

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF AUTOCOUNT DOTCOM BERHAD (“ADB” OR THE “COMPANY”) DATED 14 APRIL 2023 (“ELECTRONIC PROSPECTUS”)**  
*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice)*

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

**Availability and Location of Paper / Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Electronic Prospectus directly from the Company, or Malacca Securities Sdn Bhd (“**Malacca Securities**”) or Malaysian Issuing House Sdn Bhd.

Alternatively, the applicant may obtain a paper / printer copy of the Electronic Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

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

**Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, Malacca Securities and ADB take no responsibility for the distribution of the Electronic Prospectus and / or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**Close of Application**

Applications will be accepted from 10.00 a.m. on 14 April 2023 and will close at 5.00 p.m. on 25 April 2023. In the event there is any change to the timetable, the Company will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

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

**Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the Website and the use of the contents of the Website and / or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

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



THIS PROSPECTUS IS DATED 14 APRIL 2023

## PROSPECTUS

### AUTOCOUNT DOTCOM BERHAD

(Registration No. 202201006885 (1452582-U))  
(Incorporated in Malaysia under the Companies Act 2016)

**INITIAL PUBLIC OFFERING (“IPO”) IN CONJUNCTION WITH THE LISTING OF AUTOCOUNT DOTCOM BERHAD (“ADB” OR “COMPANY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:**

**(A) PUBLIC ISSUE OF 93,585,000 NEW ORDINARY SHARES IN ADB (“SHARES”) IN THE FOLLOWING MANNER:-**

- (I) 27,525,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- (II) 11,010,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF ADB AND ITS SUBSIDIARIES (“GROUP”); AND**
- (III) 55,050,000 NEW SHARES AVAILABLE BY WAY OF PLACEMENT TO SELECTED INVESTORS, AND**

**(B) OFFER FOR SALE OF 44,040,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,**

**AT AN ISSUE/OFFER PRICE OF RM0.33 PER SHARE, PAYABLE IN FULL UPON APPLICATION**

**Principal Adviser, Sponsor, Underwriter and Placement Agent**



**MALACCA SECURITIES SDN. BHD.**

(Registration No. 197301002760 (16121-H))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES. THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES, AND THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE SEE “RISK FACTORS” COMMENCING ON PAGE 34.**

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

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

AUTOCOUNT DOTCOM BERHAD

PROSPECTUS

*All defined terms used in this Prospectus are defined under "Definitions" commencing on page ix, "Glossary of Technical Terms" commencing on page xv and "Presentation of Financial and Other Information" commencing on page vii.*

## **RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders (as defined in this Prospectus) 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.

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

## **STATEMENTS OF DISCLAIMER**

Approval has been obtained from Bursa Securities on 13 January 2023 for our Listing (as defined in this Prospectus). Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

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

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

## **OTHER STATEMENTS**

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

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible. This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any application securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our Shares are issued in Malaysia solely based on the contents of this Prospectus. Our Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

It shall be your sole responsibility, if you are or may be subjected to the laws of any countries or jurisdictions other than Malaysia, to consult your professional advisers as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction. Further, it shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements. This Prospectus may not be used for the purpose of and does not constitute an offer to sell or an invitation to buy our Shares in any jurisdiction in any circumstances in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy our Shares to any person to whom it is unlawful to do so. Our Company, Promoters, Selling Shareholders and Principal Adviser require you to inform yourselves of and to observe such restrictions.

## **ELECTRONIC PROSPECTUS**

This Prospectus can also be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of this Electronic Prospectus and this Prospectus registered by Bursa Securities are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application is subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you are in doubt as to the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper/printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which is identical to the copy of the Prospectus registered by Bursa Securities, shall prevail.

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

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

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

- (i) The Internet Participating Financial Institutions are liable in respect of the integrity of the contents of the Electronic Prospectus, i.e. to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. Internet Participating Financial Institutions shall not be responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institutions and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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**INDICATIVE TIMETABLE**

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The following events are intended to take place on the following tentative dates:

<b>Event</b>	<b>Date</b>
Opening of the application for our IPO	<b>14 April 2023</b>
Closing of the application for our IPO	<b>25 April 2023</b>
Balloting of Applications	<b>27 April 2023</b>
Allotment of IPO Shares to successful applicants	<b>8 May 2023</b>
Listing on the ACE Market of Bursa Securities	<b>9 May 2023</b>

