
Total non-current assets	**7,323**	**7,546**	**7,418**	**7,319**
Current assets				
Trade receivables (1)	3,351	3,410	8,086	629
Other receivables	364	431	291	1,079
Contract assets	1,657	716	3,680	3,498
Fixed deposits placed with licensed banks	5,605	5,700	1,343	1,365
Cash and bank balances	11,639	12,741	4,026	11,899
Total current assets	**22,616**	**22,998**	**17,426**	**18,470**
TOTAL ASSETS	**29,939**	**30,544**	**24,844**	**25,789**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Invested equity	2,077	2,077	2,077	2,077
Other reserves (2)	1,189	1,429	1,825	1,833
Retained profits	18,241	5,952	12,516	15,500
Total equity	**21,507**	**9,458**	**16,418**	**19,410**
Non-current liabilities				
Loans and borrowings	4,235	4,107	4,009	3,947
Other payables	1,083	-	-	-
Deferred tax liabilities	287	351	385	385
Total non-current liabilities	**5,605**	**4,458**	**4,394**	**4,332**
Current liabilities				
Loans and borrowings	126	129	115	110
Trade payables (3)	788	157	1,760	-
Other payables	1,848	15,981(4)	1,496	1,157
Current tax liabilities	65	361	661	780
Total current liabilities	**2,827**	**16,628**	**4,032**	**2,047**
TOTAL LIABILITIES	**8,432**	**21,086**	**8,426**	**6,379**
TOTAL EQUITY AND LIABILITIES	**29,939**	**30,544**	**24,844**	**25,789**

12. FINANCIAL INFORMATION (CONT'D)

Notes:

(1) *Trade receivables decreased from RM8.09 million in FYE 2023 to RM0.63 million in FPE 2024, primarily due to the amounts owed by a client in the telecommunications industry, amounting to RM5.36 million as at FYE 2023, whereby RM5.32 million was subsequently collected in FPE 2024.*

(2) *Other reserves comprise of the following:*

	Audited			
	As at 31 August			As at 31 March
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Exchange reserve	*271*	*511*	*907*	*915*
Revaluation reserve	*918*	*918*	*918*	*918*
Total	***1,189***	***1,429***	***1,825***	***1,833***

(3) *Trade payables decreased from RM1.76 million in FYE 2023 to nil in FPE 2024 was primarily due to all of our trade payables being paid in FPE 2024.*

(4) *Other payables as at 31 August 2022 comprise mainly of dividends payable amounting to RM14.24 million which was paid in the FYE 2023.*

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12. FINANCIAL INFORMATION (CONT'D)

12.1.3 Historical combined statements of cash flows

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
PBT	4,128	5,529	8,700	3,814	3,928
Adjustments for:					
Depreciation of property, plant and equipment	253	234	248	118	120
Loss on disposal of property, plant and equipment	38	-	-	-	-
Interest income	(91)	(97)	(90)	(66)	(20)
Interest expense	136	138	172	97	103
Unrealised loss/(gain) on foreign exchange	84	83	(101)	-	-
Operating profit before changes in working capital	**4,548**	**5,887**	**8,929**	**3,963**	**4,131**
Changes in working capital:					
Receivables	(1,429)	(187)	(4,789)	1,466	6,669
Contract assets	65	941	(2,964)	(2,743)	182
Payables	1,056	(1,529)	1,643	(955)	(2,099)
	4,240	5,112	2,819	1,731	8,883
Tax paid, net	(835)	(1,017)	(1,802)	(558)	(825)
Interest received	91	97	90	66	20
Net cash from operating activities	**3,496**	**4,192**	**1,107**	**1,239**	**8,078**
Cash flows from investing activities					
Purchase of property, plant and equipment	(134)	(457)	(120)	(94)	(21)
Sale proceeds from disposal of property, plant and equipment	78	-	-	-	-
Net cash used in investing activities	**(56)**	**(457)**	**(120)**	**(94)**	**(21)**
Cash flows from financing activities					
Fixed deposits pledged as security values	(90)	(95)	(31)	-	(22)
Dividends paid	(1,458)	(2,200)	(14,241)	(14,241)	-
Interest paid	(136)	(138)	(172)	(97)	(103)
Repayments of term loans	(107)	(125)	(112)	(65)	(67)
Drawdown of terms loans	93	-	-	-	-
Advances (to)/by related parties	(23)	(22)	354	-	-

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Advances from/(Repayment to) a director	156	(293)	(284)	-	-
Net cash used in financing activities	**(1,565)**	**(2,873)**	**(14,486)**	**(14,403)**	**(192)**
Net increase/(decrease) in cash and cash equivalents	**1,875**	**862**	**(13,499)**	**(13,258)**	**7,865**
Cash and cash equivalents at the beginning of the financial year	**13,837**	**15,951**	**17,129**	**17,129**	**4,026**
Effects of exchange rate charges on cash and cash equivalents	239	316	396	381	8
Cash and cash equivalents at the end of the financial year(1)	**15,951**	**17,129**	**4,026**	**4,252**	**11,899**

Note:

(1) Cash and cash equivalents comprise the following:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	11,639	12,741	4,026	4,252	11,899
Fixed deposits placed with a licensed bank	5,605	5,700	1,343	1,321	1,365
	17,244	18,441	5,369	5,573	13,264
Less: Fixed deposits pledged as security values	(1,293)	(1,312)	(1,343)	(1,321)	(1,365)
Total	**15,951**	**17,129**	**4,026**	**4,252**	**11,899**

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12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following management's discussion and analysis should be read together with the Accountant's Report included in Section 14 of this Prospectus.

The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

12.2.1 Overview of our operations

(i) Principal activities

(a) Implementation services

We provide implementation of enterprise IT solutions using our technology partners' software. We have a portfolio of enterprise IT solutions as outlined in Section 7.3 of this Prospectus to support our clients' business operations. Our enterprise IT solutions enable adoption of new business models, automate repetitive processes and reduce reliance on manual intervention. Additionally, it also enables major IT system upgrade which requires re-implementation, as well as continuous improvement and enhancement of our client's IT infrastructure.

The tenure for our implementation contracts ranges between 3 months and 2 years, depending on the scope of work that we are engaged to perform. The fee for our implementation contract is generally a fixed fee, taking into account the costs for implementing the types of software and modules including the costs of procuring relevant hardware and/or software and the professional fees involved. Our fee is payable either in one lump sum for the sales of hardware and/or software after delivery, or by stages of completion of progress milestone set out in the contract.

For certain service contracts entered into with our clients, we are required to provide a performance guarantee in the form of a bank guarantee or contract deposit as a security sum to ensure our due performance during the contract period.

(b) Maintenance, support and professional services

Following the completion of implementation of enterprise IT solutions, our clients may engage us to provide maintenance and support services, either under the same implementation services engagement or a separate engagement specifically for maintenance and support services. We also provide maintenance and support services to companies who do not engage us for implementation of enterprise IT solutions.

The tenure of such maintenance and support contracts range between 6 months and 5 years, whereby the contracts stipulate details such as scope of work, types of support, number of IT professionals needed, support timeframe and fees schedule calculated by man-day rates.

We are also involved in the provision of professional services, where we supply IT professionals to our clients for their internally-managed IT projects and/ or to meet their IT operational needs, on fixed contractual periods. Our clients may require IT professionals with the relevant expertise for their internally-managed IT projects such as enterprise application integration and SSO management solutions and enterprise data engineering and analytic solution, enterprise CRM solution, enterprise software testing and enterprise infrastructure on-premises and cloud solution, on a short-term project basis.

The tenure of such professional services contracts range between 3 months and 1 year, whereby the contracts stipulate details such as scope of work, the number and type of IT professionals needed, period of engagement and price schedule of the IT professionals calculated by man-day rates. For certain service contracts entered with our clients, we are required to provide performance guarantees in the form of bank guarantees or contract deposits as a security sum to ensure our due performances.

(c) Resale of hardware and software

We are involved in the resale of hardware and software as part of our implementation, maintenance and support services. Our hardware and software resale services involves buying and selling of computer equipment, devices and software licenses, as well as subscription from our technology partners and vendors such as, amongst others, Oracle and WSO2 to our clients. Upon obtaining the order from our clients, we will place an order for the necessary hardware and software to be delivered directly to our clients.

Please refer to Section 7 of this Prospectus for our Group's detailed business overview.

(ii) Revenue

Our Group recognises revenue that depicts the transfer of promised goods or services to clients in an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

Our revenue stream can be segregated into three segments, namely implementation services, maintenance, support and professional services and resale of hardware and software.

Implementation services

We are appointed by our clients in implementing the enterprise IT solutions selected for their business operations.

The service fee for our implementation services contract takes into account our clients' requirements, scope of work, costs for carrying out the contract with reference to the costs of procuring the relevant hardware and/or software and whether any third-party technical support or maintenance services are engaged.

Under the terms of the contracts, control is transferred over time as our Group creates or enhances an asset that the client controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, such as activation of software licences, professional services rendered, warranty and support and training provided. Our Group becomes entitled to invoice clients based on achieving a series of performance-related milestones.

Maintenance, support and professional services

Our maintenance and support services to our clients are on a contract basis, to ensure that their systems remain operational and responsive to changing user requirements, upgrades and on-going enhancements as required by our clients. The payment milestones for our maintenance and support services are typically based on the manpower days.

Our professional services are on a contract basis and the charges vary for each client, depending on the type of services required, as well as the type of IT solution implemented, together with its customisations. Similarly, the payment milestones for our professional services are typically based on the manpower days.

Resale of hardware and software

Our Group's hardware and software resale services involve buying and selling computer equipment, devices and software licenses, as well as software subscription from our technology partners and vendors. Revenue from the sale of hardware and software is recognised upon clients' acceptance.

In some instance where a contract includes multiple performance obligations such as selling of hardware and software together with implementation services or maintenance and support services, our Group allocate the revenue to the respective business segments. This is because the profit margins for implementation services, maintenance and support services as well as hardware and software can vary significantly.

(iii) Cost of sales

Our cost of sales comprises 2 major components, i.e. staff costs and project-related costs, which consists of licences and software costs, hardware costs, third party contractor costs and other costs.

Our cost of sales amounted to RM14.17 million, RM13.80 million, RM13.39 million RM7.01 million and RM6.53 million representing approximately 70.69%, 66.19%, 57.90%, 61.36% and 57.97% of our total revenue for FYE 2021, FYE 2022, FYE 2023, FPE 2023 and FPE 2024, respectively.

(a) Staff costs

Staff cost accounted for approximately 77.12%, 57.78%, 73.91%, 78.31% and 88.65% of our cost of sales for FYE 2021, FYE 2022, FYE 2023, FPE 2023 and FPE 2024, respectively.

Staff costs are mainly related to the remuneration for employees and director who are involved in the provision of implementation services and maintenance, support and professional services that are relatively fixed in nature, which includes, amongst others, salaries, allowances, bonuses, and employer contribution for Employees Provident Fund (EPF), Social Security Organisation ("**SOCSO**") and Employment Insurance System (EIS).

(b) Project-related costs

Project-related cost accounted for approximately 22.88%, 42.22%, 26.09%, 21.69% and 11.35% of our cost of sales for FYE 2021, FYE 2022, FYE 2023, FPE 2023 and FPE 2024, respectively.

Project-related costs are mainly costs required and stated in the contracts, comprising the purchase of hardware and software, third party contractors costs, as well as other cost.

- Hardware and software costs

  Hardware and software cost accounted for approximately 19.67%, 39.45%, 20.68%, 15.07% and 6.22% of our cost of sales for FYE 2021, FYE 2022, FYE 2023, FPE 2023 and FPE 2024, respectively.

Our hardware and software cost consists of purchases of software licences and hardware for the purposes of reselling them to our clients. We purchase software licences from software vendors and resell them to our clients based on number of software licences, as and when required based on projects awarded, with a percentage mark-up.

After the purchases of software licences are made upon request based on projects awarded or from our existing clients for licence renewal, these software licences are subsequently resold to our clients. Therefore, we do not hold any software licences as inventories. Our clients have the option to purchase the software licences from us or directly from software vendors. In view of this, not all of our projects will require the need to purchase software licences prior to the implementation stage for the software.

The cost of software licences is usually incurred before commencement of the implementation projects. The revenue from the resale of software licences which was purchased pertaining to the implementation or support and maintenance projects is recognised based on actual work done and cost incurred. The billings to the clients, however, are done after meeting the project milestone, as the billings for resale of these licences is bundled together with the revenue from implementation or support and maintenance projects. As such, contract assets will be recognised in the statement of financial position on the revenue recognised until the billings are issued. Then, the contract assets will be reclassified as trade receivables.

- Third-party contractors costs

  Third-party contractors cost accounted for approximately 3.16%, 2.35%, 5.01%, 5.88% and 4.75% of our cost of sales for FYE 2021, FYE 2022, FYE 2023, FPE 2023 and FPE 2024, respectively.

  Our clients may require specialised expertise on an immediate basis and after taking into account their cost and operational efficiencies, we may outsource some specialised implementation works which we may not have the expertise to carry out, to other third-party enterprise IT solution providers.

- Other costs

  Other costs accounted for approximately 0.05%, 0.42%, 0.40%, 0.74% and 0.38% of our cost of sales for FYE 2021, FYE 2022, FYE 2023, FPE 2023 and FPE 2024, respectively.

  Other costs consist of membership fees (mainly for Oracle) and other miscellaneous costs.

(iv) Other income

Other income comprises mainly realised and unrealised gain on foreign exchange, interest income, rental income and miscellaneous income.

Our other income amounted to approximately RM0.27 million, RM0.39 million, RM0.39 million, RM0.19 million and RM0.18 million representing 1.33%, 1.89%, 1.71%, 1.67% and 1.62% of our revenue for FYE 2021, FYE 2022 and FYE 2023, FPE 2023 and FPE 2024,respectively.

(v) Administrative expenses

Administrative expenses comprise mainly director remuneration, staff cost, travelling expenses, depreciation, software expenses, service charges and sinking fund, professional fee, foreign exchange loss and upkeep of office.

Our administrative expenses amounted to approximately RM1.88 million, RM1.77 million, RM1.26 million, RM0.69 million and RM0.89 million representing 9.37%, 8.51%, 5.46%, 6.06% and 7.87% of our revenue for FYE 2021, FYE 2022 and FYE 2023, FPE 2023 and FPE 2024, respectively.

(vi) Finance costs

Finance costs arose from the utilisation of our term loans.

Our finance costs amounted to approximately RM0.14 million, RM0.14 million, RM0.17 million, RM0.10 million and RM0.10 million representing 0.68%, 0.66%, 0.74%, 0.85% and 0.91% of our revenue for FYE 2021, FYE 2022 and FYE 2023, FPE 2023 and FPE 2024, respectively.

(vii) Accounting policies and estimates

There were no changes to our accounting policies and estimates during the Financial Years / Period Under Review.

There were no accounting policies which are peculiar to our operations during the Financial Years / Period Under Review.

(viii) Significant events subsequent to FPE 2024

Save for the Acquisitions, there were no other significant events which may have a material effect on the financial position and results of operations subsequent to our Group's audited combined financial statements for the FPE 2024.

(ix) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Years / Period Under Review. In addition, our audited combined financial statements for the Financial Years / Period Under Review were not subject to any audit qualifications.

(x) Risk relating to our business and operations

There are a number of risk factors relating to our business and industry in which we operate. Some of these risk factors have an impact on our Group's financial condition and result of operations. Please refer to Section 9 of this Prospectus for the full list of risk factors related to our business and industry.

(a) Our growth and profitability are dependent on our ability to secure new and renewal of contracts

Due to the nature of our business operations, our future profitability and financial performance depend on our ability to consistently secure contracts for the provision of enterprise IT services particularly from existing and new clients. Please refer to Section 9.1.1 of this Prospectus for further information.

(b) We are dependent on Telekom Malaysia Berhad Group as our major client

We are dependent on Telekom Malaysia Berhad Group, the national connectivity and digital technology provider, providing a wide range of communication services and solutions in enterprise digitalisation, fixed (telephone and broadband), mobility content, Wi-Fi, ICT, cloud, data centre, cyber security, Internet of Things (IoT) and smart devices. We have been providing implementation, maintenance, support and professional services to Telekom Malaysia Berhad Group since 2007, accounting for 15.74%, 22.81%, 45.60% and 53.54% of our total revenue for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. Please refer to Section 9.1.2 of this Prospectus for further information.

(c) Our enterprise IT solution projects are exposed to unexpected delays or interruption that is beyond our control

Our business operations are subject to unexpected delays or interruptions caused by factors beyond our control. Please refer to Section 9.1.3 of this Prospectus for further information.

(d) We are dependent on our Non-Independent Executive Vice Chairman, Non-Independent Executive Director and our Key Senior Management for continued success and growth of our business

The growth and future success of our Group is dependent on the continuous contribution from our Non-Independent Executive Vice Chairman, Tee Chee Chiang, our Non-Independent Executive Director/CEO, Chan Wai Hoong and our Key Senior Management for the continuous success and growth of our business. Please refer to Section 9.1.4 of this Prospectus for further information.

(e) We are dependent on our skilled IT employees to support our operations

The implementation of the respective IT solutions as well as our maintenance, support and professional services requires the expertise of our IT solution delivery employees. For the Financial Years / Period Under Review, our IT solution employees comprise 90.20%, 90.32%, 91.89% and 91.09% of our total workforce, respectively. Please refer to Section 9.1.5 of this Prospectus for further information.

(f) We are reliant on the enterprise IT solutions from our technology partners and vendors for the implementation, maintenance, support and professional services as well as for the resale of hardware and software

As an enterprise IT solutions provider, our services encompass the provision of implementation, maintenance, support and professional services as well as the resale of hardware and software of IT solutions. As we do not develop our own IT solutions, we source our IT solutions from 7 technology partners and/or vendors. Please refer to Section 9.1.6 of this Prospectus for further information.

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12.2.2 Review of our results of operations

(i) Revenue

Our revenue by business segment, industry segments and geographical location for the Financial Years / Periods Under Review is as follows:

(a) Revenue by business segments

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Implementation services	5,390	26.89	6,514	31.25	10,328	44.65	4,744	41.54	5,778	51.29
Maintenance, support and professional services	11,583	57.78	8,640	41.46	9,862	42.63	5,531	48.44	5,052	44.85
Resale of hardware and software	3,072	15.33	5,688	27.29	2,943	12.72	1,144	10.02	435	3.86
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**	**11,419**	**100.00**	**11,265**	**100.00**

(b) Revenue by industry segments

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Telecommunications	6,636	33.10	6,293	30.20	10,854	46.92	5,220	45.71	6,445	57.21
Financial services	6,690	33.38	10,436	50.07	5,468	23.64	3,006	26.32	3,294	29.24
Technology	3,865	19.28	2,745	13.17	4,326	18.70	1,284	11.25	557	4.95
Others(1)	2,854	14.24	1,367	6.56	2,485	10.74	1,909	16.72	969	8.60
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**	**11,419**	**100.00**	**11,265**	**100.00**

Note:
(1) Others include higher education, manufacturing, distribution, public sector, utilities and automotive.

(c) Revenue by geographical location

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	15,408	76.87	18,480	88.67	22,300	96.40	11,088	97.10	10,933	97.05
Australia	2,259	11.27	1,338	6.42	304	1.31	35	0.31	-	-
Singapore	163	0.81	187	0.90	204	0.88	122	1.07	122	1.08
Brunei	638	3.18	173	0.83	-	-	-	-	-	-
Thailand	583	2.91	28	0.13	-	-	-	-	-	-
Papua New Guinea	471	2.35	541	2.59	-	-	-	-	-	-
Hong Kong	46	0.23	47	0.23	300	1.30	150	1.31	210	1.87
Others(1)	477	2.38	48	0.23	25	0.11	24	0.21	-	-
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**	**11,419**	**100.00**	**11,265**	**100.00**

Note:

(1) Others include Vietnam, Fiji, India, New Zealand, Japan and South Korea.

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Comparison between FYE 2021 and FYE 2022

Our revenue increased by approximately RM0.79 million or 3.94% from RM20.05 million in FYE 2021 to RM20.84 million in FYE 2022 due to an increase in revenue from implementation services segment and resale of hardware and software segment which is partially offset by the decrease in revenue for the maintenance, support and professional services segment.

Our revenue from maintenance, support and professional services segment was the main revenue contributor which has contributed approximately RM8.64 million or 41.46% of our revenue for FYE 2022 and approximately RM11.58 million or 57.78% of our revenue for FYE 2021.

In terms of industry segments, financial services industry was the largest revenue contributor, which accounted for approximately RM10.44 million or 50.07% of our revenue in FYE 2022 and RM6.69 million or 33.38% of our revenue in FYE 2021.

The Malaysia market was our primary revenue contributor, which accounted for approximately RM18.48 million or 88.67% of our revenue for FYE 2022 and RM15.41 million or 76.87% of our revenue in FYE 2021. For the FYE 2021, Australia, Brunei and Thailand were our major revenue contributors from the overseas market, which recorded revenue of approximately RM2.26 million, RM0.64 million and RM0.58 million, respectively. For FYE 2022, Australia, Papua New Guinea and Singapore were our major revenue contributors from the overseas market, which recorded revenue of approximately RM1.34 million, RM0.54 million and RM0.19 million, respectively.