In the event there is any change to the indicative timetable above, we will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to the “**Company**” and “**ADB**” in this Prospectus are to Autocount Dotcom Berhad, while references to the “**Group**” are to our Company and our subsidiaries taken as a whole. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “**Management**” are to our Executive Directors and Key Senior Management as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders, and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to the “Government” are to the Government of Malaysia, and references to “RM” and “sen” are to the lawful currency of Malaysia. Certain numbers presented in this Prospectus have been rounded off to the nearest million or thousand or 1 decimal place, where applicable and hence may not be exact. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

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

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or are exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report prepared by Smith Zander which is included in Section 8 of this Prospectus. In compiling its data for the review, Smith Zander had relied on its research methodologies, industry sources, published materials, its own private databases and direct contacts within the industry.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report (as defined herein). We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate.

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

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## FORWARD-LOOKING STATEMENTS

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

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

- (i) our future overall business development and operations;
- (ii) our future financial performance and financing plans including earnings, cash flow and liquidity;
- (iii) potential growth opportunities;
- (iv) our business strategies, trends and competitive position and the effect of such competition;
- (v) the plans and objectives of our Company for future operations;
- (vi) the general industry environment, including the demand and supply for our products and services;
- (vii) our ability to pay dividends; and
- (viii) the regulatory environment and the effects of future regulation.

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

- (i) the general economic, business, social, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation and regulation.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.3 of this Prospectus on "Management's Discussion and Analysis of Results of Operations and Financial Condition". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Paragraphs 3.12D and 3.12E of the Listing Requirements.

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## DEFINITIONS

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

### Companies within our Group

ACSB	: Auto Count Sdn Bhd (Registration No.: 200601031841 (751600-A))
ACSPL	: Autocount (S) Pte Ltd (Registration No.: 201713604G)
ADB or Company	: Autocount Dotcom Berhad (Registration No.: 202201006885 (1452582-U))
ADB Group or Group	: ADB and its subsidiaries, namely ACSB, ACSPL, AOTGSB and ASSB, collectively
AOTGSB	: Autocount On The Go Sdn Bhd (Registration No.: 201601008185 (1179113-V))
ASSB	: Autocount Software Sdn Bhd (Registration No.: 202001018079 (1374399-V))

### General

ACE Market	: ACE Market of Bursa Securities
Acquisition of ACSB	: Acquisition by ADB of the entire equity interest of ACSB from the previous shareholders of ACSB i.e. CCP, CYT, Liaw Huah Seng, Lim Kim Seng, Lee Chern Siong, Tey Wah Sheng and Ng Boon Thye for a purchase consideration of RM8,007,509.00, satisfied via 456,914,998 ADB Shares, which was completed on 20 June 2022
Acquisition of AOTGSB	: Acquisition by ACSB of the entire equity interest of AOTGSB from the previous shareholders of AOTGSB, i.e. CCP, CYT, Tan Yeow Sing and Lai Guan Siong for a purchase consideration of RM300,000.00, satisfied via cash, which was completed on 15 April 2022
Acquisition of ASSB	: Acquisition by ADB of the entire equity interest of ASSB from the previous shareholders of ASSB, i.e. CCP and CYT for a purchase consideration of RM5,500.00, satisfied via cash, which was completed on 9 May 2022
Acquisitions	: Collectively, the Acquisition of ACSB, the Acquisition of AOTGSB and the Acquisition of ASSB
Act	: Companies Act 2016
ADA	: Authorised Depository Agent, a person appointed by Bursa Depository under the Rules
ADB Shares or Shares	: Ordinary shares in ADB
AMCL	: Autocount (Myanmar) Company Limited (Registration No.: 111547688)
Application	: Application for our IPO Shares by way of Application Form, Electronic Share Application and/or Internet Share Application

## DEFINITIONS *(cont'd)*

Application Form(s)	: Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
ASEAN	: Association of Southeast Asian Nations
ATM	: Automated teller machine
Authorised Dealer(s)	: Any person or entity who has a valid dealer agreement with the our Group
Authorised Financial Institution(s)	: Authorised financial institution(s) participating in the Internet Share Application in respect of the payments for the IPO Shares
Board	: Board of Directors of ADB
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
CA 1965	: Companies Act 1965
CAGR	: Compounded annual growth rate
CCC	: Certificate of Completion and Compliance
CCM	: Companies Commission of Malaysia
CCP	: Choo Chin Peng, the Promoter, Specified Shareholder, major shareholder, Executive Director and Chairman of our Company
CDS	: Central Depository System
CDS Account	: An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
CMSA	: Capital Markets and Services Act 2007
COS	: Cost of sales
Constitution	: Constitution of ADB
COVID-19	: Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
CYT	: Choo Yan Tiee, the Promoter, Specified Shareholder, major shareholder, Executive Director and Managing Director of our Company
Depositor	: A holder of the CDS Account
Director(s)	: Member(s) of our Board and within the meaning given in Section 2(1) of the CMSA
Disposal of AMCL	: Disposal by ACSPL and CYT of the entire equity interest of AMCL held by them for a total disposal consideration of USD50,000.00, satisfied via cash which was completed on 12 May 2022