Revenue by business segment: Implementation services

Our revenue from the implementation services segment increased by approximately RM1.12 million or 20.78% from RM5.39 million for FYE 2021 to RM6.51 million for FYE 2022, which was mainly due to the following:

(a) increase in revenue from the following existing projects:

   (i) there was an increase in revenue for the deployment of WSO2 enterprise application integration and SSO management solutions from one of our clients in the telecommunications industry by approximately RM1.32 million or 67.69% from RM1.95 million in FYE 2021 to RM3.27 million in FYE 2022. The project commenced in FYE 2021 and more milestones were achieved during the FYE 2022 which translated to higher billings in FYE 2022; and

   (ii) there was an increase in revenue for additional works incurred for enterprise data engineering and analytics solutions from one of our clients from the financial services industry by RM0.46 million or 270.59% from RM0.17 million in FYE 2021 to RM0.63 million in FYE 2022.

(b) revenue contribution of approximately RM0.89 million from a new project secured from one of our clients from the technology industry which commenced in FYE 2022, for the implementation of enterprise data engineering and analytics solutions.

The above increase in revenue for the implementation services segment was partially offset by the following:

(a) the decrease in revenue from one of our clients from the technology industry by RM0.98 million or 96.08% from RM1.02 million in FYE 2021 to RM0.04 million in FYE 2022, mainly due to the completion of two projects (i.e. for enterprise software testing solution and enterprise infrastructure on-premises solution);

(b) completion of three projects in FYE 2021 from the following clients:

(i) two of our clients from the financial services industry which contributed approximately RM0.15 million and RM0.11 million in relation to enterprise data engineering and analytics as well as CRM solutions for the FYE 2021; and

(ii) one of our clients from the utility industry which contributed approximately RM0.16 million in relation to software testing solutions for the FYE 2021.

As the projects were completed in FYE 2021, there was no revenue recognised for these projects in FYE 2022.

Revenue by business segment: Maintenance, support and professional services

Our revenue from the maintenance, support and professional services segment decreased by approximately RM2.94 million or 25.39% from RM11.58 million for FYE 2021 to RM8.64 million for FYE 2022, which was mainly due to the following:

(a) projects that are nearing to completion from the following clients:

(i) the decrease in revenue from one of our clients from the telecommunications industry by RM0.92 million or 40.71% from RM2.26 million in FYE 2021 to RM1.34 million in FYE 2022, due to less work done as the enterprise data engineering and analytic project was nearing completion.

(ii) the decrease in revenue from one of our clients from the technology industry by RM0.36 million or 94.74% from RM0.38 million in FYE 2021 to RM0.02 million in FYE 2022 arising from the cessation of enterprise CRM software solution that was used to support the end client as we were informed by the end client that they were considering a different solution and did not require any maintenance and support from us;

(b) completion of two projects in FYE 2022 from following clients:

(i) one of our clients from the telecommunications industry in relation to our professional services engaged to support the enterprise CRM software solution for the end client as the project has ceased. Revenue contribution from this client decreased by approximately RM0.47 million or 73.44% from RM0.64 million in FYE 2021 and RM0.17 million in FYE 2022.

(ii) one of our clients from the technology industry in relation to our professional services engaged to perform software testing for the end client. Revenue contribution from this client decreased by approximately RM0.61 million or 53.98% from RM1.13 million in FYE 2021 to RM0.52 million in FYE 2022.

(c) the decrease in revenue from one of our clients from the financial services industry by approximately RM0.39 million or 61.76% from RM1.02 million in FYE 2021 to RM0.63 million in FYE 2022, in relation to reduced system enhancement projects for enterprise CRM and enterprise data engineering and analytic solution from the said client based on their reduced needs and requirements for FYE 2022.

Revenue by business segment: Resale of hardware and software

Our revenue from the resale of hardware and software segment increased by approximately RM2.62 million or 85.34% from RM3.07 million in FYE 2021 to RM5.69 million in FYE 2022, mainly due to the following:

(a) increase in order for WSO2 software licences for enterprise application integration and SSO management solutions from one of our clients in the telecommunications industry by approximately RM0.37 million or 41.11% from RM0.90 million in FYE 2021 to RM1.27 million in FYE 2022; and

(b) new orders of approximately RM0.26 million for hardware products and RM3.75 million for software products in relation to Oracle enterprise infrastructure on-premises solutions from one of our clients in the financial services industry.

Comparison between FYE 2022 and FYE 2023

Our revenue increased by approximately RM2.29 million or 10.99% from RM20.84 million in FYE 2022 to RM23.13 million in FYE 2023 due to the increase in revenue from implementation services segment and maintenance, support and professional services segment which is partially offset by the decrease in revenue from the resale of hardware and software segment.

Our revenue from implementation services segment was the main revenue contributor which has contributed approximately RM10.33 million or 44.65% of our revenue for FYE 2023 and approximately RM6.51 million or 31.25% of our revenue for FYE 2022.

In terms of industry segments, telecommunications industry was the largest revenue contributor, which has recorded approximately RM10.85 million or 46.92% of our revenue in FYE 2023 and RM6.29 million or 30.20% of our revenue in FYE 2022.

The Malaysia market was our primary revenue contributor, which recorded approximately RM22.30 million or 96.40% of our revenue for FYE 2023 and RM18.48 million or 88.67% of our revenue in FYE 2022. For the FYE 2022, Australia, Papua New Guinea and Singapore were our major revenue contributors from the overseas market, which recorded revenue of approximately RM1.34 million, RM0.54 million and RM0.19 million, respectively. For FYE 2023, Hong Kong and Australia were our major revenue contributors from the overseas market, which recorded revenue of approximately RM0.33 million and RM0.30 million, respectively.

Revenue by business segment: Implementation services

Our revenue from the implementation services segment increased by approximately RM3.82 million or 58.68% from RM6.51 million in FYE 2022 to RM10.33 million in FYE 2023, which was mainly due to the following:

(a) increase in revenue from the following existing projects:

(i) there was an increase in revenue for additional works related to design, development and implementation of WSO2 enterprise application integration and SSO management solutions from one of our clients in the telecommunications industry by approximately RM3.40 million or 103.98% from RM3.27 million in FYE 2022 to RM6.67 million in FYE 2023; and

(ii) there was an increase in revenue for additional works in relation to enterprise data engineering and analytics solutions from one of our clients in the technology industry by approximately RM0.66 million or 74.16% from RM0.89 million in FYE 2022 to RM1.55 million in FYE 2023

(b) revenue contribution of approximately RM0.30 million from an enhancement project in relation to enterprise application integration solution secured from one of our clients from the higher education industry.

Revenue by business segment: Maintenance, support and professional services

Our revenue from the maintenance, support and professional services segment increased by approximately RM1.22 million or 14.12% from RM8.64 million in FYE 2022 to RM9.86 million in FYE 2023, which was mainly due to the following:

(a) increase in revenue from the following existing projects:

(i) there was an increase in revenue for maintenance and support services provided for Oracle's and WSO2's enterprise application integration and SSO management solution as well as professional services rendered in relation WSO2 solutions from one of our clients from the telecommunications industry by RM1.87 million or 890.48% from RM0.21 million in FYE 2022 to RM2.08 million in FYE 2023; and

(ii) there was an increase in revenue for professional services rendered for our client's IT support functions from one of our clients from the financial services industry by RM0.76 million or 120.63% from RM0.63 million in FYE 2022 to RM1.39 million in FYE 2023.

(b) new project in relation to professional services for provision of enterprise software testing solutions of approximately RM1.46 million from one of our clients from the technology industry; and

(c) new maintenance and support services in relation to enterprise application integration and SSO management solutions of approximately RM0.24 million from one of our clients from the technology industry.

The above increase in revenue for the maintenance, support and professional services segment was partially offset by the following:

(a) completion of three projects in FYE 2022 from the following clients:

(i) one of our clients from the telecommunications industry which contributed approximately RM0.17 million in relation to professional services rendered for clients' IT support function for the FYE 2022;

(ii) one of our clients from the telecommunications industry which contributed approximately RM0.54 million in relation to support and maintenance services rendered for enterprise CRM software solution that was used to support the end client for the FYE 2022; and

(iii) one of our clients from the technology industry which contributed approximately RM0.52 million in relation to to professional services rendered for enterprise CRM solutions for the FYE 2022.

As the projects were completed in FYE 2022, there was no revenue recognised for these projects in FYE 2023.

(b) existing projects with lesser engagement of professional services from the following clients:

(i) one of our clients from the telecommunications industry by approximately RM1.04 million or 77.61% from RM1.34 million in FYE 2022 to RM0.30 million in FYE 2023, in relation to the client's IT support function; and

(ii) two of our clients from the financial services industry by approximately RM0.94 million or 36.43% from RM2.58 million in FYE 2022 to RM1.64 million in FYE 2023 and by RM0.21 million or 51.22% from RM0.41 million in FYE 2022 to RM0.20 million in FYE 2023, respectively, in relation to enterprise CRM solution and enterprise data engineering and analytic solution.

Revenue by business segment: Resale of hardware and software

Our revenue from the resale of hardware and software segment decreased by approximately RM2.75 million or 48.33% from RM5.69 million in FYE 2022 to RM2.94 million in FYE 2023, mainly due to the completion in orders from one of our clients from the financial services industry which contributed approximately RM4.01 million in relation to Oracle enterprise infrastructure on-premises solution.

As the projects were completed in FYE 2022, there was no revenue recognised for these projects in FYE 2023.

The above decrease in revenue for the hardware and software segment was partially offset by the increase in orders for WSO2 software licences for enterprise application integration and SSO management solutions from one of our clients in the telecommunications industry by approximately RM0.53 million or 41.73% from RM1.27 million in FYE 2022 to RM1.80 million in FYE 2023, as a result of additional purchases for WSO2 software licences for enterprise application integration and SSO management solutions.

Comparison between FPE 2023 and FPE 2024

Our revenue decreased slightly by approximately RM0.15 million or 1.31% from RM11.42 million in FPE 2023 to RM11.27 million in FPE 2024 mainly due to a decrease in revenue from the maintenance, support and professional services segment and resale of hardware and software segment which was partially offset by the increase in revenue from the implementation services segment.

Our revenue from implementation services segment was the main revenue contributor which has contributed approximately RM5.78 million or 51.29% of our revenue for FPE 2024, while maintenance, support and professional services was the main revenue contributor which has contributed approximately RM5.53 million or 48.44% of our revenue for FPE 2023.

In terms of industry segments, telecommunications industry was the largest revenue contributor, which has recorded approximately RM6.45 million or 57.21% of our revenue in FPE 2024 and RM5.22 million or 45.71% of our revenue in FPE 2023.

The Malaysian market was our primary revenue contributor, which recorded approximately RM10.93 million or 97.05% of our revenue for FPE 2024 and RM11.09 million or 97.10% of our revenue in FPE 2023. Singapore was our major revenue contributor from overseas market, which recorded revenue of approximately RM0.12 million for both FPE 2023 and FPE 2024.

Revenue by business segment: Implementation services

Our revenue from the implementation services segment increased by approximately RM1.04 million or 21.94% from RM4.74 million in FPE 2023 to RM5.78 million in FPE 2024, was mainly due to an increase in revenue for the deployment of WSO2 enterprise application integration and SSO management solutions from one of our clients in the telecommunications industry by approximately RM1.86 million or 65.49% from RM2.84 million in FPE 2023 to RM4.70 million in FPE 2024.

The above increase in revenue for the implementation services segment was partially offset by the:

(a) decrease in revenue from one of our clients in the technology industry by approximately RM0.61 million or 61.62% from RM0.99 million in FPE 2023 to RM0.38 million in FPE 2024, arising from the completion of provision of enterprise data engineering and analytics solution to its end-customer; and

(b) decrease in revenue from one of our clients in the higher education industry by approximately RM0.16 million or 84.21% from RM0.19 million in FPE 2023 to RM0.03 million in FPE 2024, arising from the completion of enhancement project in relation to enterprise application integration and SSO management solutions.

Revenue by business segment: Maintenance, support and professional services

Our revenue from the maintenance, support and professional services segment decreased by approximately RM0.48 million or 8.68% from RM5.53 million in FPE 2023 to RM5.05 million in FPE 2024, which was mainly due to the decrease in revenue from one of our clients in the telecommunications industry by approximately RM0.66 million or 33.17% from RM1.99 million in FPE 2023 to RM1.33 million in FPE 2024. The client did not require further maintenance and support for its previous enterprise application integration system after an upgrade to a new system.

The above decrease in revenue for the maintenance, support and professional services segment was partially offset by the increase in revenue from a client in the technology industry by approximately RM0.22 million in FPE 2024, mainly from an increase in scope of maintenance and support services in relation to the enterprise data engineering and analytic solutions.

Revenue by business segment: Resale of hardware and software

Our revenue from the resale of hardware and software segment decreased by approximately RM0.70 million or 61.40% from RM1.14 million in FPE 2023 to RM0.44 million in FPE 2024, mainly due to the completion in orders for enterprise infrastructure on-premise solution for one of our clients from the manufacturing industry which contributed approximately RM0.63 million in FPE 2023. As the orders were fulfilled and completed in FPE 2023, we did not have any resale of hardware and software for this client in FPE 2024.

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12. FINANCIAL INFORMATION (CONT'D)

(ii) Cost of sales

(a) Cost of sales by components

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Project-related costs	3,242	22.88	5,825	42.22	3,494	26.09	1,520	21.69	741	11.35
- Hardware and software	2,787	19.67	5,443	39.45	2,769	20.68	1,056	15.07	406	6.22
- Third party contractors	448	3.16	324	2.35	671	5.01	412	5.88	310	4.75
- Others(1)	7	0.05	58	0.42	54	0.40	52	0.74	25	0.38
Staff costs	10,928	77.12	7,971	57.78	9,900	73.91	5,487	78.31	5,789	88.65
Total	**14,170**	**100.00**	**13,796**	**100.00**	**13,394**	**100.00**	**7,007**	**100.00**	**6,530**	**100.00**

Note:

(1) Others consists of membership fees and tender fees.

(b) Cost of sales by business segments

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Implementation services	4,985	35.18	3,448	24.99	5,573	41.60	3,090	44.10	3,339	51.13
Maintenance, support and professional services	6,398	45.15	4,905	35.56	5,052	37.72	2,860	40.82	2,785	42.65
Resale of hardware and software	2,787	19.67	5,443	39.45	2,769	20.68	1,057	15.08	406	6.22
Total	**14,170**	**100.00**	**13,796**	**100.00**	**13,394**	**100.00**	**7,007**	**100.00**	**6,530**	**100.00**

Comparison between FYE 2021 and FYE 2022

Our cost of sales decreased by approximately RM0.37 million or 2.61% from RM14.17 million in FYE 2021 to RM13.80 million in FYE 2022, despite the increase in revenue from RM20.05 million in FYE 2021 to RM20.84 million in FYE 2022.

Our staff cost was the major contributor to our total cost of sales by cost component in FYE 2022, which accounted for approximately RM7.97 million or 57.78% of our total cost of sales in FYE 2022 as compared with approximately RM10.93 or 77.12% of our total cost of sales in FYE 2021. Staff cost decreased by approximately RM2.96 million or 27.08% from RM10.93 million in FYE 2021 to RM7.97 million in FYE 2022. The decrease in the staff cost was mainly attributed by the following:

(i) decrease in staff salaries (including staff in Singapore) by approximately RM1.46 million or 16.82% from RM8.68 million in FYE 2021 to RM7.22 million in FYE 2022, mainly due to less manpower from IT solutions and key management personnel from 96 employees to 87 employees which was due to the resignation of the employees; and

(ii) a one-off reversal of deferred bonus amounting to RM1.08 million, following the discontinuation of our Group's long term incentive plan in FYE 2022 as the pre-determined revenue and profit targets were not met.

Our resale of hardware and software segment was the main contributor to our total cost of sales by business segment in FYE 2022, which accounted for approximately RM5.44 million or 39.45% of our total cost of sales in FYE 2022 as compared with approximately RM2.79 million or 19.67% of our total cost of sales in FYE 2021.

Cost of sales by business segment: Implementation services

Our cost of sales for the implementation services segment decreased by approximately RM1.54 million or 30.86%, from RM4.99 million in FYE 2021 to RM3.45 million in FYE 2022 even though the revenue for this segment increased by approximately 20.78% over the same period. This is primarily attributable to the decrease in staff costs as explained above.

Cost of sales by business segment: Maintenance, support and professional services

Our cost of sales for maintenance, support and professional services segment decreased by approximately RM1.49 million or 23.28% from RM6.40 million in FYE 2021 to RM4.91 million in FYE 2022. The said decrease is in line with the decrease in revenue for this segment by 25.39%.

Cost of sales by business segment: Resale of hardware and software

Our cost of sales for the resale of hardware and software segment increased by approximately RM2.65 million or 94.98%, from RM2.79 million in FYE 2021 to RM5.44 million FYE 2022. Such increase was in line to the increase in revenue for the resale of hardware and software segment by 85.34%.

Comparison between FYE 2022 and FYE 2023

Our cost of sales decreased by approximately RM0.41 million or 2.97% from RM13.80 million in FYE 2022 to RM13.39 million in FYE 2023, mainly due to the decrease in cost of resale of hardware and software segment by RM2.67 million or 49.08% from RM5.44 million in FYE 2022 to RM2.77 million in FYE 2023, in line with the decrease in revenue from RM5.69 million in FYE 2022 to RM2.94 million in FYE 2023.

Our staff cost was the major contributor to our total cost of sales by cost component in FYE 2023, which recorded approximately RM9.90 million or 73.91% of our total cost of sales in FYE 2023 as compared with approximately RM7.97 million or 57.78% of our total cost of sales in FYE 2022. Staff cost increased by approximately RM1.93 million or 24.22% from RM7.97 million in FYE 2022 to RM9.90 million in FYE 2023. The increase in the staff cost was mainly attributed to the following:

(i) the one-off reversal of deferred bonus of RM1.08 million following the discontinuation of the Group's long term incentive plan in FYE 2022, as set out above, which resulted in lower staff cost recorded during the FYE 2022. In FYE 2023, there was no such reversal of deferred bonus; and

(ii) the increase in our employees from IT solutions from 83 employees in FYE 2022 to 102 employees in FYE 2023.

Our implementation services segment was the main contributor to our total cost of sales by business segment in FYE 2023, which recorded approximately RM5.57 million or 41.60% of our total cost of sales in FYE 2023 as compared to approximately RM3.45 million or 24.99% of our total cost of sales in FYE 2022.

Cost of sales by business segment: Implementation services

Our cost of sales for the implementation services segment increased by approximately RM2.12 million or 61.45% from RM3.45 million in FYE 2022 to RM5.57 million in FYE 2023 mainly due to increase in staff cost from the implementation of WSO2 projects. The said increase is in line with the increase in revenue for this segment by 58.68%.

Cost of sales by business segment: Maintenance, support and professional services

Our cost of sales for maintenance, support and professional services segment increased by approximately RM0.14 million or 2.85% from RM4.91 million in FYE 2022 to RM5.05 million in FYE 2023 mainly due to increase in staff costs from services in relation to WSO2 projects from our client in the telecommunications industry as well as new contract for professional services for system testing services. The said increase is in line with the increase in revenue for this segment by 14.12%.

Cost of sales by business segment: Resale of hardware and software

Our cost of sales for the resale of hardware and software segment decreased by approximately RM2.67 million or 49.08%, from RM5.44 million in FYE 2022 to RM2.77 million FYE 2023. Such decrease was in line to the decrease in revenue for the resale of hardware and software segment by 48.33%.

Comparison between FPE 2023 and FPE 2024

Our cost of sales decreased by approximately RM0.48 million or 6.85% from RM7.01 million in FPE 2023 to RM6.53 million in FPE 2024, mainly due to the decrease in cost of resale of hardware and software segment by RM0.65 million or 61.32% from RM1.06 million in FPE 2023 to RM0.41 million in FPE 2024, which was in line with the decrease in revenue from RM1.14 million in FPE 2023 to RM0.44 million in FPE 2024.

Our staff cost was the major contributor to our total cost of sales by cost component in FPE 2024, which recorded approximately RM5.79 million or 88.65% of our total cost of sales in FPE 2024 as compared with approximately RM5.49 million or 78.31% of our total cost of sales in FPE 2023. Staff cost increased by approximately RM0.30 million or 5.46% from RM5.49 million in FPE 2023 to RM5.79 million in FPE 2024. The increase in the staff cost was mainly attributed to the salary increment with effective from 1 September 2023.

Our implementation services segment was the main contributor to our total cost of sales by business segment, which recorded approximately RM3.34 million or 51.13% of our total cost of sales in FPE 2024 and approximately RM3.09 million or 44.10% of our total cost of sales in FPE 2023.

Cost of sales by business segment: Implementation services

Our cost of sales for the implementation services segment increased by approximately RM0.25 million or 8.09% from RM3.09 million in FPE 2023 to RM3.34 million in FPE 2024 mainly due to increase in staff costs from the implementation of WSO2 projects which is in line with the increase in revenue for this segment by 21.94% as well as our staff's annual salary increment.

Cost of sales by business segment: Maintenance, support and professional services

Our cost of sales for maintenance, support and professional services segment decreased by approximately RM0.07 million or 2.45% from RM2.86 million in FPE 2023 to RM2.79 million in FPE 2024 which was in line with the decrease in revenue for this segment by 8.68%.

Cost of sales by business segment: Resale of hardware and software

Our cost of sales for the resale of hardware and software segment decreased by approximately RM0.65 million or 61.32%, from RM1.06 million in FPE 2023 to RM0.41 million in FPE 2024. Such decrease was in line to the decrease in revenue for the resale of hardware and software segment by 61.40%.

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12. FINANCIAL INFORMATION (CONT'D)

(iii) GP and GP margin

	Audited									Unaudited			Audited		
	FYE 2021			FYE 2022			FYE 2023			FPE 2023			FPE 2024		
	GP		GP Margin	GP		GP Margin	GP		GP Margin	GP		GP Margin	GP		GP Margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
Implementation services	405	6.89	7.51	3,066	43.52	47.07	4,756	48.83	46.05	1,654	37.49	34.87	2,439	51.51	42.21
Maintenance, support and professional services	5,185	88.26	44.76	3,735	53.00	43.23	4,809	49.39	48.77	2,671	60.54	48.29	2,267	47.88	44.87
Resale of hardware and software	285	4.85	9.27	245	3.48	4.31	174	1.78	5.90	87	1.97	7.60	29	0.61	6.67
Total	**5,875**	**100.00**	**29.31**	**7,046**	**100.00**	**33.81**	**9,739**	**100.00**	**42.10**	**4,412**	**100.00**	**38.64**	**4,735**	**100.00**	**42.03**

Comparison between FYE 2021 and FYE 2022

Our GP increased by approximately by RM1.17 million or 19.90% from RM5.88 million in FYE 2021 to RM7.05 million in FYE 2022, mainly attributable to the revenue growth and decrease in staff cost. As such, we have recorded a higher GP margin of approximately 33.81% in FYE 2022 compared to approximately 29.31% in FYE 2021, due to the decrease in staff cost by 27.08% as explained in Section 12.2.2(ii).

Our maintenance, support and professional services segment was the primary contributor to our total GP in FYE 2022, which recorded approximately RM3.74 million or 53.00% of our total GP in FYE 2022, as compared with approximately RM5.19 million or 88.26% of our total GP in FYE 2021.

GP and GP margin by business segment: Implementation services

Our GP for implementation services segment increased by approximately RM2.66 million or 648.78% from approximately RM0.41 million in FYE 2021 to approximately RM3.07 million in FYE 2022 due to higher revenue and lower cost of sales recorded for this segment as explained in Section 12.2.2(i) and Section 12.2.2(ii). Hence, our GP margin increased from approximately 7.51% in FYE 2021 to 47.07% in FYE 2022.

The lower GP margin of 7.51% in FYE 2021 was mainly due to the need to maintain the implementation team during the periods with fewer contracts secured, which has directly impacted the overall margin. During the year, we had to incur some fixed costs associated with maintaining our implementation project team, which includes essential personnel such as solutions architects, software testers, business system analysts and project managers. Despite securing fewer implementation projects during the year, these costs remained relatively constant. Additionally, in anticipation of the growth in our implementation services segment, we initiated on the-job-training to equip additional software developers with expertise in the new WSO2 related technologies in 2021.

Our GP margin for implementation services increased to 47.07% due to new orders received and the one-off reversal of deferred bonus in FYE 2022 as mentioned in Section 12.2.2(ii) above. Subsequent to FYE 2021, our GP margin has normalised accordingly.

GP and GP margin by business segment: Maintenance, support and professional services

Our GP for maintenance, support and professional services segment decreased by approximately RM1.45 million or 27.94% from approximately RM5.19 million in FYE 2021 to approximately RM3.74 million in FYE 2022 due to the decrease in revenue as explained in Section 12.2.2(i). Despite the completion of certain projects which contributed to this decrease as well as projects that were nearing to completion, we still need to maintain our staffing levels which affected our ability to align our costs with revenue changes accordingly. Hence, our GP margin decreased slightly from approximately 44.76% in FYE 2021 to 43.23% in FYE 2022.

GP and GP margin by business segment: Resale of hardware and software

Our GP for the resale of hardware and software segment decreased by approximately RM0.04 million or 13.79% from approximately RM0.29 million in FYE 2021 to approximately RM0.25 million in FYE 2022 due to the increase in cost of sales in hardware and software. In line with the decrease in GP, our GP margin recorded a decrease from approximately 9.27% in FYE 2021 to 4.31% in FYE 2022 due to our Group reducing the selling prices of hardware and software to secure new projects in relation to implementation services segment.

Comparison between FYE 2022 and FYE 2023

Our GP increased by approximately by RM2.69 million or 38.16% from RM7.05 million in FYE 2022 to RM9.74 million in FYE 2023, mainly attributable to the revenue growth. As such, we have recorded a higher GP margin of approximately 42.10% in FYE 2023 compared to approximately 33.81% in FYE 2022, mainly due to increase in GP contributed by maintenance and support services provided for our client in the telecommunications industry.

Our maintenance, support and professional services segment was the primary contributor to our total GP in FYE 2023, which recorded approximately RM4.81 million or 49.39% of our total GP in FYE 2023, as compared with approximately RM3.74 million or 53.00% of our total GP in FYE 2022.

GP and GP margin by business segment: Implementation services

Our GP for implementation services segment increased by approximately by RM1.69 million or 55.05% from RM3.07 million in FYE 2022 to RM4.76 million in FYE 2023 due to higher revenue recorded for this segment as explained in Section 12.2.2(i). However, our GP margin decreased slightly from approximately 47.07% for FYE 2022 to 46.05% in FYE 2023 due to the need to recruit additional IT solutions employees to accommodate the increased workload associated with implementation projects.

GP and GP margin by business segment: Maintenance, support and professional services

Our GP for maintenance, support and professional services segment increased by approximately RM1.07 million or 28.61% from RM3.74 million in FYE 2022 to RM4.81 million in FYE 2023 due to the increase in revenue for this segment by RM1.22 million or 14.12% as explained in Section 12.2.2(i) while our cost of sales for segment increased by RM0.14 million or 2.85% as discussed in Section 12.2.2(ii). Hence, our GP margin increased from approximately 43.23% in FYE 2022 to 48.77% in FYE 2023. The increase in GP margin may be attributed to the improved efficiency gained from our IT solutions employees' familiarity with the WSO2 related software solutions.

GP and GP margin by business segment: Resale of hardware and software

Our GP for the resale of hardware and software segment decreased by approximately RM0.08 million or 32.00% from approximately RM0.25 million in FYE 2022 to approximately RM0.17 million in FYE 2023 due to the decrease in cost of sales in hardware and software as explained in Section 12.2.2(ii). However, our GP margin recorded a marginal increase from approximately 4.31% in FYE 2022 to 5.90% in FYE 2023 mainly due to the sales of WSO2 software licences for enterprise application integration and SSO management solutions for one of our clients in the telecommunications industry in which the aforesaid WSO2 software licences carry slightly higher margin.

Comparison between FPE 2023 and FPE 2024

Our GP increased by approximately by RM0.33 million or 7.48% from RM4.41 million in FPE 2023 to RM4.74 million in FPE 2024, mainly attributable to the revenue growth in the implementation service segment. Consequently, we have recorded a higher GP margin of approximately 42.03% in FPE 2024 compared to approximately 38.64% in FPE 2023, mainly due to GP contributed by implementation services provided for our client in the telecommunications industry.

Our implementation services segment was the primary contributor to our total GP in FPE 2024, which recorded approximately RM2.44 million or 51.51% of our total GP in FPE 2024, while our maintenance, support and professional services was the primary contributor to our total GP in FPE 2023, which recorded approximately RM2.67 million or 60.54% of our total GP in FPE 2023.

GP and GP margin by business segment: Implementation services

Our GP for implementation services segment increased by approximately by RM0.79 million or 47.88% from RM1.65 million in FPE 2023 to RM2.44 million in FPE 2024 due to higher revenue recorded for this segment as explained in Section 12.2.2(i). Our GP margin also increased from approximately 34.87% for FPE 2023 to 42.21% in FPE 2024. The increase in GP margin was attributed to the improved efficiency as a result of our IT solutions employees' familiarity with WSO2 related software solutions.

GP and GP margin by business segment: Maintenance, support and professional services

Our GP for maintenance, support and professional services segment decreased by approximately RM0.40 million or 14.98% from RM2.67 million in FPE 2023 to RM2.27 million in FPE 2024 due to the decrease in revenue for this segment by RM0.48 million or 8.68% as explained in Section 12.2.2(i), while our cost of sales for the segment decreased by RM0.07 million or 2.45% as discussed in Section 12.2.2(ii). Hence, our GP margin decreased from approximately 48.29% in FPE 2023 to 44.87% in FPE 2024. Despite the decrease in revenue for this segment in FPE 2024, the staff cost remained relatively constant as we need to maintain the team headcount for future business.

GP and GP margin by business segment: Resale of hardware and software

Our GP for the resale of hardware and software segment decreased by approximately RM0.06 million or 66.67% from approximately RM0.09 million in FPE 2023 to approximately RM0.03 million in FPE 2024 due to the decrease in revenue for this segment by RM0.70 million or 61.40% as explained in Section 12.2.2(i) and our cost of sales for the segment decreased by approximately RM0.65 million or 61.32% as explained in Section 12.2.2(ii). Subsequently, our GP margin recorded a marginal decrease from approximately 7.60% in FPE 2023 to 6.67% in FPE 2024.

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(iv) Other income

The breakdown of our other income for the Financial Years / Periods Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Realised gain on foreign exchange	-	-	16	4.05	82	20.76	23	12.04	35	19.13
Unrealised gain on foreign exchange	-	-	-	-	21	5.32	-	-	-	-
Interest income[1]	91	34.08	97	24.56	90	22.78	66	34.56	20	10.93
Rental income[2]	25	9.36	55	13.92	136	34.43	76	39.79	97	53.00
Miscellaneous income[3]	151	56.56	227	57.47	66	16.71	26	13.61	31	16.94
Total	**267**	**100.00**	**395**	**100.00**	**395**	**100.00**	**191**	**100.00**	**183**	**100.00**

Notes:

(1) Interest income consists of interest received from our fixed deposits placed with licenced bank.

(2) Rental income refers to office rental.

(3) Miscellaneous income refers to mainly consist of SOCSO's Wage Subsidy Programme and MDEC Grant.

Comparison between FYE 2021 and FYE 2022

Our Group's other income increased by RM0.13 million or 48.15% from RM0.27 million in FYE 2021 to RM0.40 million in FYE 2022, mainly due to the increase in miscellaneous income amounting to RM0.08 million or 53.33% from RM0.15 million in FYE 2021 to RM0.23 million in FYE 2022 as a result of higher wage subsidy received from SOCSO Wage Subsidy Programme received under the Economic Stimulus Package 2020.

Comparison between FYE 2022 and FYE 2023

Overall, our Group's other income did not materially change between FYE 2022 and FYE 2023.

Our Group recorded an increase in realised gain on foreign exchange of RM0.06 million or 300.00% from RM0.02 million in FYE 2022 to RM0.08 million in FYE 2023 due to the settlement of amounts owing by related parties during the FYE 2023. The unrealised gain on foreign exchange of RM0.02 million in the FYE 2023 arose from bank balances denominated in foreign currencies as at the financial year end.

Our miscellaneous income decreased by RM0.16 million or 69.57% from RM0.23 million in FYE 2022 to RM0.07 million in FYE 2023 mainly due to the cessation of the SOCSO Wage Subsidy Programme in FYE 2021. The balance payment of RM0.04 million wage subsidy was recognised in May 2023. We have also received MDEC grant amounting RM0.03 million for MyDigitalWorkforce Work in Tech in FYE 2023.

Our rental income also increased by RM0.08 million or 147.27% from RM0.06 million in FYE 2022 to RM0.14 million in FYE 2023 arising from new rental income received from 2 units of our properties namely, Unit No. 4800-3-1, Block 4800, CBD Perdana, Jalan Perdana 63000 Cyberjaya, Selangor that started in August 2022 and D-07-03 KL Gateway Property that started in February 2023.

Comparison between FPE 2023 and FPE 2024

Our interest income decreased by RM0.05 million of 69.70% from RM0.07 million in FPE 2023 to RM0.02 million in FPE 2024 due to a reduction in short-term placements with the bank. Despite this decrease, our other income did not materially change for both FPE 2023 and FPE 2024.

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12. FINANCIAL INFORMATION (CONT'D)

(v) Administrative expenses

The breakdown of our administrative expenses for the Financial Years / Periods Under Review is as follows:

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Director remuneration	352	18.74	343	19.34	366	29.00	109	15.75	109	12.29
Staff cost[(1)]	306	16.30	367	20.69	122	9.67	180	26.01	157	17.70
Travelling expenses	124	6.60	119	6.71	111	8.80	64	9.25	56	6.31
Depreciation	253	13.47	234	13.19	248	19.65	118	17.05	120	13.53
Software expenses	40	2.13	41	2.31	46	3.64	43	6.21	61	6.88
Service charges and sinking fund	41	2.18	43	2.42	45	3.56	26	3.76	31	3.49
Unrealised loss on foreign exchange	84	4.47	280	15.78	-	-	21	3.03	-	-
Realised loss on foreign exchange	45	2.40	-	-	-	-	-	-	-	-
Professional fee	140	7.46	89	5.02	106	8.40	21	3.03	167	18.83
Upkeep of office	105	5.59	162	9.13	110	8.72	47	6.79	43	4.85
Withholding tax expense	284	15.12	10	0.56	3	0.24	4	0.58	-	
Others[(2)]	104	5.54	86	4.85	105	8.32	59	8.54	143	16.12
Total	**1,878**	**100.00**	**1,774**	**100.00**	**1,262**	**100.00**	**692**	**100.00**	**887**	**100.00**

Notes:

(1) Staff costs mainly consist of medical/dental fees, insurance, recruitment, Human Resources Development Fund (HRDF) contribution expenses and other staff-related costs.

(2) Others mainly include quit rent and assessment, bank charges and stamping fees and registration.

Comparison between FYE 2021 and FYE 2022

Administrative expenses decreased by RM0.11 million or 5.85% from RM1.88 million in FYE 2021 to RM1.77 million in FYE 2022, mainly due the decrease in withholding tax expenses by RM0.27 million or 96.43% from RM0.28 million in FYE 2021 to RM0.01 million in FYE 2022. The said decrease was attributed to the decrease in purchases of software from our technology partner and vendors during the FYE 2022, which in turn reduces the withholding tax expenses incurred.

The decrease is partially offset by the increase in unrealised foreign exchange loss by RM0.20 million or 250.00% from RM0.08 million in FYE 2021 to RM0.28 million in FYE 2022 arising from the strengthening of USD during the financial year, following the higher purchases of software and hardware that were denominated in USD. This is in line with the increase in revenue from the sales of hardware and software segment. Additionally, the decrease is also partially offset by the increase in staff cost by 19.35% from RM0.31 million in FYE 2021 to RM0.37 million in FYE2022 mainly due to the provision for company trip of RM0.16 million in FYE 2022. The purpose of the trip is for the Group's team building. However, as our Group were occupied with new projects in FYE 2023, our Group has decided to forgo the company trip and has made a reversal of expenses as mentioned below.

Comparison between FYE 2022 and FYE 2023

Administrative expenses further decreased by RM0.51 million or 28.81% from RM1.77 million in FYE 2022 to RM1.26 million in FYE 2023, mainly due to the following:

(i) decrease in staff costs by RM0.25 million or 67.57% from RM0.37 million in FYE 2022 to RM0.12 million in FYE 2023 mainly due to the reversal of expenses incurred for our company trip in 2022 of RM0.13 million as a result of non-utilisation of budgeted amount from the previous financial year; and

(ii) decrease in unrealised foreign exchange loss by RM0.28 million as our Group recorded unrealised exchange gain in FYE 2023 as explained in Section 12.2.2(iv). The company does not have exposure to potential losses arising from fluctuations in the SGD exchange rate as at FYE 2023 as VTCM has no outstanding balance (including cash and bank balances) denominated in SGD.

Comparison between FPE 2023 and FPE 2024

Administrative expenses increased by RM0.20 million or 28.99% from RM0.69 million in FPE 2023 to RM0.89 million in FPE 2024, mainly due to the following:

(i) increase in professional fees by RM0.15 million or 750.00% from RM0.02 million in FPE 2023 to RM0.17 million in FPE 2024, mainly due to payment to an architect in relation to applications for renovations to various local councils for the properties held by our Group as well as payment to Malaysia Software Testing Board for TMMi software testing recertification; and

(ii) increase in the others by RM0.08 million or 133.33% from RM0.06 million in FPE 2023 to RM0.14 million in FPE 2024, mainly due to stamping fee of RM0.09 million paid for strata title transfer for our Block E KL Gateway Property.

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12. FINANCIAL INFORMATION (CONT'D)

(vi) Finance costs

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Term loan interest	136	100.00	138	100.00	172	100.00	97	100.00	103	100.00
Total	**136**	**100.00**	**138**	**100.00**	**172**	**100.00**	**97**	**100.00**	**103**	**100.00**

Comparison between FYE 2021 and FYE 2022

Finance costs did not materially change between FYE 2021 and FYE 2022, as there are no new borrowings obtained in the Financial Years Under Review.

Comparison between FYE 2022 and FYE 2023

Finance costs increased by RM0.03 million or 21.43% from RM0.14 million in FYE 2022 to RM0.17 million in FYE 2023 mainly due to the increase in Bank Negara Malaysia's overnight policy rate from 2.25% to 3.00% throughout the FYE 2023.

Comparison between FPE 2023 and FPE 2024

Finance costs did not materially change for both the FPE 2023 and FPE 2024.

(vii) PBT, PBT Margin, PAT and PAT margin

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
PBT (RM'000)	4,128	5,529	8,700	3,814	3,928
PBT margin (%)	20.59	26.53	37.61	33.40	34.87
PAT (RM'000)	3,139	4,152	6,564	2,900	2,984
PAT margin (%)	15.66	19.92	28.38	25.40	26.49

Comparison between FYE 2021 and FYE 2022

Our PBT increased by RM1.40 million or 33.90% from RM4.13 million in FYE 2021 to RM5.53 million in FYE 2022, mainly due to the higher GP generated from the implementation services segment, as well as lower administrative expenses due to reasons as explained in Section 12.2.2 (v) above.

As a result, our PBT margin increased from 20.59% in FYE 2021 to 26.53% in FYE 2022.

Correspondingly, our PAT increased by approximately RM1.01 million or 32.17% from RM3.14 million for FYE 2021 to RM4.15 million for FYE 2022 whilst our PAT margin improved from 15.66% for FYE 2021 to 19.92% for FYE 2022. Our PAT growth rate was lower than our PBT growth rate mainly due to higher tax expenses for FYE 2022 resulting from non-deductible expenses, further details of which are set out in Section 12.2.2(viii) below.

Comparison between FYE 2022 and FYE 2023

Our PBT further increased by RM3.17 million or 57.32% from RM5.53 million in FYE 2022 to RM8.70 million in FYE 2023, mainly due to higher GP generated from both the implementation services segment and maintenance, support and professional services segment, as well as lower administrative expenses due to reasons as explained in Section 12.2.2(v) above.

As a result, our PBT margin increased from 26.53% in FYE 2022 to 37.61% in FYE 2023.

Correspondingly, our PAT increased by approximately RM2.41 million or 58.07% from RM4.15 million for FYE 2022 to RM6.56 million for FYE 2023 whilst our PAT margin improved from 19.92% for FYE 2022 to 28.38% for FYE 2023. Our PAT growth rate was higher than our PBT growth rate mainly due to lower effective tax rate in FYE 2023 compared with FYE 2022 from lower non-deductible expenses, further details of which are set out in Section 12.2.2(viii) below.

Comparison between FPE 2023 and FPE 2024

Our PBT increased by RM0.12 million or 3.15% from RM3.81 million in FPE 2023 to RM3.93 million in FPE 2024, mainly due to higher GP generated from the implementation services segment as explained in Section 12.2.2(iii) above. Consequently, our PBT margin has increased from 33.40% in FPE 2023 to 34.87% in FPE 2024.

Correspondingly, our PAT increased by approximately RM0.08 million or 2.76% from RM2.90 million for FPE 2023 to RM2.98 million for FPE 2024 whilst our PAT margin increased from 25.40% for FPE 2023 to 26.49% for FPE 2024.

(viii) Income tax expense

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Tax expenses	989	1,377	2,136	914	944
Effective tax rate (%)	23.96	24.91	24.55	23.96	24.03
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

Comparison between FYE 2021 and FYE 2022

Our tax expenses increased by RM0.39 million or 39.39% from RM0.99 million in FYE 2021 to RM1.38 million in FYE 2022, mainly contributed by the increase in PBT in FYE 2022.

For FYE 2021, our effective tax rate was similar to the statutory tax rate of 24.00%.

For FYE 2022, our effective tax rate was higher than the statutory tax rate of 24.00%, mainly due to the tax effect from non-deductible expenses of RM0.13 million, which mainly comprises depreciation of property, plant and equipment and unrealised gain on foreign exchange rate.

Comparison between FYE 2022 and FYE 2023

Our tax expenses increased by RM0.76 million or 55.07% from RM1.38 million in FYE 2022 to RM2.14 million in FYE 2023, mainly contributed by the increase in PBT in FYE 2023.

For FYE 2023, our effective tax rate approximates the statutory tax rate of 24.00%.

Comparison between FPE 2023 and FPE 2024

Our tax expenses did not materially change for both the FPE 2023 and FPE 2024.

12.3 LIQUIDITY AND CAPITAL RESOURCES

Our operations are funded by a combination of both internal and external sources of funds. Internally, we finance our operations through cash generated from operations and advances from directors as well as related parties, while our external source of funds are mainly banking facilities from financial institutions.

The decision to utilise either internally generated funds or loans and borrowings for our business operations depends on, amongst others, our cash and cash equivalents, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rates on loans and borrowings. We carefully consider our cash position and ability to obtain further financing before making any significant capital commitment.