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**DEFINITIONS** *(cont'd)*

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EBIT	:	Earnings before interest and tax
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
Electronic Share Application	:	Application for our IPO Shares through a Participating Financial Institution's ATM
Eligible Persons	:	Eligible employees of our Group and persons who have contributed to the success of our Group, collectively
EPS	:	Earnings per Share
F&B	:	Food and beverage
Financial Years Under Review	:	FYE 2019, FYE 2020, FYE 2021 and FYE 2022
FYE	:	Financial year ended/ending 31 December, as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit
GST	:	Malaysian Goods and Services Tax
HR	:	Human resource
ICT	:	Information and Communications Technology
IMR or Smith Zander	:	Smith Zander International Sdn Bhd (Registration No.: 201301028298 (1058128-V))
IMR Report	:	Independent Market Research Report on the financial management software industry prepared by Smith Zander
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 15 of this Prospectus
Internet Share Application	:	Application for IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	Issue / Offer Price of RM0.33 per Share under our Public Issue and Offer for Sale
IPO Share(s)	:	Collectively, the Issue Share(s) and the Offer Share(s)
Issue Share(s)	:	New Share(s) to be issued under the Public Issue

## DEFINITIONS *(cont'd)*

Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No.: 199301003608 (258345-X))
IT	:	Information Technology
Key Management	Senior :	Key senior management and key technical personnel as set out in Section 9.3 of this Prospectus
Listing	:	Admission of ADB to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital comprising 550,500,000 Shares on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	15 March 2023, being the latest practicable date prior to the issuance of this Prospectus
MAICSA	:	Malaysian Institute of Chartered Secretaries and Administrators
Malacca Securities or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	Malacca Securities Sdn Bhd (Registration No.: 197301002760 (16121-H))
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia but excludes Directors of our Group, our substantial shareholders and persons connected with them
Market Day	:	Any day on which Bursa Securities is open for trading of securities
MCCG	:	Malaysian Code on Corporate Governance
MCO	:	Movement control order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
MDEC	:	Malaysia Digital Economy Corporation
MFRS	:	Malaysian Financial Reporting Standards
MSC	:	Multimedia Super Corridor
NA	:	Net assets
NBV	:	Net book value
OASIS Office	:	Our office bearing postal address at B2-3A01 & B2-3A02, Meritus Tower @ Oasis Corporate Park, Oasis Damansara (Pusat Korporat Oasis) No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan
Offer for Sale	:	Offer for sale by the Selling Shareholders of 44,040,000 Offer Shares at the IPO Price
Offer Share(s)	:	The existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale

## DEFINITIONS *(cont'd)*

Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Participating Financial Institutions	:	Participating financial institutions for the Electronic Share Application as listed in Section 15 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocation	:	Allocation of 11,010,000 IPO Shares for subscription by the Eligible Persons
Promoters	:	Collectively, CCP and CYT
Prospectus	:	This Prospectus dated 14 April 2023 in relation to our IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public issue of 93,585,000 Issue Shares at the IPO Price
R&D	:	Research and development
Rules	:	Rules of Bursa Depository as issued under the SICDA
SC	:	Securities Commission Malaysia
Selling Shareholders	:	Collectively, CCP, CYT, Ng Boon Thye, Lim Kim Seng, Liaw Huah Seng, Tey Wah Sheng and Lee Chern Siong
SICDA	:	Securities Industry (Central Depositories) Act 1991
SME	:	Small and medium enterprises
SOP	:	Standard operating procedure
Specified Shareholder(s)	:	CCP and CYT
SST	:	Sales and service tax
Technology Solutions Provider	:	A local technology company (at least 51.00% Malaysian owned) identified by MDEC to support Malaysian SMEs in digital adoption under the SME Business Digitalisation Grant announced in the Budget 2020
Underwriting Agreement	:	Underwriting agreement dated 20 March 2023 entered into between our Company and the Underwriter pursuant to our IPO

## Currencies, units and others

AUD	:	Australian Dollar
BND	:	Brunei Dollar

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**DEFINITIONS** (*cont'd*)