Our Board is of the opinion that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(i) Our expected future cash flows from operations;

(ii) Our cash and cash equivalents of approximately RM13.33 million as at the LPD; and

(iii) Our pro forma gearing level is negligible, based on our pro forma statements of financial position as at 31 March 2024 after the Acquisitions, Public Issue and utilisation of proceeds.

As at the LPD, we do not foresee any circumstances which may materially affect our liquidity.

12.4 REVIEW OF CASH FLOWS

The following table sets out the summary of the combined statements of cash flow for the Financial Years / Periods Under Review, which have been extracted from the Accountants' Report set out in Section 14 of this Prospectus and should be read in conjunction thereto:

	Audited			**Unaudited**	**Audited**
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	3,496	4,192	1,107	1,239	8,078
Net cash used in investing activities	(56)	(457)	(120)	(94)	(21)
Net cash used in financing activities	(1,565)	(2,873)	(14,486)	(14,403)	(192)
Net increase/(decrease) in cash and cash equivalents	1,875	862	(13,499)	(13,258)	7,865
Cash and cash equivalents at beginning of the financial year / period	13,837	15,951	17,129	17,129	4,026
Effects of exchange rate charges on cash and cash equivalents	239	316	396	381	8
Cash and cash equivalents at the end of the financial year/ period(1)	**15,951**	**17,129**	**4,026**	**4,252**	**11,899**

Note:

(1) Cash and cash equivalents comprise the following:

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	11,639	12,741	4,026	4,252	11,899
Fixed deposits placed with a licensed bank	5,605	5,700	1,343	1,321	1,365
	17,244	18,441	5,369	5,573	13,264
Less: Fixed deposits pledged as security values	(1,293)	(1,312)	(1,343)	(1,321)	(1,365)
Total	**15,951**	**17,129**	**4,026**	**4,252**	**11,899**

(i) FYE 2021

(a) Net cash from operating activities

In FYE 2021, our Group generated net cash inflow from operating activities of RM3.50 million, based on an operating profit of RM4.26 million and after taking into account the following working capital changes:

(i) increase in receivables by RM1.43 million, mainly due to higher billings to our clients during the FYE 2021;

(ii) decrease in contract assets by RM0.07 million in line with the billings for the work performed;

(iii) increase in payables by RM1.06 million, mainly due to higher purchases of hardware and software and third-party contractor cost by our Group in FYE 2021 as compared to FYE 2020; and

(iv) interest received of RM0.09 million and net tax paid of RM0.84 million.

(b) Net cash used in investing activities

In FYE 2021, we recorded net cash outflow for investing activities of RM0.06 million mainly due:

(i) purchase of computers, office equipment, furniture and fittings of RM0.04 million; and

(ii) payment for bank charges in relation to the purchase of one of our office units at Menara Suezcap of RM0.09 million, in which the said bank charges was capitalised.

The cash outflow was partially offset by sales proceeds from the disposal of motor vehicles of RM0.08 million.

(c) Net cash used in financing activities

In FYE 2021, we recorded net cash outflow for financing activities of RM1.57 million mainly due to the following:

(i) repayment of term loans for 4 of our properties located in Menara Suezcap of RM0.11 million;

(ii) advances from a director amounting to RM0.16 million for expenses paid on behalf;

(iii) interest paid for our term loans of RM0.14 million; and

(iv) dividend paid to shareholders of RM1.46 million.

(ii) FYE 2022

(a) Net cash from operating activities

In FYE 2022, our Group generated net cash inflow from operating activities of RM4.19 million based on an operating profit of RM5.67 million and after taking into account of the following working capital changes:

(i) increase in receivables by RM0.19 million, mainly due to higher billings to our clients during the FYE 2022;

(ii) decrease in contract assets by RM0.94 million in line with the billings for work performed;

(iii) decrease in payables by RM1.53 million, mainly due to higher purchases of hardware and software and third-party contractor cost by our Group in FYE 2022 as compared to FYE 2021; and

(iv) interest received of RM0.10 million and net tax paid of RM1.02 million.

(b) Net cash used in investing activities

In FYE 2022, we recorded cash outflow for investing activities of RM0.46 million, mainly due to the purchase of computer and office equipment of RM0.06 million and purchase of furniture and fitting as well as office renovation for our offices at Menara Suezcap, Kuala Lumpur of RM0.40 million.

(c) Net cash used in financing activities

In FYE 2022, we recorded net cash outflow for financing activities of RM2.87 million mainly due to the following:

(i) repayment of term loans for 4 of our properties located at Menara Suezcap, Kuala Lumpur of RM0.12 million;

(ii) interest paid for our term loans of RM0.14 million;

(iii) dividend paid to the shareholders of RM2.20 million. Total dividend declared for FYE 2022 amounted to RM16.44 million. The balance dividend payable of RM14.24 million was settled in FYE 2023; and

(iv) repayment to a director of RM0.29 million in relation to an advance received which was utilised for our working capital.

(iii) FYE 2023

(a) Net cash from operating activities

In FYE 2023, our Group generated net cash inflow from operating activities of RM1.11 million based on an operating profit of RM8.87 million and after taking into account of the following working capital changes:

(i) increase in receivables by RM4.79 million, mainly due to higher billing to one of our clients from the telecommunications industry during the last quarter of FYE 2023, in line with the growth of our revenue;

(ii) increase in contract assets by RM2.96 million, mainly due to higher recognition of revenue based on time cost incurred for our ongoing projects as compared to billings to clients;

(iii) increase in payables by RM1.64 million, mainly due to higher purchases of software from WSO2 by our Group towards the last quarter of FYE 2023 as compared to FYE 2022; and

(iv) interest received of RM0.09 million and net tax paid of RM1.80 million.

(b) Net cash used in investing activities

In FYE 2023, we recorded net cash outflow for investing activities of RM0.12 million, mainly due to purchase of computer and office equipment of RM0.12 million.

(c) Net cash used in financing activities

In FYE 2023, we recorded net cash outflow for financing activities of RM14.49 million mainly due to the following:

(i) repayment of term loans for 4 of our properties located at Menara Suezcap, Kuala Lumpur of RM0.11 million;

(ii) interest paid for our terms loans of RM0.17 million;

(iii) dividend paid to the shareholders of RM14.24 million;

(iv) repayment of advances from related parties of RM0.35 million, which was utilised for settlement of related party balances; and

(v) repayment to a director of RM0.28 million in relation to an advance received which was utilised for our working capital.

(iv) FPE 2023

(a) Net cash from operating activities

In FPE 2023, our Group generated net cash inflow from operating activities of RM1.24 million based on an operating profit of RM3.91 million and after taking into account of the following working capital changes:

(i) decrease in receivables by RM1.46 million, mainly due to collection from our client from the telecommunications industry during the FPE 2023;

(ii) increase in contract assets by RM2.74 million, mainly due to higher recognition of revenue based on time cost incurred for our ongoing projects as compared to billings to clients;

(iii) decrease in payables by RM0.95 million, mainly due to repayment to our suppliers during the FPE 2023; and

(iv) interest received of RM0.07 million and net tax paid of RM0.56 million.

(b) Net cash from investing activities

In FPE 2023, we recorded net cash outflow for investing activities of RM0.09 million, mainly due to purchase of computer and office equipment of RM0.09 million.

(c) Net cash used in financing activities

In FPE 2023, we recorded net cash outflow for financing activities of RM14.40 million mainly due to:

(i) dividend paid to the shareholders of RM14.24 million;

(ii) repayment of term loans for our properties located in Menara Suezcap of RM0.07 million; and

(iii) interest paid for our terms loans of RM0.10 million.

(v) FPE 2024

(a) Net cash from operating activities

In FPE 2024, our Group generated net cash inflow from operating activities of RM8.08 million based on an operating profit of RM4.03 million and after taking into account of the following working capital changes:

(i) decrease in receivables by RM6.67 million, mainly due to collection from our client from the telecommunications industry during the FPE 2024;

(ii) decrease in contract assets by RM0.18 million, in line with the billings for the work performed;

(iii) decrease in payables by RM2.10 million, mainly due to repayment to our suppliers in FPE 2024; and

(iv) interest received of RM0.02 million and net tax paid of RM0.83 million.

(b) Net cash from investing activities

In FPE 2024, we recorded net cash outflow for investing activities of RM0.02 million, mainly due to purchase of computers of RM0.02 million.

(c) Net cash used in financing activities

In FPE 2024, we recorded net cash outflow for financing activities of RM0.19 million mainly due to the following:

(i) repayment of term loans for our properties located in Menara Suezcap of RM0.07 million; and

(ii) interest paid for our terms loans of RM0.10 million.

12.5 LOANS AND BORROWINGS

Our total outstanding loans and borrowings as at 31 March 2024 stood at RM4.06 million, details of which are set out as follows. All our borrowings are interest-bearing and denominated in RM.

Type of borrowings	Purpose	Tenure of facility	Effective Interest rate	Audited as at 31 March 2024	Repayable in 12 months	Repayable after 12 months
			% per annum	RM'000	RM'000	RM'000
Term loan I	To finance the purchase of a unit of office at Menara Suezcap	23 years	4.35%	845	26	819
Term loan II	To finance the purchase of a unit of office at Menara Suezcap	24 years	4.35%	1,338	38	1,300
Term loan III	To finance the purchase of a unit of office at Menara Suezcap	21 years	4.35%	779	19	760
Term loan IV	To finance the purchase of a unit of office at Menara Suezcap	25 years	4.35%	1,095	27	1,068
			Total borrowings	**4,057**	**110**	**3,947**

As at the LPD, our loans and borrowings consisting of term loans are secured by one or a combination of the following:

(i) Fixed charge over leasehold buildings of our Group, upon the completion of the transfer of the individual strata titles to VTCM; and

(ii) Joint and several guarantees by the directors of our Group. Please refer to Section 10.4 of this Prospectus for further information.

As at the LPD, our Group does not have any borrowings which are non-interest bearing. Our Group has not defaulted on any payment of either principal sum and/or interest in relation to borrowings for the Financial Years / Period Under Review and up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or loans, which can materially affect the financial position and results of business operations or investments by holders of our securities. Our Group does not encounter any seasonality in our borrowings trend, and there are no restrictions on our committed borrowing facilities i.e. our bankers.

For the Financial Years / Period Under Review, our Group has not experienced any withdrawal or reduction in the facilities limit granted to us by our lenders.

12.6 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

From an accounting perspective, financial instruments may include fixed deposits with licensed banks, trade and other receivables, trade and other payables, and borrowings as shown on our combined statements of financial position. These financial instruments are used in our ordinary course of business.

As at the LPD, our Group does not have or utilise any other financial instruments or have any other treasury policies.

Our main treasury policy is to maintain sufficient working capital to finance our operations, coupled with adequate credit facilities to meet estimated commitments arising from our operational expenditure and financial liabilities. A combination of internal and external sources of funds include cash generated from operations as well as borrowings from financial institutions. The primary objective is to have sustainable shareholders' equity to ensure we have the ability to continue as a going-concern and grow our business in order to maximise our shareholders' value. We review and manage our capital structure to maintain the debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.7 MATERIAL CAPITAL COMMITMENTS

As at the LPD, there are no material capital commitments incurred or known to be incurred by our Group that have material impact on our financial results or position of our Group.

12.8 CONTINGENT LIABILITIES

As at the LPD, to the extent known to our Company, we do not have any material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.9 KEY FINANCIAL RATIOS

Our key financial ratios for the Financial Years / Period Under Review are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Trade receivables turnover period (days) (1)	48	59	91	83
Trade payables turnover period (days) (2)	49	30	102	262
Current ratio (times) (3)	8.00	1.38	4.32	9.03
Gearing ratio (times) (4)	0.20	0.45	0.25	0.21

Notes:

(1) Computed based on average trade receivables at the beginning and end of the respective financial year / period over the total revenue of the respective financial year / period and multiplied by 365 days and 213 days respectively.

(2) Computed based on average trade payables at the beginning and end of the respective financial year / period over the total purchases of the respective financial year/ period and multiplied by 365 days and 213 days respectively.

(3) Computed based on current assets over current liabilities as at each financial year / period end.

(4) Computed based on total loans and borrowings over total equity as at each financial year / period end.

12.9.1 Trade receivables turnover period

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	1,876	3,351	3,410	8,086
Closing trade receivables	3,351	3,410	8,086	682
Average trade receivables	2,614	3,381	5,748	4,384
Revenue	20,045	20,842	23,133	11,265
Average trade receivables turnover period (days)	48	59	91	83

The normal credit terms granted by our Group to our clients ranges from 30 to 90 days. Our credit terms to clients are assessed and approved on a case by case basis after taking into consideration the background and credit-worthiness of the clients, payment history of the clients and our relationship with the clients. Our average trade receivables turnover period for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024 were 48 days, 59 days, 91 days and 83 days, respectively.

For FYE 2023, our trade receivables turnover period stood at 91 days, slightly above the normal credit term period given to our clients, mainly due to amounts owed by one of our clients from the telecommunications industry owing an amount of RM5.36 million of which RM5.32 million has been subsequently collected as at the LPD.

For FPE 2024, our trade receivables turnover period decreased from 91 days to 83 days, arising from amounts owed by one of our clients from telecommunications industry amounting to RM5.36 million as 31 August 2023 of which RM5.32 million has been subsequently collected in FPE 2024.

We have not experienced any significant bad debts for FYE 2021 to FPE 2024. We assess the collectability of trade receivables on an individual client basis and provide for impairment loss on receivables as follows:

(a) allowance for impairment loss based on lifetime expected credit loss in accordance with MFRS 9 Financial Instruments; and

(b) specific allowance for impairment on overdue balance where recoverability is uncertain based on our dealings with the client.

The ageing analysis of our trade receivables as at 31 March 2024 is as follows:

	Trade receivables as at 31 March 2024		Amount collected subsequent from 1 April 2024 up to LPD		Trade receivables net of subsequent collections	
	RM'000	**Percentage of trade receivables**	**RM'000**	**Percentage collected**	**RM'000**	**Percentage of trade receivables outstanding as at LPD**
	(a)	**(a)/total of (a)**	**(b)**	**(b) / total of (a)**	**(c) = (a)-(b)**	**(c)/total of (a)**
Within credit period	235	34.46	235	34.46	-	-
Past due but not impaired:						
• 1 to 30 days	224	32.84	224	32.84	-	-
• 31 to 60 days	135	19.79	135	19.79	-	-
• More than 60 days	88	12.91	85	12.46	3	0.44
Total	**682**	**100.00**	**679**	**99.56**	**3**	**0.44**

As at the LPD, RM0.68 million or 99.56% of our trade receivables outstanding as at 31 March 2024 has been collected. The remaining outstanding amount was approximately RM3,000, representing 0.44% of our trade receivables still outstanding as at the LPD. We continue to make effort to recover the outstanding amount by making follow up calls to our clients.

12.9.2 Trade payables turnover period

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade payables	76	788	157	1,760
Closing trade payables	788	157	1,760	-
Average trade payables	432	473	959	880
Purchases	3,235	5,767	3,440	716
Average trade payables turnover period (days)	49	30	102	262

The normal trade credit terms granted to our Group by our suppliers ranges from 30 to 60 days. Our average trade payables turnover period for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024 were 49 days, 30 days, 102 days and 262 days, respectively.

For FYE 2023, the trade payable turnover period was above the normal credit period granted by our suppliers, mainly arising from an outstanding amount due to WSO2 of approximately RM1.71 million for the purchases of software licences pursuant to a project with a client from the telecommunications industry for the implementation of enterprise application integration and SSO management solution of which this payable amount to WSO2 was subsequently settled in September 2023 after the collection of receivables from the said client within the same month.

For FPE 2024, our trade payable turnover period was above the normal credit period granted by our suppliers, mainly arising from brought forward opening balance of RM1.76 million comprising mainly the outstanding amount due to WSO2 of approximately RM1.71 million for the purchases of software licences pursuant to a project with a client from the telecommunications industry for the implementation of enterprise application integration and SSO management solutions. This payable amount to WSO2 was subsequently settled in September 2023.

In addition, our purchases decreased from RM3.44 million for FYE 2023 to RM0.72 million in FPE 2024 mainly due to the decrease in revenue from our resale of hardware and software.

As at the LPD, all our trade payables outstanding as at 31 March 2024 has been paid.

As at the LPD, there are no disputes in respect of any trade payables and no legal action has been initiated by our suppliers to demand for payment.

12.9.3 Current ratio

	Audited			
	As at 31 August			As at 31 March
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	22,616	22,998	17,426	18,470
Current liabilities	2,827	16,628	4,032	2,047
Net current assets	**19,789**	**6,370**	**13,394**	**16,423**
Current ratio (times)	8.00	1.38	4.32	9.02

Our current ratio decreased from 8.00 times as at 31 August 2021 to 1.38 times as at 31 August 2022, mainly due to dividend payable amounted to RM14.24 million in relation to dividend of RM16.44 million that was declared in FYE 2022.

Our current ratio increased from 1.38 times as at 31 August 2022 to 4.32 times as at 31 August 2023, mainly due to the decrease in trade and other payables by RM12.88 million, pursuant to the settlement of dividend payables of RM14.24 million from the dividend declared in FYE 2022.

Our current ratio increased from 4.32 times as at 31 August 2023 to 9.02 times as at 31 March 2024, mainly due to the decrease in trade payables by RM1.58 million arising from payment of an outstanding amount due to WSO2 for the purchases of software licences pursuant to a project with a client from the telecommunications industry for the implementation of enterprise application integration and SSO management solution in FPE 2024.

12. FINANCIAL INFORMATION (CONT'D)

12.9.4 Gearing ratio

	Audited			Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	4,361	4,236	4,124	4,057
Total equity	21,507	9,458	16,418	19,410
Gearing ratio (times)	0.20	0.45	0.25	0.21

Our gearing ratio increased from 0.20 times as at 31 August 2021 to 0.45 times as at 31 August 2022, mainly due to decrease in retained earnings by RM12.29 million from RM18.24 million as at 31 August 2021 to RM5.95 million as at 31 August 2022 as a result of the dividends declared amounting to RM16.44 million. The decrease in retained earnings was offset by the Group's PAT for RM4.15 million in FYE 2022.

Our gearing ratio decreased from 0.45 times as at 31 August 2022 to 0.25 times as at 31 August 2023, mainly due to an increase in retained earnings arising from the Group's PAT of RM6.56 million in FYE 2023.

Our gearing ratio decreased from 0.25 times as at 31 August 2023 to 0.21 times as at 31 March 2024, mainly due to an increase in retained earnings arising from the Group's PAT of RM2.99 million in FPE 2024.

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies which have affected our financial performance during the Financial Years / Period Under Review. However, there is no assurance that our financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9 of this Prospectus.

12.11 IMPACT OF INFLATION

Our financial performance for the Financial Years / Period Under Review was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

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12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND COMMODITY PRICES ON OUR GROUP'S OPERATIONS

12.12.1 Impact of foreign exchange rates

Our proportion of sales and purchases transactions denominated in local and foreign currencies are as follows:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue denominated in:								
- RM	19,513	97.35	20,710	99.37	22,929	99.12	11,143	98.92
- SGD	532	2.65	132	0.63	204	0.88	122	1.08
Total	**20,045**	**100.00**	**20,842**	**100.00**	**23,133**	**100.00**	**11,265**	**100.00**
Purchases denominated in:								
- RM	2,415	74.65	4,533	78.60	1,727	50.20	716	100.00
- USD	820	25.35	1,234	21.40	1,713	49.80	-	-
Total	**3,235**	**100.00**	**5,767**	**100.00**	**3,440**	**100.00**	**716**	**100.00**

We are exposed to transactional currency exposure as 25.35%, 21.40% and 49.80% of our purchases were denominated in currencies other than RM for the FYE 2021, FYE 2022 and FYE 2023, respectively. The purchases denominated in foreign currencies are mainly in USD.

For the Financial Years / Period Under Review, our gains and losses from foreign exchange fluctuations are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Net realised foreign currency exchange loss/ (gain)	45	(16)	(2)	(35)

We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure at an acceptable level.

Our Group does not hedge our exposure to fluctuation in foreign currency exchange rates. As at the LPD, we have not entered into any forward foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchases from our foreign suppliers. Our Group also holds cash and cash equivalent denominated in USD for our working capital purposes.

Our financial results for the Financial Years / Period Under Review were not materially affected by fluctuations in foreign exchange rates. However, a significant depreciation of RM against USD may lead to higher costs for certain supplies for our Group.

Please refer to Note 24(b)(iv) of the Accountants' Report in Section 14 of this Prospectus for further information of the sensitivity of our Group's PAT for the Financial Years/ Periods Under Review against an estimated change in exchange rate.

12.12.2 Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks. A sensitivity analysis performed on our Group based on the outstanding floating rate of our bank borrowings as at 31 March 2024 indicates that our PBT for FPE 2024 would increase or decrease by approximately RM0.02 million, as a result of increase or decrease in interest rates by 50 basis points on these borrowings. As such our financial results for Financial Years / Period Under Review were not materially affected by fluctuations in interest rates.

Please refer to Note 24(b)(iii) of the Accountants' Report in Section 14 of this Prospectus for further information on the impact of interest rates on the Group's financial performance.

12.12.3 Impact of commodity prices

We were not materially affected by fluctuations in commodity prices for the Financial Years / Period Under Review.

12.13 ORDER BOOK

Our order book relates to the contract value of on-going projects and less amounts recognised as revenue up to LPD. Due to the nature of our business, in general, our services from all our business segments are for contract period ranging from 6 months to 5 years. These on-going contracts will be performed and recognised as revenue progressively up to FYE 2026 based on expected progress.

Business segments	Total Contract Value Secured RM'000	LPD to end of FYE 2024 RM'000	FYE 2025 RM'000	FYE 2026 RM'000
Implementation services	6,463	596	435	-
Maintenance, support and professional services	6,184	1,860	2,853	1,064
Resale of hardware and software	2,827	9	2,429	-
	15,474	**2,465**	**5,717**	**1,064**

The following is the breakdown of the order book amounting to RM4.64 million contributed by the Telekom Malaysia Berhad Group:

LPD to end of FYE 2024 RM'000	FYE 2025 RM'000	FYE 2026 RM'000	Total RM'000
398	**3,421**	**816**	**4,635**

The abovementioned Telekom Malaysia Berhad Group's order book consists of 6 on-going contracts with the tenure ranging from 4 months to 51 months with no renewal options.

12.14 TREND INFORMATION

As at LPD, after all reasonable enquiries, our Board is of the view that our operations have not been and are not expected to be affected by any of the following:

(i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and risk factors in Section 9 of this Prospectus;

(ii) Material commitment for capital expenditure as set out in Section 12.7 of this Prospectus;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and risk factors in Section 9 of this Prospectus;

(iv) Known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, industry overview as set out in Section 8 of this Prospectus and business strategies as set out in Section 7.23 of this Prospectus;

(v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those disclosed in this section and risk factors in Section 9 of this Prospectus; and

(vi) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and risk factors in Section 9 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths as set out in Section 7.6 of this Prospectus, and outlook of the enterprise IT solution industry in Malaysia as set out in the IMR Report in Section 8 of this Prospectus and our commitment to implement our future plans and strategies as set out in Section 7.23 of this Prospectus, as well as external factors including global economics conditions and fluctuations in foreign currencies.

12.15 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distributions are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our Subsidiaries, present or future. The payment of dividends by our Subsidiaries is dependent on various factors, including but not limited to their distributable profits, financial performance, cash flow requirements for operations and capital expenditures, as well as other factors that their respective boards of directors deem relevant. Save for certain banking restrictive covenants which our Subsidiaries are subject to, there is no other dividend restriction imposed on our Subsidiaries and our Company as at the LPD.

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(i) the level of cash and level of indebtedness;

(ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;

(iii) our expected results of current and future level of operations;

(iv) our projected levels of capital expenditure and other investment plans; and

(v) the prior consent from our banking institutions, if any.

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Board and will depend on factors as stated above (which may not be exhaustive). There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Subject to the Act, our Company, in general meeting, may from time to time approve dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) our Company is, or would after the payment be unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than its liabilities.

Save as disclosed below, there was no dividend declared and paid to our shareholders during the Financial Years/ Period Under Review and up to the LPD:

	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**	**1 April 2024 and up to the LPD**
Dividends declared (RM'000)	1,458	16,441	-	-	-
Dividends paid (RM'000)	1,458	2,200	14,241	-	-

The dividends declared above were funded by internal funds sourced from the cash and bank balances. The dividends will not affect the execution and implementation of our future plans or strategies. We also believe that we have sufficient funding from our internally generated funds and bank borrowings for the funding requirements of our operations and expansion plans.

Our Board does not intend to declare any further dividend subsequent the LPD and up to our Listing.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

12.16 CAPITALISATION AND INDEBTEDNESS

Our capitalisation and indebtedness based on the unaudited statement of financial position of the Group as at 30 June 2024 and adjustment for the effects of Acquisitions, IPO, Offer for Sale and utilisation of proceeds are summarised in the table below:

	As at 30 June 2024 RM'000	(I) After the Acquisitions RM'000	(II) After (I), IPO and Offer for Sale RM'000	(III) After (II) and Utilisation of Proceeds RM'000
Indebtedness [(1)]				
Current				
Loan and borrowings	-	120	120	25
Non-current				
Loan and borrowings	-	3,909	3,909	-
Total indebtedness	-	4,029	4,029	25
Capitalisation				
Equity	(2)	19,337	43,837	39,141
Total capitalisation	(2)	19,337	43,837	39,141
Total capitalisation and indebtedness	(2)	23,366	47,866	39,166
Gearing ratio (times) [(2)]	N/A	0.21	0.09	-[(3)]

Notes:

(1) All of our indebtedness is secured.

(2) Computed based on total indebtedness over the total capitalisation.

(3) Negligible.

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11 July 2024

The Board of Directors
VETECE Holdings Berhad
E-32-3A & E-32-03, Menara Suezcap 2
KL Gateway
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur

Dear Sirs,

VETECE HOLDINGS BERHAD ("VETECE" OR THE "COMPANY")

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 FOR INCLUSION IN THE PROSPECTUS IN RELATION TO THE LISTING

We have completed our assurance engagement to report on the compilation of the pro forma combined statement of financial position of VETECE and its subsidiaries, Vision Technology Consulting Sdn. Bhd. and Vision Technology Consulting Pte. Ltd. (the "Group"). The pro forma combined statement of financial position consists of the pro forma combined statement of financial position as at 31 March 2024 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification.

The applicable criteria on the basis of which the Directors of VETECE have compiled the pro forma combined statement of financial position are as described in Note 2 to the pro forma combined statement of financial position. The pro forma combined statement of financial position is prepared in accordance with the requirements of Chapter 9 of the *Prospectus Guidelines* issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The pro forma combined statement of financial position of VETECE has been compiled by the Directors of VETECE, for illustrative purposes only, for inclusion in the prospectus of VETECE ("Prospectus") in conjunction with the listing and quotation of the entire enlarged number of issued ordinary shares of VETECE on the ACE Market of Bursa Malaysia Securities Berhad ("IPO"), after making certain assumptions and such adjustments to show the effects on the pro forma audited financial position of VETECE as at 31 March 2024 adjusted for the Acquisition of subsidiaries, Public Issue, Offer for Sale and utilisation of proceeds as described in Notes 1.2, 1.3.1, 1.3.2, and 3.2.1, respectively.

VETECE HOLDINGS BERHAD
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As part of this process, information about VETECE Holding's pro forma combined financial position has been extracted by the Directors of VETECE from the accountants' report of the Group for the financial years ended 31 August 2021, 31 August 2022, 31 August 2023 and 31 March 2024, which were reported by us to the Directors of VETECE on 11 July 2024 without any modification.

Directors' Responsibility for the Pro Forma Combined Statement of Financial Position

The Directors of VETECE are responsible for compiling the pro forma combined statement of financial position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institutes of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Management 1 (ISQM 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, on whether the pro forma combined statement of financial position has been compiled, in all material respects, by the Directors of VETECE based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors of VETECE have compiled, in all material respects, the pro forma combined statement of financial position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined statement of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statement of financial position.

The purpose of the pro forma combined statement of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of VETECE as if the events had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

VETECE HOLDINGS BERHAD
(Incorporated in Malaysia)

Reporting Accountants' Responsibilities (Continued)

A reasonable assurance engagement to report on whether the pro forma combined statement of financial position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors of VETECE in the compilation of the pro forma combined statement of financial position of VETECE provide a reasonable basis for presenting the significant effects directly attributable to Listing Scheme as described in Note 1.3 to the pro forma combined statement of financial position, and to obtain sufficient appropriate evidence about whether:

(a) The related pro forma adjustments give appropriate effect to those criteria; and

(b) The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma combined statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statement of financial position.

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

Our opinion

In our opinion the pro forma combined statement of financial position of VETECE has been compiled, in all material respects, on the basis as described in the notes thereon on the pro forma combined statement of financial position and in accordance with the requirements of the Applicable Criteria.

Other matter

This report has been prepared for inclusion in the Prospectus of VETECE in connection with the IPO. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Baker Tilly Monteiro Heng PLT	Paul Tan Hong
LLP0019411-LCA & AF 0117	No. 03459/11/2025 J
Chartered Accountants	Chartered Accountant

VETECE HOLDINGS BERHAD

PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION

1. INTRODUCTION

The pro forma combined statement of financial position of VETECE Holdings Berhad ("VETECE" or "Company") and its subsidiaries Vision Technology Consulting Sdn. Bhd. And Vision Technology Consulting Pte. Ltd. (the "Group") has been compiled by the Directors of VETECE, for illustrative purposes only, for inclusion in the prospectus of VETECE ("Prospectus") in conjunction with the listing and quotation of the entire enlarged number of issued ordinary shares in VETECE ("VETECE Shares") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

1.1 In conjunction with the admission of VETECE to the Official List of Bursa Securities and the listing and quotation of its entire enlarged number of issued ordinary shares in VETECE Shares on the ACE Market of Bursa Securities ("Listing"), VETECE had undertaken the following transactions:

1.2 Acquisition of subsidiaries (the "Acquisitions")

1.2.1 Acquisition of Vision Technology Consulting Sdn. Bhd. ("VTCM")

VETECE had on 7 February 2024, entered into a conditional share sale agreement with Chan Wai Hoong, Choo Kwang Hui Nicholas, Goh Yeh Hwang and Tee Chee Chiang ("VTCM Vendors") to acquire the entire issued share capital of VTCM of RM2,000,000 comprising 2,000,000 ordinary shares in VTCM for a purchase consideration of RM15,990,848.24. The acquisition of VTCM is to be wholly satisfied by the issuance of 286,574,341 new VETECE Shares at an issue price of RM0.0558 per VETECE Share to the VTCM Vendors.

The purchase consideration of RM15,990,848.24 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited net assets ("NA") of VTCM as at 31 August 2023 of RM16,003,210.00.

1.2.2 Acquisition of Vision Technology Consulting Pte. Ltd. ("VTCS")

VETECE had on 7 February 2024, entered into a conditional share sale agreement with VETECE Group Sdn. Bhd. ("VTSCB Vendor") to acquire the entire issued share capital of VTCS of SGD25,000 comprising 25,000 ordinary shares in VTCS for a purchase consideration of RM414,351.66. The acquisition of VTCS is to be wholly satisfied by the issuance of 7,425,657 VETECE Shares at an issue price of RM0.0558 per VETECE Share to the VTCS Vendor.

The purchase consideration of RM414,351.66 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited NA of VTCS as at 31 August 2023 of RM414,672.00.

The Acquisitions of VTCM and VTCS were completed on 21 June 2024.

VETECE HOLDINGS BERHAD

PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)

1. INTRODUCTION (CONTINUED)

1.3 Listing Scheme

1.3.1 Public Issue

The public issue of 98,000,000 new VETECE Shares at an issue price of RM0.25 per VETECE Share, representing 25.00% of the enlarged number of issued VETECE Shares, will be allocated in the following manner:

(i) 19,600,000 new VETECE Shares made available to the Malaysian public by way of balloting;

(ii) 9,800,000 new VETECE Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and

(iii) 68,600,000 new VETECE Shares made available by way of private placement to selected investors.

(Collectively hereinafter referred to as "Public Issue").

1.3.2 Offer for Sale

Offer for sale of 39,200,000 existing VETECE Shares at an offer price of RM0.25 per VETECE Share representing 10.00% of the enlarged number of issued share capital of VETECE Shares by way of private placement to selected investors.

1.3.3 Listing

The admission of VETECE to the Official List of Bursa Securities and the listing and quotation of its entire enlarged issued share capital of RM40,905,200 comprising 392,000,000 VETECE Shares on the ACE Market have been approved by Bursa Securities.

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VETECE HOLDINGS BERHAD

2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION

2.1 The pro forma combined statement of financial position has been prepared to illustrate the pro forma combined financial position of VETECE and its subsidiaries as at 31 August 2023, adjusted for the Acquisitions of subsidiaries, Public Issue, Offer for Sale and utilisation of proceeds as described in Notes 1.2, 1.3.1, 1.3.2 and 3.2.1, respectively.

2.2 The accountants' report of VETECE for the financial years ended 31 August 2021, 31 August 2022, 31 August 2023 and 31 March 2024 were reported by us to the Directors of VETECE on 11 July 2024 without any modifications.

2.3 The pro forma combined statement of financial position of VETECE has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of VETECE and does not purport to predict the future financial position and results of VETECE.

2.4 The pro forma combined statement of financial position of VETECE have been properly prepared on the basis set out in the accompanying notes to the pro forma combined statement of financial position based on the accountants' report of VETECE for financial year ended ("FYE") 31 March 2024, which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

2.5 The pro forma combined statement of financial position of VETECE have been prepared in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group in the preparation of its accountants' report for the FYE 31 March 2024 and the adoption of the following new accounting policies, which had been adopted by the Group as its group accounting policies:

Merger accounting

The subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

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2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)

2.5 (continued)

Merger accounting (continued)

Acquisition of entities under common control does not result in any change in economic substance. Accordingly, the Group is a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the difference arising from the change in equity structure of the Group will be accounted for in merger reserve/deficit.

2.6 In connection with the IPO, the audited statement of financial position of VETECE as at 31 March 2024 have been presented after adjusting for the Acquisition of subsidiaries, Public Issue, Offer for Sale and utilisation of proceeds as described in Notes 1.2, 1.3.1, 1.3.2, and 3.2.1, respectively.

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD**

3.1 The pro forma combined statement of financial position of VETECE as set out below, for which the Directors of VETECE are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of VETECE as at 31 March 2024, had the Acquisitions, Public Issue, Offer for Sale and utilisation of Proceeds as described in Notes 1.2, 1.3.1, 1.3.2 and 3.2.1 respectively, been effected on that date, and should be read in conjunction with the notes accompanying thereto.

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Statement of Financial Position as at 31.3.2024 RM'000	After the Acquisitions RM'000	After Pro Forma I, Public Issue and Offer for Sale RM'000	After Pro Forma II and Utilisation of Proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	7,319	7,319	7,319
	-	7,319	7,319	7,319
Current assets				
Trade and other receivables	^	1,708	1,708	1,708
Contract assets	-	3,498	3,498	3,498
Current tax assets	-	1,365	1,365	1,365
Cash and short-term deposits	^	11,899	36,399	27,699
	^	18,470	42,970	34,270
TOTAL ASSETS	^	**25,789**	**50,289**	**41,589**

Note:
^ *Less than RM1,000*

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.1 (Continued)

	Audited Statement of Financial Position as at 31.3.2024 RM'000	Pro Forma I After the Acquisitions RM'000	Pro Forma II After Pro Forma I, Public Issue and Offer for Sale RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	^	16,405	40,905	38,730
Reorganisation reserve	-	(14,328)	(14,328)	(14,328)
Revaluation reserve	-	927	927	927
Translation reserve	-	906	906	906
Retained earnings	(2)	15,500	15,500	13,005
TOTAL EQUITY	^	**19,410**	**43,910**	**39,240**
Non-current liabilities				
Loans and borrowings	-	3,947	3,947	-
Deferred tax liabilities	-	385	385	385
	-	4,332	4,332	385
Current liabilities				
Loans and borrowings	-	110	110	27
Trade and other payables	2	1,157	1,157	1,157
Current tax liabilities	-	780	780	780
	2	2,047	2,047	1,964
TOTAL LIABILITIES	**2**	**6,379**	**6,379**	**2,349**
TOTAL EQUITY AND LIABILITIES	^	**25,789**	**50,289**	**41,589**

Note:
^ *Less than RM1,000*

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.1 (Continued)

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Statement of Financial Position as at 31.3.2024	After the Acquisitions	After Pro Forma I, Public Issue and Offer for Sale	After Pro Forma II and Utilisation of Proceeds
Number of ordinary shares in issue ('000)	#	294,000	392,000	392,000
NA attributable to the owners of the Company (RM'000)	^	19,410	43,910	39,240
NA per share attributable to the owners of the Company (RM)	^	0.07	0.11	0.10
Interest-bearing borrowings (RM'000)	-	4,057	4,057	27
Gearing (times) *	-	0.21	0.09	*Neg*

Notes:

^ *Less than RM1,000*

2 shares

* *Gearing ratio is calculated based on total interest-bearing borrowings divided by total equity of the Group*

Neg *Negligible*

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 Notes to the pro forma combined statement of financial position are as follows:

3.2.1 The proceeds from the Public Issue would be used in the following manner:

Purposes	**RM'000**	**%**	**Estimated time for defrayment (from listing date)**
Roll out of new core products and services	2,192	8.95	Within 24 months
Strengthening of Singapore operations	3,293	13.44	Within 24 months
Establishment of a Centre of Excellence for software solutions	3,795	15.49	Within 36 months
Hardware and software licensing fee	6,520	26.61	Within 24 months
Loan repayment	4,004	16.34	Within 6 months
Estimated listing expenses	4,696	19.17	Within 1 month
Total	**24,500**	**100.0**	

3.2.2 The pro forma combined statement of financial position should be read in conjunction with the notes below:

(a) **Pro Forma I**

Pro Forma I incorporates the following effects:

(i) Acquisitions as described in Note 1.2 on the audited financial statements of VETECE as at 31 March 2024:

	RM'000
Purchase consideration	16,405
Less: Share capital of acquired subsidiaries	(2,077)
Reorganisation reserve	14,328

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 (continued)

3.2.2 (continued)

(a) **Pro Forma I (continued)**

(i) The Acquisitions had the following impact on the audited statement of financial position of VETECE as at 31 March 2024:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Property, plant and equipment	7,319	-
Trade and other receivables	1,708	-
Contract assets	3,498	-
Current tax assets	1,365	-
Cash and short-term deposits	11,899	-
Share capital	-	16,405
Reorganisation reserve	-	(14,328)
Translation reserve	-	906
Revaluation reserve	-	927
Retained earnings	-	15,502
Loans and borrowings - non-current	-	3,947
Deferred tax liabilities	-	385
Loans and borrowings - current	-	110
Trade and other payables	-	1,155
Current tax liabilities	-	780
	25,789	25,789

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 (continued)

3.2.2 (continued)

(b) **Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue and Offer for Sale as described in Note 1.3.1 and Note 1.3.2 respectively.

The Public Issue will have the following impact on the audited statement of financial position of VETECE as at 31 March 2024:

	Increase	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and bank balances	24,500	-
Share capital	-	24,500
	24,500	24,500

Upon the completion of the Public Issue of 98,000,000 VETECE Shares, its entire enlarged issued share capital would amount to RM40,905,000 comprising 392,000,000 VETECE Shares.

The Offer for Sale does not have an impact on the audited statement of financial position of VETECE.

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 (Continued)

3.2.2 (Continued)

(c) **Pro Forma III**

Pro Forma III incorporates the cumulative effects of Pro Forma II and the utilisation of proceeds from the Public Issue of RM24.50 million and after deducting RM4.70 million of estimated listing expenses.

The proceeds arising from the Public Issue earmarked for the rolling out of new core products and services, the strengthening of Singapore operations, hardware and software licensing fee, the establishment of a Centre of Excellence for software solutions will be debited to Cash and Bank Balances Account as working capital as the Group has yet to enter into any contracts for these items.

Of the total estimated expenses of RM4.70 million, RM2.52 million will be charged to Retained Earnings Account and the remaining RM2.18 million will be capitalised in Share Capital upon listing as these are directly attributable expenses relating to the new issuance of shares.

The utilisation of proceeds will have the following impact on the audited statement of financial position of VETECE as at 31 March 2024:

	Decrease	
	Effects on Total Assets RM'000	**Effects on Total Liabilities and Total Equity RM'000**
Cash and bank balances	(8,700)	-
Share capital	-	(2,175)
Retained earnings	-	(2,521)
Loans and borrowings	-	(4,004)
	(8,700)	(8,700)

VETECE HOLDINGS BERHAD

3. **PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)**

3.2 (Continued)

3.2.3 Movements in share capital and reserves are as follows:

	← Share Capital →						
	Number of shares '000	Amount RM'000	Reorganisation Reserve RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000
Audited as at 31 March 2024	#	^	-	-	-	(2)	(2)
Arising from the Acquisitions	294,000	16,405	(14,328)	927	906	15,502	19,412
As per Pro Forma I	**294,000**	**16,405**	**(14,328)**	**927**	**906**	**15,500**	**19,410**
Arising from the Public Issue and Offer for Sale	98,000	24,500	-	-	-	-	24,500
As per Pro Forma II	**392,000**	**40,905**	**(14,328)**	**927**	**906**	**15,500**	**43,910**
Arising from Utilisation of Proceeds	-	(2,175)	-	-	-	(2,521)	(4,696)
As per Pro Forma III	**392,000**	**38,730**	**(14,328)**	**927**	**906**	**12,979**	**39,214**

Notes:

^ *RM2*

2 shares

3.2.4 Movements in cash and short-term deposits are as follows:

	RM'000
Audited as at 31 March 2024	^
Arising from the Acquisitions	11,899
As per Pro Forma I	**11,899**
Arising from Public Issue and Offer for Sale	24,500
As per Pro Forma II	**36,399**
Arising from Utilisation of Proceeds	(8,700)
As per Pro Forma III	**27,699**

Note:

^ *RM2*

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3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF VETECE HOLDINGS BERHAD (CONTINUED)

3.2 (Continued)

3.2.5 Movements in loans and borrowings are as follows:

	RM'000
Audited as at 31 March 2024	**-**
Arising from the Acquisitions	4,057
As per Pro Forma I	**4,057**
Arising from Public Issue and Offer for Sale	-
As per Pro Forma II	**4,057**
Arising from Utilisation of Proceeds	(4,004)
As per Pro Forma III	**53**

VETECE HOLDINGS BERHAD

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted on behalf of the Board of Directors of VETECE HOLDINGS BERHAD in accordance with a resolution dated 11 July 2024

………………………………………	………………………………………
TEE CHEE CHIANG	**CHAN WAI HOONG**
Director	**Director**

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA)
Chartered Accountants (AF 0117)
Baker Tilly Tower
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11 July 2024

The Board of Directors
VETECE Holdings Berhad
E-32-3A & E-32-03, Menara Suezcap 2
KL Gateway
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Kuala Lumpur

Dear Sirs/Madam,

Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of VETECE Holdings Berhad ("VETECE" or the "Company")

Opinion

We have audited the accompanying combined financial statements of the Group and its combining entities (collectively known as the "Group") as detailed in Note 2 to the combined financial statements, which comprise the combined statements of financial position as at 31 August 2021, 31 August 2022, 31 August 2023 and 31 March 2024, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended ("FYE(s)") 31 August 2021, 31 August 2022 and 31 August 2023 and the financial period ended ("FPE") 31 March 2024, and notes to the combined financial statements, including a summary of material accounting policy information, as set out on pages 6 to 67.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report of the Group gives a true and fair view of the financial positions of the Group as at 31 August 2021, 31 August 2022, 31 August 2023 and 31 March 2024, and of its financial performance and its cash flows for the FYEs 31 August 2021, 31 August 2022 and 31 August 2023 and FPE 31 March 2024 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards as well as Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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VETECE HOLDINGS BERHAD
(Incorporated in Malaysia)

Independence and Other Ethical Responsibilities

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

Responsibilities of the Directors for the Combined Financial Statements

The directors of VETECE are responsible for the preparation of the combined financial statements contained in the Accountants' Report of the Group, so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

The directors of VETECE are responsible for overseeing the Group's financial reporting process.