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RM and sen	:	Ringgit Malaysia and sen, respectively
SGD	:	Singapore Dollar
USD	:	United States Dollar
%	:	Per centum

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## GLOSSARY OF TECHNICAL TERMS

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

Application Programming Interface or API	:	A software intermediary that enables integration between different software and/or IT systems
Back-end	:	A core component of a software that stores and processes data input by users, through its processing mechanisms to perform the intended functions of the software
Cloud-native software	:	Cloud native computing is an approach in software development that utilises cloud computing to build and run scalable applications in modern and dynamic environments
Dongle	:	A USB device used to store a software for use by users, whereas users are required to plug the dongle into a computer device to access the software
Electronic commerce or e-commerce	:	The sale and purchase of products and/or services over the internet
Electronic wallet or e-wallet	:	An application that runs on mobile devices to access electronic money and enable financial transactions to be made online
File-based system	:	A data storage tool in a software where each component of the software has its own storage medium to store data separately. It is suitable for storage of data but has limited complex functions such as, amongst others, handling large data size and complex data or preventing duplication of data, hence resulting in inefficiency in data consolidation, and may cause data inconsistency which burden the storage capacity
Financial management software	:	A computer program designed to manage a business' financial related activities such as keeping track of income, expenses, assets, liabilities and payroll, as well as managing financial transactions with internal parties (e.g., employees) and external parties (e.g. customers and suppliers)
Front-end	:	A component of a software that serves as a platform for users to use the software (e.g., input data)
Hardware	:	A physical component that is used to run software
Off-the-shelf software	:	A standard software that is available for sale and use immediately and is not custom-developed
On-premise software	:	A type of software which is installed and operated from an in-house server or computing infrastructure. The software can be accessed through a closed network within the in-house server or computing infrastructure
Parameter	:	A variable or set of rules in data analytics and data presentation that analyse data to produce a meaningful outcome

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**GLOSSARY OF TECHNICAL TERMS** *(cont'd)*

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POS	:	POS system is a computerised network that consists of the main computer linked with several checkout terminals and supported by different hardware features starting from barcode scanners and ending with card payment terminals
Software-as-a-service or SaaS	:	A software distribution model where the software is managed and hosted by software principals and users subscribe for the usage of the software and access it through the internet
Software	:	A set of instructions and/or programs that are readable by hardware such as computers, to perform its functions
Software licence identifier	:	A set of alphanumeric codes generated by software principals and is used for software installations on computer devices by customers
Structured Language or SQL	Query :	A computer language used to communicate with data stored in the relational database management system. It allows users to instruct the database on how it should store and manage (e.g., insert, delete, and update) the data through a query mechanism
Troubleshooting	:	A form of problem solving, often applied to identify and fix technical issues found in machines, computers and software systems
User interface	:	A space in which interactions between users and computer systems occur
Vertical solution	:	A software solution specifically designed to suit different business nature and needs of customers in each industry

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## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Name	Designation	Gender	Nationality	Address
Choo Chin Peng	Executive Director / Chairman	Male	Malaysian	23, Jalan Bayu Laut 8, D'Laman Greenville, 41200 Klang, Selangor
Choo Yan Tiee	Executive Director / Managing Director	Male	Malaysian	26, Jalan Bayu Laut 12, D'Laman Greenville, 41200 Klang, Selangor
Dato' Ng Wan Peng	Independent Non-Executive Director	Female	Malaysian	16-8, One Central Park, Jalan Residen 2, Desa Parkcity, 52200, Kuala Lumpur Wilayah Persekutuan
Dr. Liew Soung Yue	Independent Non-Executive Director	Male	Malaysian	220, Jalan Mahsuri 6, Taman Mahsuri, 31900 Kampar, Perak
Chin Chee Seng	Independent Non-Executive Director	Male	Malaysian	No. 9, Jalan 8/149L, Bandar Baru Seri Petaling, 57000 Kuala Lumpur Wilayah Persekutuan

### AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chin Chee Seng	Chairperson	Independent Non-Executive Director
Dato' Ng Wan Peng	Member	Independent Non-Executive Director
Dr. Liew Soung Yue	Member	Independent Non-Executive Director

### REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Ng Wan Peng	Chairperson	Independent Non-Executive Director
Dr. Liew Soung Yue	Member	Independent Non-Executive Director
Chin Chee Seng	Member	Independent Non-Executive Director