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

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

VETECE HOLDINGS BERHAD
(Incorporated in Malaysia)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

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

- identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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VETECE HOLDINGS BERHAD
(Incorporated in Malaysia)

Other Matter

This report is made solely to the Group and has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia for inclusion in the Prospectus of the Group in connection with the listing of and quotation for the entire enlarged issued share capital of the Group on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

Baker Tilly Monteiro Heng PLT	Paul Tan Hong
201906000600 (LLP0019411-LCA) & AF 0117	No. 03459/11/2025 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 11 July 2024

STATEMENT BY DIRECTORS

We, **TEE CHEE CHIANG** and **CHAN WAI HOONG**, being two of the directors of VETECE HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 August 2021, 31 August 2022, 31 August 2023 and 31 March 2024 and of its financial performance and cash flows for the financial years ended 31 August 2021, 31 August 2022 and 31 August 2023 and the financial period ended 31 March 2024.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………
TEE CHEE CHIANG
Director

…………………………………
CHAN WAI HOONG
Director

Kuala Lumpur

Date: 11 July 2024

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 August			As at 31 March
	Note	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	**5**	7,323	7,546	7,418	7,319
Total non-current assets		**7,323**	**7,546**	**7,418**	**7,319**
Current assets					
Trade and other receivables	**6**	3,715	3,841	8,377	1,708
Contract assets	**7**	1,657	716	3,680	3,498
Fixed deposits placed with licensed banks	**8**	5,605	5,700	1,343	1,365
Cash and bank balances	**9**	11,639	12,741	4,026	11,899
Total current assets		**22,616**	**22,998**	**17,426**	**18,470**
TOTAL ASSETS		**29,939**	**30,544**	**24,844**	**25,789**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Group					
Invested equity	**10**	2,077	2,077	2,077	2,077
Other reserves	**11, 12**	1,189	1,429	1,825	1,833
Retained earnings		18,241	5,952	12,516	15,500
TOTAL EQUITY		**21,507**	**9,458**	**16,418**	**19,410**
Non-current liabilities					
Loans and borrowings	**13**	4,235	4,079	4,009	3,947
Other payables	**14**	1,083	-	-	-
Deferred tax liabilities	**15**	287	351	385	385
Total non-current liabilities		**5,605**	**4,430**	**4,394**	**4,332**
Current liabilities					
Loans and borrowings	**13**	126	157	115	110
Trade and other payables	**14**	2,636	16,138	3,256	1,157
Current tax liabilities		65	361	661	780
Total current liabilities		**2,827**	**16,656**	**4,032**	**2,047**
TOTAL LIABILITIES		**8,432**	**21,086**	**8,426**	**6,379**
TOTAL EQUITY AND LIABILITIES		**29,939**	**30,544**	**24,844**	**25,789**

The accompanying notes form an integral part of these combined financial statements.

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	FYE 31 August			FPE 31 March	
					Unaudited	
		2021	2022	2023	2023	2024
		RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	**16**	20,045	20,842	23,133	11,419	11,265
Cost of sales		(14,170)	(13,796)	(13,394)	(7,007)	(6,530)
Gross profit		**5,875**	**7,046**	**9,739**	**4,412**	**4,735**
Other income	**17**	267	395	395	191	183
Administrative expenses		(1,878)	(1,774)	(1,262)	(692)	(887)
Operating profit		**4,264**	**5,667**	**8,872**	**3,911**	**4,031**
Finance costs	**18**	(136)	(138)	(172)	(97)	(103)
Profit before tax	**19**	**4,128**	**5,529**	**8,700**	**3,814**	**3,928**
Income tax expense	**21**	(989)	(1,377)	(2,136)	(914)	(944)
Profit for the financial year		**3,139**	**4,152**	**6,564**	**2,900**	**2,984**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Revaluation surplus, net of deferred tax liabilities		582	-	-	-	-
Exchange differences on translation of foreign operations		45	240	396	381	8
Total comprehensive income for the financial year		**3,766**	**4,392**	**6,960**	**3,281**	**2,992**
Earnings per share						
Basic (sen)	**22**	155.01	205.04	324.15	143.21	147.36

The accompanying notes form an integral part of these combined financial statements.

VETECE HOLDINGS BERHAD
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COMBINED STATEMENTS OF CHANGES IN EQUITY

		|---------------- Attributable to owners of the Group ----------------|				
	Note	**Invested equity RM'000**	**Exchange reserve RM'000**	**Revaluation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 September 2020		**2,077**	**226**	**336**	**16,560**	**19,199**
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	3,139	3,139
Other comprehensive income		-	45	582	-	627
Total comprehensive income		-	45	582	3,139	3,766
Transaction with owners						
Dividends declared		-	-	-	(1,458)	(1,458)
At 31 August 2021		**2,077**	**271**	**918**	**18,241**	**21,507**
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	4,152	4,152
Other comprehensive income		-	240	-	-	240
Total comprehensive income		-	240	-	4,152	4,392
Transactions with owners						
Dividends declared		-	-	-	(16,441)	(16,441)
At 31 August 2022		**2,077**	**511**	**918**	**5,952**	**9,458**

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	|---------------- Attributable to owners of the Group ----------------| Invested equity RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 September 2022		**2,077**	**511**	**918**	**5,952**	**9,458**
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	6,564	6,564
Other comprehensive income		-	396	-	-	396
Total comprehensive income		-	396	-	6,564	6,960
Transactions with owners						
Dividends declared		-	-	-	-	-
At 31 August 2023		**2,077**	**907**	**918**	**12,516**	**16,418**

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

		|---------------- Attributable to owners of the Group ----------------|				
	Note	**Invested equity RM'000**	**Exchange reserve RM'000**	**Revaluation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 September 2023		**2,077**	**907**	**918**	**12,516**	**16,418**
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	2,984	2,984
Other comprehensive income		-	8	-	-	8
Total comprehensive income		-	8	-	2,984	2,992
Transactions with owners						
Dividends declared		-	-	-	-	-
At 31 March 2024		**2,077**	**915**	**918**	**15,500**	**19,410**

The accompanying notes form an integral part of these combined financial statements.

VETECE HOLDINGS BERHAD
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COMBINED STATEMENTS OF CASH FLOWS

	Note	FYE 31 August 2021 RM'000	FYE 31 August 2022 RM'000	FYE 31 August 2023 RM'000	FPE 31 March Unaudited 2023 RM'000	FPE 31 March 2024 RM'000
Cash flows from operating activities						
Profit before tax		4,128	5,529	8,700	3,814	3,928
Adjustments for:						
Depreciation of property, plant and equipment		253	234	248	118	120
Loss on disposal of property, plant and equipment		38	-	-	-	-
Interest income		(91)	(97)	(90)	(66)	(20)
Interest expense		136	138	172	97	103
Unrealised loss/(gain) on foreign exchange		84	83	(21)	-	-
Operating profit before changes in working capital		4,548	5,887	9,009	3,963	4,131
Changes in working capital:						
Receivables		(1,429)	(187)	(4,869)	1,466	6,669
Contract assets		65	941	(2,964)	(2,743)	182
Payables		1,056	(1,529)	1,643	(955)	(2,099)
Net cash generated from operations		4,240	5,112	2,819	1,731	8,883
Tax paid, net		(835)	(1,017)	(1,802)	(558)	(825)
Interests received		91	97	90	66	20
Net cash from operating activities		3,496	4,192	1,107	1,239	8,078
Cash flows from investing activities						
Purchase of property, plant and equipment	**5**	(134)	(457)	(120)	(94)	(21)
Sale proceeds from disposal of property, plant and equipment		78	-	-	-	-
Net cash used in investing activities		(56)	(457)	(120)	(94)	(21)
Cash flows from financing activities						
Fixed deposits pledged as security values		(90)	(95)	(31)	-	(22)
Dividends paid		(1,458)	(2,200)	(14,241)	(14,241)	-
Interests paid		(136)	(138)	(172)	(97)	(103)
Repayment of term loans		(107)	(125)	(112)	(65)	(67)
Drawdown of term loans		93	-	-	-	-
Advances (to)/Repayment by related parties		(23)	(22)	354	-	-
Advances from/(Repayment to) a director		156	(293)	(284)	-	-
Net cash used in financing activities		(1,565)	(2,873)	(14,486)	(14,403)	(192)

VETECE HOLDINGS BERHAD
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Note	FYE 31 August 2021 RM'000	FYE 31 August 2022 RM'000	FYE 31 August 2023 RM'000	FPE 31 March Unaudited 2023 RM'000	FPE 31 March 2024 RM'000
Net increase/(decrease) in cash and cash equivalents		1,875	862	(13,499)	(13,258)	7,865
Cash and cash equivalents at the beginning of the financial year/period		13,837	15,951	17,129	17,129	4,026
Effects of exchange rate changes on cash and cash equivalents		239	316	396	381	8
Cash and cash equivalents at the end of the financial year/period		15,951	17,129	4,026	4,252	11,899

Analysis of cash and cash equivalents

	Note	FYE 31 August 2021 RM'000	FYE 31 August 2022 RM'000	FYE 31 August 2023 RM'000	FPE 31 March Unaudited 2023 RM'000	FPE 31 March 2024 RM'000
Cash and bank balances	**9**	11,639	12,741	4,026	4,252	11,899
Fixed deposits placed with a licensed bank	**8**	5,605	5,700	1,343	1,321	1,365
		17,244	18,441	5,369	5,573	13,264
Less: Fixed deposits pledged as security values	**8**	(1,293)	(1,312)	(1,343)	(1,321)	(1,365)
		15,951	17,129	4,026	4,252	11,899

The accompanying notes form an integral part of these combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

VETECE Holdings Berhad ("VETECE" or the "Company") was incorporated as a private company limited by shares on 22 November 2023 under Companies Act 2016 and is domiciled in Malaysia. The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. The principal places of business of the Group are located at E-32-3A & E-32-03, Menara Suezcap 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, Malaysia.

On 8 December 2023, VETECE Holdings was converted to a public company under its current name.

The principal activity of the Company is investment holding. The details of the combining entities are as follows:

Combining entities	Principal place of business/ country of incorporation	Principal activities
Vision Technology Consulting Sdn. Bhd. ("VTCM")	Malaysia	Information technology ("IT")
Vision Technology Consulting Pte. Ltd. ("VTCS")	Singapore	IT consulting, outsourcing and developing computer software

There have been no significant changes in the nature of these principal activities during the financial years under review.

The combined financial statements were authorised for issue by the Board of Directors of VETECE in accordance with a resolution of the directors on 11 July 2024.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION

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

	FYE 31 August			FPE 31 March
Entities Under Common Control	**2021**	**2022**	**2023**	**2024**
VETECE	>	>	>	√,^
VTCM	√,^	√,^	√,^	√,^
VTCS	√, *	√, *	√, *	√, *

> *No financial statements were available for VETECE Holdings as it was incorporated on 22 November 2023.*

√ *The combined financial statements of the Group include the financial statements of these combining entities prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and/or the International Financial Reporting Standards ("IFRSs") for the respective financial years.*

^ *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.*

* *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by a firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.*

The audited financial statements of all the combining entities within the Group for the relevant years reported above were not subject to any qualification or modification.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Combined financial statements of the Group for FYE 31 August 2021, 31 August 2022, 31 August 2023 and FPE 31 March 2024

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later.

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

The financial information presented in the combined financial statements may not correspond to those in the combined financial statements of the Group had the relevant transactions to legally constitute a group been incorporated in the combined financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

2.1 Statement of compliance

The combined financial statements of the Group have been prepared in accordance with the MFRSs and IFRSs.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Amendments to MFRSs that have been issued, but yet to be effective

(a) The Group has not adopted the following amendments to MFRSs that have been issued, but yet to be effective:

Amendments to MFRSs		Effective for financial periods beginning on or after
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

(b) The Group plans to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group are summarised below:

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Amendments to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group plans to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group are summarised below: (continued)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Amendments to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group plans to adopt the above applicable amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group are summarised below: (continued)

Amendments to MFRS 121 The Effect if Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

(c) The initial application of the above applicable amendments to MFRSs are not expected to have any material impact on the combined financial statements.

2.3 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Basis of measurement

The combined financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Group has adopted the amendments to MFRS 101, *Presentation of Financial Statements* whereby an entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information in the Group's financial statements, it can reasonably be expected to influence decisions that the primary users make on the basis of those financial information.

The Group has early adopted the amendments to MFRS 101 to reporting periods before 1 January 2023. Accordingly, the Group disclosed their material accounting policy information in these combined financial statements. However, the amendments did not result in changes to the accounting policies of the Group.

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of combination

The Group applies the merger method of accounting to account for business combination under common control.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

3.2 Financial instruments

Financial assets - subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group subsequently measures these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group classifies the financial liabilities at amortised cost.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

Financial liabilities – subsequent measurement and gains and losses (continued)

The Group subsequently measures other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.3 Property, plant and equipment

Property, plant and equipment other than right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

All other property, plant and equipment (other than the right-of-use assets as disclosed in Note 3.4) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Freehold building	2%
Leasehold buildings	Amortised by equal annual installments over lease period of 37, 70 and 90 years
Computers	20%
Electrical installation	20%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	20%
Renovation	5%

3.4 Leases

Lessee accounting

The Group presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 13.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (continued)

Lessee accounting (continued)

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

3.5 Revenue

(a) Service contracts

The Group provides information technology consulting, outsourcing and computer software development services. Revenue from the service contracts is recognised over time as the service is rendered as the customer received and consumes the benefits simultaneously.

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(b) Sale of goods

The Group's sale of goods comprise the resale of hardware and software. Revenue from the resale of hardware and software is recognised upon customer acceptance.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of combined financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's combined financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's combined financial statements within the next financial year are disclosed as follows:

(a) Impairment of financial assets and contract assets

The impairment provisions for the financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Group's financial assets and contract assets are disclosed in Note 24(b).

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold building RM'000	Right-of-use assets RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
	|------ At valuation -----|		|------ At cost					------|	
At cost/valuation									
At 1 September 2020	700	5,538	841	1	27	493	110	152	7,862
Additions	-	93	27	-	9	-	*	5	134
Adjustment on revaluation	-	766	-	-	-	-	-	-	766
Disposal	-	-	-	-	-	(174)	-	-	(174)
At 31 August 2021	700	6,397	868	1	36	319	110	157	8,588
Accumulated depreciation									
At 1 September 2020	19	10	698	1	21	176	88	57	1,070
Depreciation charge for the financial year	19	73	65	-	1	76	11	8	253
Disposal	-	-	-	-	-	(58)	-	-	(58)
At 31 August 2021	38	83	763	1	22	194	99	65	1,265
Carrying amount									
At 1 September 2020	681	5,528	143	-	6	317	22	95	6,792
At 31 August 2021	662	6,314	105	-	14	125	11	92	7,323

* *Denotes < RM1,000*

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold building RM'000	Right-of-use assets RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
	<------ At valuation ----->		<-- At cost					-->	
At cost/valuation									
At 1 September 2021	700	6,397	868	1	36	319	110	157	8,588
Additions	-	-	42	-	11	-	15	389	457
At 31 August 2022	700	6,397	910	1	47	319	125	546	9,045
Accumulated depreciation									
At 1 September 2021	38	83	763	1	22	194	99	65	1,265
Depreciation charge for the financial year	19	73	60	-	2	55	9	16	234
At 31 August 2022	57	156	823	1	24	249	108	81	1,499
Carrying amount									
At 1 September 2021	662	6,314	105	-	14	125	11	92	7,323
At 31 August 2022	643	6,241	87	-	23	70	17	465	7,546

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold building RM'000	Right-of-use assets RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
	<------ At valuation ----->		<------ At cost ------>						
At cost/valuation									
At 1 September 2022	700	6,397	910	1	47	319	125	546	9,045
Additions	-	-	113	-	-	-	7	-	120
At 31 August 2023	700	6,397	1,023	1	47	319	132	546	9,165
Accumulated depreciation									
At 1 September 2022	57	156	823	1	24	249	108	81	1,499
Depreciation charge for the financial year	19	73	59	-	9	55	9	24	248
At 31 August 2023	76	229	882	1	33	304	117	105	1,747
Carrying amount									
At 1 September 2022	643	6,241	87	-	23	70	17	465	7,546
At 31 August 2023	624	6,168	141	-	14	15	15	441	7,418

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold building RM'000	Right-of-use assets RM'000	Computers RM'000	Electrical installation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
	<------ At valuation ----->		<------ At cost					------>	
At cost/valuation									
At 1 September 2023	700	6,397	1,023	1	47	319	132	546	9,165
Additions	-	-	20	-	-	-	1	-	21
At 31 March 2024	700	6,397	1,043	1	47	319	133	546	9,186
Accumulated depreciation									
At 1 September 2023	76	229	882	1	33	304	117	105	1,747
Depreciation charge for the financial year	11	43	28	-	4	14	4	16	120
At 31 March 2024	87	272	910	1	37	318	121	121	1,867
Carrying amount									
At 1 September 2023	624	6,168	141	-	14	15	15	441	7,418
At 31 March 2024	613	6,125	133	-	10	1	12	425	7,319

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Had the freehold buildings and right-of-use assets been carried at historical cost less accumulated depreciation, the net carrying amounts of the freehold buildings and right-of-use assets that would have been included in the financial statements of the Group are as follows:

	|------------ As at 31 August ------------|			As at 31 March
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Freehold building	382	371	360	354
Right-of-use assets	5,414	5,352	5,289	5,326
	5,796	5,723	5,649	5,680

(b) Level 2 fair value

Fair value of freehold and leasehold buildings under right-of-use assets are categorised as Level 2. Level 2 fair value is determined by using the comparison method of valuation which compares the property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustment thereof are then made to arrive at the value of the property.

In view that there is comparable market data of similar properties in the vicinity where the Company's property is situated, the valuation is based on significant observable inputs and is therefore recognised under level 2 of the fair value hierarchy.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets

Information about leases for which the Group is lessee is presented below:

	|------------ As at 31 August	------------|		As at 31 March
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Buildings				
At valuation:				
At 1 September	5,538	6,397	6,397	6,397
Additions	859	-	-	-
At 31 August	6,397	6,397	6,397	6,397
Accumulated depreciation				
At 1 September	10	83	156	229
Charge for the financial year	73	73	73	43
At 31 August	83	156	229	272
Carrying amount	6,314	6,241	6,168	6,125

The Group leases several buildings (as lessee). The remaining lease terms for these buildings are between 70 to 90 years.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

6. TRADE AND OTHER RECEIVABLES

		|------------ As at 31 August ------------|			As at 31 March
	Note	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Trade	**(a)**				
- Third parties		3,351	3,410	8,086	682
Non-trade					
Other receivables		2	5	31	-
Deposits		30	31	26	39
Prepayments		-	41	234	987
Amount owing by related related parties	**(b)**	332	354	-	-
		364	431	291	1,026
Total trade and other receivables		3,715	3,841	8,377	1,708

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group is 30 to 90 days (31.8.2023, 31.8.2022 and 31.8.2021: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

(b) Amount owing by related parties and a director

Amount owing by related parties and a director are unsecured, non-trade in nature, repayable on demand and are expected to be settled in cash.

The information about the credit exposure is disclosed in Note 24(b)(i).

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

7. CONTRACT ASSETS

	As at 31 August			As at 31 March
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Contract assets relating to service contracts	1,657	716	3,680	3,498

Significant changes in contract balances

	Increase/(Decrease)			
	As at 31 August			As at 31 March
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Increases due to revenue recognised during the financial year, but no right to consideration	1,391	716	3,680	3,498
Transfers from contract assets recognised at the beginning of the period to receivables	(1,722)	(1,391)	(716)	(3,680)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

8. FIXED DEPOSITS PLACED WITH A LICENSED BANK

	As at 31 August			As at 31 March
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term deposits	5,605	5,700	1,343	1,365
Less: Pledged deposits	(1,293)	(1,312)	(1,343)	(1,365)
	4,312	4,388	-	-

Included in fixed deposits placed with a licensed bank is RM1,365,501 (31.8.2023: RM1,342,738, 31.8.2022: RM1,311,783 and 31.8.2021: RM1,292,527) have been pledged to a licensed bank for bank guarantees granted to the Group.

The fixed deposits placed with a licensed bank have maturity of 1 month (31.8.2023, 31.8.2022 and 31.8.2021: 1 month), which bear interest at rates ranging from 1.70% to 2.65% (31.8.2023: 1.70% to 2.65%, 31.8.2022: 1.70% to 1.94% and 31.8.2021: 1.44% to 1.70%) per annum.

9. CASH AND BANK BALANCES

	As at 31 August			As at 31 March
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash at bank	11,622	12,731	4,013	11,886
Cash in hand	17	10	13	13
	11,639	12,741	4,026	11,899

(i) During the financial years under review, the Group's acquisitions of property, plant and equipment were made entirely from internally generated funds.

(ii) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.9.2020	**Cash flows**	**31.8.2021**
	RM'000	**RM'000**	**RM'000**
Amount due to a director	421	156	577
Amount due from a related party	(309)	(23)	(332)
Term loans	4,375	(14)	4,361
	4,487	119	4,606

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

9. CASH AND BANK BALANCES (CONTINUED)

(ii) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.9.2021 RM'000	Cash flows RM'000	31.8.2022 RM'000
Amount due to a director	577	(293)	284
Amount due from a related party	(332)	(22)	(354)
Term loans	4,361	(125)	4,236
	4,606	(440)	4,166

	1.9.2022 RM'000	Cash flows RM'000	31.8.2023 RM'000
Amount due to a director	284	(284)	-
Amount due from a related party	(354)	354	-
Term loans	4,236	(112)	4,124
	4,166	(42)	4,124

	1.9.2023 RM'000	Cash flows RM'000	31.3.2024 RM'000
Amount due to a director	-	-	-
Amount due from a related party	-	-	-
Term loans	4,124	(67)	4,057
	4,124	(67)	4,057

10. INVESTED EQUITY

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the combining entities constituting the Group.

The invested equity constitutes the share capital of VTCM and VTCS.

	Number of ordinary shares				|----------------- Amount -----------------|			
	|---- As at 31 August ----|			As at 31 March	|---- As at 31 August ----|			As at 31 March
	2021 Units	2022 Units	2023 Units	2024 Units	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Issued and fully paid-up:								
At the beginning/end of the financial years/period	2,025	2,025	2,025	2,025	2,077	2,077	2,077	2,077

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

11. TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

12. REVALUATION RESERVE

	As at 31 August			As at 31 March
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Non-distributable:				
Revaluation reserve	918	918	918	918

The revaluation reserve represents the surplus arising from the revaluation of certain leasehold buildings of the Group.

13. LOANS AND BORROWINGS

	As at 31 August			As at 31 March
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Non-current:				
- Term loan I	886	830	834	819
- Term loan II	1,398	1,354	1,320	1,300
- Term loan III	811	788	771	760
- Term loan IV	1,140	1,107	1,084	1,068
	4,235	4,079	4,009	3,947
Current:				
- Term loan I	26	54	25	26
- Term loan II	44	45	40	38
- Term loan III	23	24	21	19
- Term loan IV	33	34	29	27
	126	157	115	110
Total loans and borrowings	4,361	4,236	4,124	4,057

The term loans bear interests at base lending rate ("BLR") minus 2.37% per annum and are secured by way of:

(i) Fixed charge over leasehold buildings as disclosed in Note 5; and
(ii) Joint and several guarantee by directors of VETECE.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

14. TRADE AND OTHER PAYABLES

	Note	As at 31 August 2021 RM'000	As at 31 August 2022 RM'000	As at 31 August 2023 RM'000	As at 31 March 2024 RM'000
Non-current:					
Other payables		1,083	-	-	-
Current:					
Trade	**(a)**				
- Third parties		788	157	1,760	-
		788	157	1,760	-
Non-trade					
Other payables		259	598	636	276
Amount owing to a director	**(b)**	577	284	-	-
Deposit		-	-	36	32
Accruals		1,012	858	824	849
Dividends payable		-	14,241	-	-
		1,848	15,981	1,496	1,157
Total trade and other payables (current and non-current)		3,719	16,138	3,256	1,157

(a) Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days (31.8.2023, 31.8.2021 and 31.8.2020: 30 to 90 days).

(b) Amounts owing to a related party and a director

Amount owing to a related party and a director are unsecured, non-trade in nature, non-interest bearing, with no fixed term of repayment.

For explanation on the Group's liquidity risk management processes, refer to Note 24(b)(ii).

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. DEFERRED TAX LIABILITIES

	1.9.2020 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	31.8.2021 RM'000
Property, plant and equipment	131	(28)	287	287

	1.9.2021 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	31.8.2022 RM'000
Property, plant and equipment	287	64	-	351

	1.9.2022 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	31.8.2023 RM'000
Property, plant and equipment	351	34	-	385

	1.9.2023 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	31.3.2024 RM'000
Property, plant and equipment	385	-	-	385

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

15. DEFERRED TAX LIABILITIES (CONTINUED)

The components of deferred tax liabilities are as follows:

	As at 31 August			As at 31 March
	2021 RM'000	**2022 RM'000**	**2023 RM'000**	**2024 RM'000**
Differences between carrying amount of property, plant and equipment and its tax base	(3)	61	95	95
Revaluation surplus arising from revaluation of property, plant and equipment	290	290	290	290
	287	351	385	385

16. REVENUE

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021 RM'000	**2022 RM'000**	**2023 RM'000**	**2023 RM'000**	**2024 RM'000**
Timing of revenue recognition:					
Over time:					
- Implementation services	5,390	6,514	10,328	4,744	5,778
- Maintenance, support and professional services	11,583	8,640	9,862	5,531	5,052
At a point in time:					
- Resale of hardware and software	3,072	5,688	2,943	1,144	435
	20,045	20,842	23,133	11,419	11,265

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

17. OTHER INCOME

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021 RM'000	2022 RM'000	2023 RM'000	2023 RM'000	2024 RM'000
Realised gain on foreign exchange	-	16	82	23	35
Unrealised gain on foreign exchange	-	-	21	-	-
Interest income	91	97	90	66	20
Rental income	25	55	136	76	97
Miscellaneous income	151	227	66	26	31
	267	395	395	191	183

18. FINANCE COSTS

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021 RM'000	2022 RM'000	2023 RM'000	2023 RM'000	2024 RM'000
Term loan interests	136	138	172	97	103

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

19. PROFIT BEFORE TAX

Other than as disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at profit before tax:

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration					
- current financial year	36	40	60	23	23
- over provision in prior financial year	(1)	(1)	-	-	-
Depreciation of property, plant and equipment	253	234	248	118	120
Directors' remuneration:					
- Salaries	557	560	586	234	241
- Defined contribution plan	74	62	76	44	45
- Other emoluments	2	2	2	1	1
Employee benefits expenses (Note 20)	11,280	8,176	10,272	5,596	5,898
Loss on disposal of property, plant and equipment	38	-	-	-	-
Loss on foreign exchange:					
- realised	45	-	-	-	-
- unrealised	84	83	-	-	-
Interest expense	136	138	172	97	103
Expense relating to short-term lease	-	14	-	-	-

20. EMPLOYEE BENEFITS EXPENSE

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Salaries, wages, bonuses, incentives and allowances	10,365	7,318	9,335	5,063	5,315
Defined contribution plan	837	784	844	481	526
Other emoluments	78	74	93	52	57
	11,280	8,176	10,272	5,596	5,898

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

20. EMPLOYEE BENEFITS EXPENSE (CONTINUED)

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Included in employee benefits expenses are:					
Directors' salaries, bonuses and allowances	557	560	586	234	241
Defined contribution plan	74	62	76	44	45
Other emoluments	2	2	2	1	1
	633	624	664	279	287

21. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 August 2021, 31 August 2022, 31 August 2023 and for the financial period ended 31 March 2024 are as follows:

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income					
Current income tax:					
- Current income tax charges	1,021	1,321	2,077	914	944
- Adjustment in respect of prior financial years	(4)	(8)	25	-	-
	1,017	1,313	2,102	914	944
Deferred tax (Note 15):					
- (Reversal)/Origination of temporary differences	(32)	50	4	-	-
- Adjustment in respect of prior financial years	4	14	30	-	-
	(28)	64	34	-	-
Income tax expense	989	1,377	2,136	914	944

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

21. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial years.

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expenses are as follows:

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	4,128	5,529	8,700	3,814	3,928
Tax at Malaysian statutory income tax rate of 24%	991	1,327	2,088	915	943
Adjustments:					
- Non-deductible expenses	125	134	38	2	8
- Crystallisation of deferred tax liabilities on revaluation property, plant and equipment	-	(9)	(4)	(3)	-
- Differential in tax rate	(39)	(59)	(41)	-	(7)
- Income not subject to tax	(88)	(22)	-	-	-
- Over provision of income tax in the previous financial years	(4)	(8)	25	-	-
- Under provision of deferred tax in the previous financial years	4	14	30	-	-
	989	1,377	2,136	914	944

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

22. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the financial years attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial years, calculated as follows:

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021 RM'000	2022 RM'000	2023 RM'000	2023 RM'000	2024 RM'000
Profit attributable to the owners of the Group	3,139	4,152	6,564	2,900	2,984
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	2,025	2,025	2,025	2,025	2,025
Basic earnings per share	155.01	205.04	324.15	143.21	147.36

Diluted earnings per share

The diluted earnings per ordinary share is not applicable as the Company does not have potential dilutive equity instrument in issue as at the end of the each of the financial years that have dilutive effect to the basic earnings per ordinary share.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

23. DIVIDENDS

	FYE 31 August			FPE 31 March	
				Unaudited	
	2021 RM'000	2022 RM'000	2023 RM'000	2023 RM'000	2024 RM'000
Single-tier interim dividend of RM0.729 per ordinary share in respect of the financial year ended 31 August 2021, paid on 10 January 2020	1,458	-	-	-	-
Single-tier interim dividend of RM1.10 per ordinary share in respect of the financial year ended 31 August 2022, paid on 17 September 2021	-	2,200	-	-	-
Second single-tier interim dividend of RM3.90 per ordinary share in respect of the financial year financial year ended 31 August 2022, paid on 17 September 2021	-	7,800	-	-	-
Single-tier interim dividend of SGD80 (RM257.64) per ordinary share in respect of the financial year ended 31 August 2022, paid on 17 September 2021	-	6,441	-	-	-
	1,458	16,441	-	-	-

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost

	Carrying amount RM'000	Amortised cost RM'000
At 31 August 2021		
Financial assets		
Trade and other receivables, less prepayments	3,715	3,715
Contract assets	1,657	1,657
Fixed deposits placed with licensed banks	5,605	5,605
Cash and bank balances	11,639	11,639
	22,616	22,616
Financial liabilities		
Loans and borrowings	4,361	4,361
Trade and other payables	3,719	3,719
	8,080	8,080
At 31 August 2022		
Financial assets		
Trade and other receivables, less prepayments	3,800	3,800
Contract assets	716	716
Fixed deposits placed with licensed banks	5,700	5,700
Cash and bank balances	12,741	12,741
	22,957	22,957
Financial liabilities		
Loans and borrowings	4,236	4,236
Trade and other payables	16,138	16,138
	20,374	20,374

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned: (continued)

(i) Amortised cost (continued)

	Carrying amount RM'000	Amortised cost RM'000
At 31 August 2023		
Financial assets		
Trade and other receivables, less prepayments	8,143	8,143
Contract assets	3,680	3,680
Fixed deposits placed with licensed banks	1,343	1,343
Cash and bank balances	4,026	4,026
	17,192	17,192
Financial liabilities		
Loans and borrowings	4,124	4,124
Trade and other payables	3,256	3,256
	7,380	7,380
At 31 March 2024		
Financial assets		
Trade and other receivables, less prepayments	721	721
Contract assets	3,498	3,498
Fixed deposits placed with licensed banks	1,365	1,365
Cash and bank balances	11,899	11,899
	17,483	17,483
Financial liabilities		
Loans and borrowings	4,057	4,057
Trade and other payables	1,157	1,157
	5,214	5,214

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

The directors of VETECE review and agree to policies and procedures for the management of these risks, which are executed by the Group's senior management.

(b) Financial risk management

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposure to credit risk arises primarily from trade and other receivables). The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the combined statements of financial position.

The carrying amounts of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

<u>Credit risk concentration profile</u>
At the end of the reporting period, the Group has a significant concentration of credit risk in the form of three (3) (31.8.2023: six (6), 31.8.2022 and 31.8.2021: four (4)) trade receivables, representing approximately 58% (31.8.2023: 87%, 31.8.2022: 84% and 31.8.2021: 77%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the impairment losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

		Trade receivables				
	Contract assets RM'000	**Current RM'000**	**1 to 30 days past due RM'000**	**31 to 60 days past due RM'000**	**> 60 days past due RM'000**	**Total RM'000**
At 31 August 2021						
Gross carrying amount at default	1,657	2,237	584	523	7	3,351
Impairment losses	-	-	-	-	-	-
Net balance	1,657	2,237	584	523	7	3,351
At 31 August 2022						
Gross carrying amount at default	716	1,969	1,097	137	207	3,410
Impairment losses	-	-	-	-	-	-
Net balance	716	1,969	1,097	137	207	3,410

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows: (continued)

		Trade receivables				
	Contract assets RM'000	**Current RM'000**	**1 to 30 days past due RM'000**	**31 to 60 days past due RM'000**	**> 60 days past due RM'000**	**Total RM'000**
At 31 August 2023						
Gross carrying amount at default	3,680	3,432	3,149	1,249	256	8,086
Impairment losses	-	-	-	-	-	-
Net balance	3,680	3,432	3,149	1,249	256	8,086
At 31 March 2024						
Gross carrying amount at default	3,498	235	224	135	88	682
Impairment losses	-	-	-	-	-	-
Net balance	3,498	235	224	135	88	682

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than credit terms in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

The Group did not recognise any loss allowance for impairment for other receivables and other financial assets throughout the financial years under review.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis
The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM'000	Contractual cash flows: On demand or within one year RM'000	Contractual cash flows: Between one and five years RM'000	Contractual cash flows: More than five years RM'000	Contractual cash flows: Total RM'000
At 31 August 2021					
Term loans	4,361	262	1,307	4,616	6,185
Trade and other payables	3,719	3,719	-	-	3,719
	8,080	3,981	1,307	4,616	9,904
At 31 August 2022					
Term loans	4,236	262	1,307	4,352	5,921
Trade and other payables	16,138	16,138	-	-	16,138
	20,374	16,400	1,307	4,352	22,059
At 31 August 2023					
Term loans	4,124	261	1,307	4,127	5,695
Trade and other payables	3,256	3,256	-	-	3,256
	7,380	3,517	1,307	4,127	8,951
At 31 March 2024					
Term loans	4,057	292	1,461	4,458	6,211
Trade and other payables	1,157	1,157	-	-	1,157
	5,214	1,449	1,461	4,458	7,368

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its long term loans and borrowings with floating interest rates. The Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The mix between fixed and floating rate borrowings are monitored and varied according to changes in interest rates to ensure that the Group's cost of financing is kept at the lowest possible.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial years.

	Carrying amount RM'000	Change in basis point	Effect on profit for the financial year RM'000
31 August 2021			
Term loans	4,361	+ 50	(17)
		- 50	17
31 August 2022			
Term loans	4,236	+ 50	(16)
		- 50	16
31 August 2023			
Term loans	4,124	+ 50	(16)
		- 50	16
31 March 2024			
Term loans	4,057	+ 50	(15)
		- 50	15

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Group to manage its treasury activities and exposures. The Group also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	FYE 31 August			FPE 31 March	
				Unaudited	Audited
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets not held in functional currencies:					
Trade and other receivables					
United States Dollar ("USD")	-	28	-	25	-
Australian Dollar ("AUD")	141	108	-	-	-
Thai Baht ("THB")	60	-	-	-	-
Chinese Yuan ("CNY")	-	-	60	-	-
	201	136	60	25	-
Cash and bank balances					
USD	439	763	843	790	844
	439	763	843	790	844
Trade and other payables					
USD	(459)	-	(203)	(2)	-
CNY	(968)	(1,514)	-	(53)	(53)
	(1,427)	(1,514)	(203)	(55)	(53)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, AUD, THB and CNY.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, AUD, THB and CNY with all other variables held constant on the Group's total equity and profit for the financial years.

	Carrying amount RM'000	Change in rate	Effect on profit for the financial year RM'000
31 August 2021			
USD	(20)	+5%	(1)
		-5%	1
AUD	141	+5%	5
		-5%	(5)
THB	60	+5%	2
		-5%	(2)
CNY	(968)	+5%	(37)
		-5%	37

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

	Carrying amount RM'000	Change in rate	Effect on profit for the financial year RM'000
31 August 2022			
USD	791	+5%	30
		-5%	(30)
AUD	108	+5%	4
		-5%	(4)
CNY	(1,514)	+5%	(58)
		-5%	58
31 August 2023			
USD	640	+5%	24
		-5%	(24)
CNY	60	+5%	3
		-5%	(3)
31 March 2023 (Unaudited)			
USD	813	+5%	31
		-5%	(31)
CNY	(53)	+5%	(2)
		-5%	2
31 March 2024			
USD	844	+5%	32
		-5%	(32)
CNY	(53)	+5%	(2)
		-5%	2

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amounts of bank balances, receivables and payables and short-term borrowings are reasonably approximate to their fair value due to relatively short-term nature of these financial instruments.

Other long-term financial assets and liabilities are reasonable approximation of their fair values because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types of arrangements.

It is not practical to determine the fair value of finance lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristic and risk profile.

Policy on transfer between levels
The fair value of asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between the fair value measurement hierarchy during the financial years/period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Transfer between Level 1 and Level 2
There has been no transfer between Level 1 and Level 2 fair values during the financial year.

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

25. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:
(i) Entities in which directors have substantial financial interests;
(ii) Entity in which a shareholder connected to a director of the Group;
(iii) Shareholder; and
(iv) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

(b) Significant related party transactions

	FYE 31 August			FPE 31 March	
				Unaudited	Audited
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Outsourcing fee paid to:					
- VTCS	1,151	702	-	-	-

(c) Compensation of key management personnel

	FYE 31 August			FPE 31 March	
				Unaudited	Audited
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Salaries, bonus and allowances	1,163	1,189	1,290	384	410
Defined contribution plans	147	137	161	46	49
Other related expenses	5	5	6	2	2
	1,315	1,331	1,457	432	461

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during financial years ended 31 August 2021, 31 August 2022, 31 August 2023 and 31 March 2024.

The Group monitors capital using gearing ratio, which is total debt divided by total equity of the Group. The gearing ratio as at 31 August 2021, 31 August 2022, 31 August 2023 and 31 March 2024 are as follows:

		FYE 31 August			**FPE 31 March**	
					Unaudited	**Audited**
		2021	**2022**	**2023**	**2023**	**2024**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	**13**	4,361	4,236	4,124	4,171	4,057
Total debts		4,361	4,236	4,124	4,171	4,057
Equity attributable to owners of the Company						
Total Equity		21,507	9,458	16,418	12,386	19,410
Gearing ratio (times)		0.20	0.45	0.25	0.34	0.21

There were no changes in the Group's approach to capital management during the financial years under review.

The Group is not subject to externally imposed capital requirements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS

(a) Acquisition of subsidiaries

(i) Acquisition of VTCM

On 7 February 2024, the Company entered into a conditional share sale agreement with Chan Wai Hoong, Choo Kwang Hui Nicholas, Goh Yeh Hwang and Tee Chee Chiang to acquire the entire issued share capital of VTCM of RM2,000,000 comprising 2,000,000 ordinary shares in VTCM for a purchase consideration of RM15,990,848.23. The acquisition of VTCM is to be wholly satisfied by the issuance of 286,574,341 new VETECE shares at an issue price of RM0.0558 per share.

(ii) Acquisition of VTCS

On 7 February 2024, the Company entered into a conditional share sale agreement with VETECE Group Sdn Bhd to acquire the entire issued share capital of VTCS of SGD25,000 comprising 25,000 ordinary shares in VTCS for a purchase consideration of RM414,351.66. The acquisition of VTCS is to be wholly satisfied by the issuance of 7,425,657 new VETECE at an issue price of RM0.0558 per share.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION

The group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by Directors for the purpose of making decisions about resource allocation and performance assessment.

The reportable segments are as follows:

Segments	Description
Implementation services	Conduct feasibility study to understand the clients' system requirement. Recommendation of enterprise IT solution to best suit clients' system requirement. Implementation of enterprise IT solutions into the clients' business processes.
Maintenance, support and professional services	Provide maintenance and support services for maintaining the system and upgrades. Provide IT professionals for clients' internally managed IT projects and/or to meet their operational needs.
Resale of hardware and software	Resale of hardware and software.

There is no inter-segment pricing.

Factors used to identify reportable segments
The group is organised into business units based on its business segment purposes.

Segment profit
Segment performance is used to measure performance as Directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets
The total of segment asset is measured based on all of a segment, as included in the internal reports that are reviewed by the Directors.

Segment liabilities
Segment liabilities are not included in the internal reports that are reviewed by the Directors, hence no disclosures are made on segment liabilities.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

	Implementation services RM'000	Maintenance, support and professional services RM'000	Resale of hardware and software RM'000	Total RM'000
At 31 August 2021				
Revenue:				
Revenue from external customers	5,390	11,583	3,072	20,045
Results:				
Included in the measure of segment profits are:				
- Depreciation of property, plant and equipment				(253)
- Rental income				25
- Interest income				91
- Employee benefits expense				(11,280)
- Interest expense				(136)
Segment profit	405	5,185	285	5,875
Unallocated expenses				(1,747)
Income tax expense				(989)
Profit for the financial year				3,139
Assets:				
Additions to non-current assets				134
Segment assets				29,939

VETECE HOLDINGS BERHAD
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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

	Implementation services RM'000	Maintenance, support and professional services RM'000	Resale of hardware and software RM'000	Total RM'000
At 31 August 2022				
Revenue:				
Revenue from external customers	6,514	8,640	5,688	20,842
Results:				
Included in the measure of segment profits are:				
- Depreciation of property, plant and equipment				(234)
- Rental income				55
- Interest income				97
- Employee benefits expense				(8,176)
- Interest expense				(138)
Segment profit	3,066	3,735	245	7,046
Unallocated expenses				(1,517)
Income tax expense				(1,377)
Profit for the financial year				4,152
Assets:				
Additions to non-current assets				457
Segment assets				30,544

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

	Implementation services RM'000	Maintenance, support and professional services RM'000	Resale of hardware and software RM'000	Total RM'000
At 31 August 2023				
Revenue:				
Revenue from external customers	10,328	9,862	2,943	23,133
Results:				
Included in the measure of segment profits are:				
- Depreciation of property, plant and equipment				(248)
- Rental income				136
- Interest income				90
- Employee benefits expense				(10,272)
- Interest expense				(172)
Segment profit	4,756	4,809	174	9,739
Unallocated expenses				(1,039)
Income tax expense				(2,136)
Profit for the financial year				6,564
Assets:				
Additions to non-current assets				120
Segment assets				24,844

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

	Implementation services RM'000	Maintenance, support and professional services RM'000	Resale of hardware and software RM'000	Total RM'000
At 31 March 2023 (Unaudited)				
Revenue:				
Revenue from external customers	4,744	5,531	1,144	11,419
Results:				
Included in the measure of segment profits are:				
- Depreciation of property, plant and equipment				(118)
- Rental income				76
- Interest income				66
- Employee benefits expense				(5,596)
- Interest expense				(97)
Segment profit	1,654	2,671	87	4,412
Unallocated expenses				(598)
Income tax expense				(914)
Profit for the financial year				2,900
Assets:				
Additions to non-current assets				94
Segment assets				18,921

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

	Implementation services RM'000	Maintenance, support and professional services RM'000	Resale of hardware and software RM'000	Total RM'000
At 31 March 2024				
Revenue:				
Revenue from external customers	5,778	5,052	435	11,265
Results:				
Included in the measure of segment profits are:				
- Depreciation of property, plant and equipment				(120)
- Rental income				97
- Interest income				20
- Employee benefits expense				(5,899)
- Interest expense				(103)
Segment profit	2,439	2,267	29	4,735
Unallocated expenses				(807)
Income tax expense				(944)
Profit for the financial year				2,984
Assets:				
Additions to non-current assets				21
Segment assets				25,789

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

Geographical Information

Revenue and non-current assets information based on geographical location of customers are as follows:

	Revenue RM'000	Non-current assets RM'000
At 31 August 2021		
Malaysia	15,408	7,323
Australia	2,259	-
Brunei	638	-
Thailand	583	-
Papua New Guinea	471	-
Singapore	163	#
Hong Kong	46	-
Others	477	-
	20,045	7,323
At 31 August 2022		
Malaysia	18,480	7,546
Australia	1,338	-
Brunei	173	-
Thailand	28	-
Papua New Guinea	541	-
Singapore	187	#
Hong Kong	47	-
Others	48	-
	20,842	7,546
At 31 August 2023		
Malaysia	22,300	7,418
Australia	304	-
Singapore	204	#
Hong Kong	300	-
Others	25	-
	23,133	7,418

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

Geographical Information (continued)

	Revenue RM'000	Non-current assets RM'000
At 31 March 2023 (Unaudited)		
Malaysia	11,088	7,522
Australia	35	-
Singapore	122	#
Hong Kong	150	-
Others	24	-
	11,419	7,522
At 31 March 2024		
Malaysia	10,933	7,319
Australia	-	-
Singapore	122	#
Hong Kong	210	-
Others	-	-
	11,265	7,319

Note:

Less than RM1,000

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

28. SEGMENT INFORMATION (CONTINUED)

Information about major customers
Revenue from external customers which contributed 10% or more to the total revenue recognised is as follows:

	|------------- FYE 31 August		--------------|	|---- FPE 31 March	----|
				Unaudited	Audited
	2021	2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Customer A	3,156	4,754	10,550	4,833	6,031
Customer B	2,821	2,577	1,729	928	1,012
Customer C	2,259	1,338	304	304	-
Customer D	1,774	1,552	1,888	367	891
Customer E	1,387	970	672	367	427
Customer F	-	4,162	90	90	90
Customer G	-	891	1,772	1,008	607
	11,397	16,244	17,005	7,897	9,058

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

15.1.1 No Shares will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of the issue of this Prospectus.

15.1.2 There is no founder, management or deferred shares in our Company. We have only one (1) class of shares in our Company, namely ordinary shares, all of which rank equally with one (1) another.

15.1.3 None of our Group's capital is under option or agreed conditionally or unconditionally to be put under option.

15.1.4 Save as disclosed in Sections 6.2 and Section 6.3 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, for the Financial Years Under Review and up to the LPD.

15.1.5 Save for 9,800,000 Shares reserved for the Eligible Persons as disclosed in Section 4.3.1(ii) of this Prospectus, to the extent known by the Group,

(i) no person including Directors, Key Senior Management or employees of our Group has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares or debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiaries; and

(ii) there is currently no other scheme involving our Directors, Key Senior Management or employees of our Group in the capital of our Company or our subsidiaries.

15.1.6 As at the date of this Prospectus, we do not have any convertible securities, options, warrants and uncalled capital.

15.2 EXTRACT OF OUR CONSTITUTION

Subject to the receipt of the approvals and fulfilment of the conditions as may be imposed by the relevant authorities as set out in Section 2 of this Prospectus, the following provisions relating to the selected matters are reproduced from our Constitution.

The words and expressions appearing in this section shall bear the same meanings used in our Constitution or the context otherwise requires.

15.2.1 Director's Remuneration

<u>Clause 105(g) – Alternate Director</u>

An Alternate Director shall not be entitled to receive remuneration otherwise than out of the remuneration of the Director appointing him.

<u>Clause 106 – Directors' Remuneration</u>

The Directors shall be paid by way of remuneration for their services, such fees and any other benefits payable to such directors (if any) subject to annual shareholder approval at General Meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, PROVIDED ALWAYS that:

(a) save as provided in Clause 106(a) hereof, an Executive Director shall, subject to the terms and any agreement (if any) entered into any particular case, receive such remuneration as the Directors may determine. All remuneration, other than the fees provided for in Clause 106(a) hereof, payable to the Non-Executive Directors shall be determined by a resolution of the Company in General Meeting;

(b) fees payable to Non-Executive Directors shall be a fixed sum, and not by a commission on or percentage or profits or turnover;

(c) salaries payable to Executive Directors may not include a commission or on percentage of turnover;

(d) fees and any benefits payable to Directors shall be subject to annual shareholder approval at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(e) the fees and / or benefits payable to Non-Executive Directors who are also Director(s) of the subsidiaries include but are not limited to directors' fees, meeting allowances, travelling allowances and benefits, but does not include insurance premium or any issue of securities.

Clause 107 – Reimbursement Expenses

The Directors shall be paid all their travelling and other expenses properly and necessary expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board of Directors' Meeting or any committee meeting of the Directors or General Meeting of the Company.

Clause 108

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board in General Meeting and such remuneration may be either in addition to or in substitution for his or their Share in the remuneration from time to time provided for the Directors. Extra remuneration payable to Non-Executive Director(s) shall not include a commission or percentage of turnover or profits.

Clause 115 – Power to Maintain Pension or Fund

The Directors may establish or arrange any contributory or non-contributory pension superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and to widow, family or dependents of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such persons as aforesaid and make payments for or towards any hospital or scholastic expenses, and make payments for or towards any hospital or any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the provisions of the Act requires, to proper disclosure to the Members and the approval of the Company in General Meeting.

Clause 149 – Managing Director

The remuneration of the Managing Director shall, subject to the terms of any agreement entered into in any particular case may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

15.2.2 Voting and Borrowing powers of Directors

Clause 113 – Directors' borrowing power and issue debentures

The Director may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of any person or persons or of any company, whether or not having powers or engaged or intending to engage in business similar to those of the Company, including (without limitation) any company which is for the time being associated or allied with the Company in business or which is the holding company or a subsidiary (as defined in Section 4 of the Act) or an associated company.

Clause 129 – Chairman to have casting vote

Subject to this Constitution any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where the quorum is made up of only two (2) Directors and only such a quorum is present at the meeting or where only two (2) Directors are competent to vote on the question at issue.

Clause 133 – Restriction on voting

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company.

Clause 134 – Director may vote on the giving of security or indemnity where he is interested

Subject to Clause 133, a Director may vote in respect of:

(a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by a deposit of security.

By Ordinary Resolution of the Company, the provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Clause may be ratified

Clause 135

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all aspects as they may think fit (including the exercise thereof in any favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

15.2.3 Changes in share capital, rights, preferences, restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights and variation of class rights.

Clause E

The share capital of the Company is its issued share capital. The capital of the Company may be increased and the shares in the capital for the time being either forming part of the original capital or of any increase thereof may be divided from time to time into several classes and there may be attached to any of such shares such preferential deferred qualified or special rights privileges or conditions or restrictions as to dividend, capital, voting or otherwise as may be determined upon by or in accordance with this Constitution. The Company shall have power to issue shares at any time and any part of the capital may be issued as fully or partly paid up, and every issue of shares shall (unless the conditions of issue shall otherwise expressly declare) be subject to the foregoing provisions.

Clause 5 – Allotment of Shares and power to issue shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the Act, Listing Requirements and the provisions of this Constitution, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, limited or conditional voting rights and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

(a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;

(b) every issue of shares or options to employees shall be approved by Members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such Directors and/or employees;

(c) except in the case an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements or pursuant to a dividend reinvestment scheme, a Director of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution;

(d) without limiting the generality of Section 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the total number of those shares or securities, when aggregated with the total number of any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company, except where the shares or securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue; and

(e) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

Clause 13 – Pre-emptive rights

Subject to the Listing Requirements and any direction to the contrary that may be given by the Company in a General Meeting, all new Shares or other convertible Securities shall before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares or Securities which by reason of the ratio which the new Shares or Securities bear the Shares or Securities held by persons entitled to an offer of new Shares or Securities cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 14 – Shares issued for purposes of raising money for the construction works or building

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on the amount of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to share capital as part of the cost of the construction of any works or buildings or the provision of any plant.

Clause 16 – Purchase by Company of its own shares

Subject to the provisions of the Act and the requirements and any rules, regulations and/or guidelines thereunder issued by the Exchange and/or any other relevant authority in respect thereof for the time being in force, the Company shall have the power and may purchase its own Shares and thereafter the Directors may resolve and shall have the fullest power to deal with such purchased shares in accordance with the provisions of the Act and such other relevant laws, regulation and/or guidelines. Any ordinary Shares in the Company so purchased by the Company shall be dealt with in accordance with the provisions of the Act, the requirements and any rules, regulations and guidelines thereunder issued by the Exchange and/or any other relevant authority in respect thereof.

Clause 36 – Transfer of securities

The instrument of transfer of any listed Securities shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed Securities or class of listed Securities of the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 and 110 of the Act, but subject to Subsection 148(2) of the Act and any exemption may be made from compliance with Subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed Securities.

Clause 37

Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' or such other period as may from time to time be specified by the governing authority, prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Clause 38

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No Securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 39

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Clause 40

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities apparently made by a Member or any person entitled to the Securities by reason of death, bankruptcy or insanity of a Member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may as between the transferor Member and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

<u>Clause 47 – Modification of class rights</u>

The Company may from time to time by Ordinary Resolution increase the share capital by the creation and issue of new Shares, such new capital to be of such amount to be divided into Shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

<u>Clause 49 – Modification of class rights</u>

If at any time, the share capital by reason of the issue of preference shares or otherwise is divided into different classes the repayment of such preferred capital or all or any of the rights and privileges attached to each class may subject to the provisions of the Act be varied modified commuted affected abrogated or dealt with by a written consent representing not less than seventy-five per centum (75%) of the total voting rights of the preference shareholders or by Special Resolution passed by the holders at least seventy-five per centum (75%) of the total voting rights at a separate general meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall equally apply to every such meeting except that the quorum hereof shall be members holding or representing by proxy at least one-third (1/3) of the issued shares of the class. Provided however that in the event of the necessary majority for such a Special Resolution not having been obtained in the manner aforesaid consent in writing may be secured from members holding at least seventy-five per centum (75%) of the total voting rights and such consent if obtained within two (2) months from the date of the separate general meeting shall have the force and validity of a resolution duly carried by a vote in person or by proxy.

<u>Clause 51 – Alteration of Capital</u>

The Company may alter its share capital in any one or more of the following ways by passing an Ordinary Resolution:

(a) to consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided Share is derived;

(b) to convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares;

(c) to subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived;

(d) to increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe; or

(e) to cancel any Shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its Share capital by the amount of the Shares so cancelled.

Clause 52 – Power to reduce capital

Notwithstanding any other authorisation and consent that may be required by the provisions of the Act, the Company may reduce its share capital by:

(a) Special Resolution and confirmation by the High Court in accordance with Section 116 of the Act; or

(b) Special Resolution supported by a solvency statement (if required) in accordance with Section 117 of the Act.

Clause 53 – Share buy-back and financial assistance

Subject always to the provisions of this Constitution, the Act and the Listing Requirements, the Company shall be empowered to purchase its own Shares provided that such power shall be exercised if:

(a) the Company is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the Shares so purchased;

(b) the purchase is made through the stock exchange on which Shares of the Company are quoted and in accordance with the relevant rules of the stock exchange; and

(c) the purchase is made in good faith and in the interests of the Company.

Where the Company has purchased its own Shares, the Directors may, subject to and in accordance with the Act and the Listing Requirements or any other stock exchange upon which the Company's Shares are listed and any other authority:

(a) cancel the Shares so purchased; and/or

(b) retain the Shares so purchase in treasury (the "**Treasury Shares**");

(c) retain part of the Shares and cancel the remainder of the Shares so purchased; and/or

(d) resell to the market.

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15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

Subject to Section 15.3 above and Clauses 81 and 84(c) which have been reproduced below from our Constitution, there is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by the constituent documents of our Company:

Clause 81 – Vote of Member of unsound mind

A Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person who properly has the management of his estate, and any such committee or other person may vote by proxy or attorney and any person entitled under this Constitution to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares provided that forty-eight (48) hours at the least before the time of holding the General Meeting or adjourned General Meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such Shares unless the Directors shall have previously admitted his right to vote at such General Meeting in respect thereof.

Clause 84(c) - No Member to vote unless calls paid

Subject to Clauses 58, 59 and 60 above, a Member of the Company shall be entitled to be present and to vote at any General Meeting in respect of any Share or Shares upon which all calls due to the Company have been paid. No person shall be entitled to be present or to vote on any resolution either as a Member or otherwise as a proxy, or attorney, or representative at any General Meeting or demand a poll or be reckoned in the quorum in respect of any Shares upon which calls are due and unpaid.

15.4 EXCHANGE CONTROLS

Save as disclosed below, our Group is not subject to governmental laws, decrees, regulations and/ or other requirements which may affect repatriation of capital and remittance of profit by or to our Group.

15.4.1 Malaysia

The Financial Services Act 2013 and Islamic Financial Services Act 2013 are the principal legislations which govern, amongst others, exchange control in Malaysia. Bank Negara Malaysia ("**BNM**") is the governing authority for foreign exchange administration in Malaysia.

Pursuant to Notice 4 of the current foreign exchange notice ("**FE**") issued by BNM, a resident is allowed to make or receive payment in RM in Malaysia to or from a non-resident for, amongst others, settlement of trade in goods and services.

In relation to payment in foreign currency, Notice 4 of the FE allows a resident to make or receive payment to or from a non-resident for any purposes excluding the transactions listed as follows:

(i) a foreign currency denominated derivative or Islamic derivative offered by a resident unless approved by BNM under Part B of Notice 5 of the FE or approved by BNM in writing;

(ii) a derivative or Islamic derivative which is referenced to RM unless approved by BNM under Part B of Notice 5 of the FE or approved by BNM in writing; and

(iii) an exchange rate offered by a non-resident unless approved by BNM under Notice 1 of the FE or otherwise approved by BNM in writing.

As at the LPD, we comply with the exchange control requirement in relation to our settlement of payments with foreign clients and suppliers. In view of the above, foreign exchange control does not have an impact on the ability of cash and cash equivalents for us by our Group and the remittance of dividends, interest or other payments to our shareholders.

15.4.2 Singapore

The Exchange Control Act was enacted in Singapore in 1953 and is currently in force. It confers powers, and imposes duties and restrictions, in relation to gold, currency, payments, securities, debts, and the movement and settlement of property.

On 25 May 1978, Notice 754 (addressed to banks, merchant banks, insurance companies, etc.) and Notice 1103 (addressed to banks, merchant banks and discount houses) were published by the Monetary Authority of Singapore (MAS). The Notices, both titled "Exchange Control Liberalisation", state that all persons are exempt from the provisions, obligations, etc., stipulated in the various sections of the Exchange Control Act. Thus, no exchange control formalities or approvals are required for all forms of payments or capital transfers by VTSG.

15.5 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not involved in any material litigation or arbitration, whether as plaintiff, defendant or third party, including those relating to bankruptcy, receivership or similar proceedings which may have a material adverse effect on the business or financial position of our Group, and our Directors confirm that there are no legal proceedings, pending or threatened against our Group, or of any fact likely to give rise to any legal proceeding which may materially and adversely affect our business or financial position.

15.6 CONSENTS

The written consents of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretaries, Solicitors, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Statements of Financial Position, and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

15.7 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during normal business hours for a period of 6 months from the date of this Prospectus:

(i) the Constitution of our Company;

(ii) the material contracts as set out in Section 6.7 of this Prospectus;

(iii) the IMR Report prepared by IMR as included in Section 8 of this Prospectus;

(iv) the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position as set out in Section 13 of this Prospectus;

(v) the Accountants' Report as set out in Section 14 of this Prospectus;

(vi) the letters of consent as referred to in Section 15.6 of this Prospectus;

(vii) the audited financial statements of our Company and Subsidiaries for the FYE 2021, FYE 2022 and FYE 2023; and

(viii) the audited financial statements of our Company for the FPE 2024.

15.8 RESPONSIBILITY STATEMENTS

(i) Our Directors, Promoters and Offeror 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 this Prospectus false or misleading.

(ii) Kenanga IB as the Principal Adviser, Sponsor, Underwriter and Placement Agent, 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.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE, FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD	: 10.00 A.M., 8 August 2024
CLOSING OF THE APPLICATION PERIOD	: 5.00 P.M., 14 August 2024

Applications for the IPO Shares will open and close at the dates stated above.

In the event of any change to the dates stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATION

16.2.1 Application for Our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by the Malaysian Public:	
(a) Individuals	**WHITE** Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	**WHITE** Application Form only
Applications by the Eligible Persons	**PINK** Application Form only

16.2.2 Application by selected investors via private placement

Types of Application	Application method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party** CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST ONE HUNDRED (100) IPO SHARES OR MULTIPLES OF ONE HUNDRED (100) IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES OFFERED TO THE MALAYSIAN PUBLIC USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO THE ISSUING HOUSE. THIS IS TO ENSURE THAT THE ISSUING HOUSE RECEIVES THE IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMISE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

16.3.2 Applications by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least eighteen (18) years old as at the date of the application for our IPO Shares with a Malaysian address; or

(b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of Issuing House; and

(iii) You must submit Applications by using only one (1) of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

16.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in the said document and where relevant, in this Prospectus. All duly completed Pink Application Forms are to submit to our Company through the Human Resources or Finance Department.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, Kenanga IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

16.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is **RM0.25** for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO**. **650**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Method below is relevant for White Form Application Form only whereas for Pink Application Form, kindly direct the submission of the form to our Company, through the Human Resources or Finance Department.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one (1) of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

DELIVER BY HAND AND DEPOSIT in the Drop-in Boxes provided at the front portion of Menara Symphony. No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, so as to arrive not later than 5.00 P.M.on 14 August 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Forms to our Issuing House.

16.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only **Malaysian individuals** may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only **Malaysian individuals** may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd *(formerly known as CGS–CIMB Securities Sdn Bhd)*, Malacca Securities Sdn Bhd, Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND ISSUING HOUSE

The Issuing House on the authority of our Board reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
(b) are illegible, incomplete or inaccurate; or
(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by Issuing House, by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) our IPO Shares allotted to you will be credited into your CDS account.

(ii) a notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our Issue Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Issue Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	**Parties to direct the enquiries**
Application Form	Issuing House Enquiry Services Telephone at telephone no. +603-7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application at the Issuing House's website at www.mih.com.my., an investor can check the allotment status by entering CDS number on the site after the allotment day. The status should be available by 3.00 P.M. or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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