### NOMINATION COMMITTEE

Name	Designation	Directorship
Dr. Liew Soung Yue	Chairperson	Independent Non-Executive Director
Dato' Ng Wan Peng	Member	Independent Non-Executive Director
Chin Chee Seng	Member	Independent Non-Executive Director

## 1. CORPORATE DIRECTORY (cont'd)

<b>COMPANY SECRETARY</b>	: Wong Youn Kim (MAICSA 7018778) CCM Practicing Certificate No. 201908000410 (Chartered Secretary, Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators) Acclime Corporate Services Sdn Bhd (199901021060 (495960-D)) Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia
	Tel No. : +603 2636 4628 Fax No. : +603 2280 6399
<b>REGISTERED OFFICE</b>	: Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia
	Tel No. : +603 2280 6388 Fax No. : +603 2280 6399
<b>PRINCIPAL PLACE OF BUSINESS</b>	: B2-3A01 & B2-3A02, Meritus Tower @ Oasis Corporate Park, Oasis Damansara (Pusat Korporat Oasis), No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
	Tel No. : +603 3000 3000 Website : <a href="https://www.autocountsoft.com/">https://www.autocountsoft.com/</a> Email : <a href="mailto:ir@autocountsoft.com">ir@autocountsoft.com</a>
<b>PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT</b>	: Malacca Securities Sdn Bhd (197301002760 (16121-H)) B01-A-13A, Level 13A, Menara 2, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia
	Tel No. : +603 2201 2100
<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	: Baker Tilly Monteiro Heng PLT (201906000600 (LLP0019411-LCA) & AF 0117)) Baker Tilly Tower, Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia
	Tel No. : +603 2297 1000
	Partner-in-charge : Dato' Lock Peng Kuan Approval No. : 02819/10/2024 J Professional Qualification : Chartered Accountant - Member of Malaysian Institute of Accountants ("MIA") (MIA Membership No. 17668) and Fellow Member of Association of Chartered Certified Accountants

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**1. CORPORATE DIRECTORY** (*cont'd*)

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<b>SOLICITORS</b>	: Julius Leonie Chai A-11-9, Capital 1, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia  Tel No. : +603 7831 6198
<b>INDEPENDENT MARKET RESEARCHER</b>	: Smith Zander International Sdn Bhd (201301028298 (1058128-V)) 15-01, Level 15, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia  Tel No. : +603 2732 7537  Person-in-charge : Dennis Tan Professional : Bachelor of Science, Memorial Qualification : University of Newfoundland, Canada
<b>SHARE REGISTRAR</b>	: Boardroom Share Registrars Sdn. Bhd. (199601006647 (378993-D)) 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia  Tel No. : +603 7890 4700
<b>ISSUING HOUSE</b>	: Malaysian Issuing House Sdn Bhd (199301003608 (258345-X)) 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia  Tel No. : +603 7890 4700
<b>LISTING SOUGHT</b>	: ACE Market of Bursa Securities

## 2. APPROVALS AND CONDITIONS

### 2.1 Approvals from Relevant Authorities

#### 2.1.1 Bursa Securities

Bursa Securities had, via its letter dated 13 January 2023, approved:

- (i) the admission of our Company to the Official List of the ACE Market of Bursa Securities;
- (ii) the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities; and
- (iii) The approval-in-principle for the registration of the Prospectus.

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

No.	Details of conditions imposed	Status of compliance
1.	Submit the following information with respect to the moratorium on the shareholdings of the specified shareholders to Bursa Malaysia Depository Sdn Bhd: <ul style="list-style-type: none"> <li>(i) Name of shareholders;</li> <li>(ii) Number of shares; and</li> </ul> Date of expiry of the moratorium for each block of shares.	Complied
2.	Confirm that approvals from other relevant authorities have been obtained for implementation of the listing proposals;	Complied
3.	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;	Complied. Our Company is exempted from the Bumiputera equity requirement for public listed companies by the SC as detailed in Section 2.1.2 of this Prospectus.
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of ADB on the first day of listing;	To be complied
6.	In relation to the public offering to be undertaken by ADB, to announce at least 2 market days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> <li>(i) Level of subscription of public balloting and placement;</li> <li>(ii) Basis of allotment/allocation;</li> <li>(iii) A table showing the distribution for placement tranche as per the format in Appendix I of Bursa Securities' approval letter; and</li> <li>(iv) Disclosures of placees who become substantial shareholders of ADB arising from the public offering, if any.</li> </ul>	To be complied

## 2. APPROVALS AND CONDITIONS (cont'd)

No.	Details of conditions imposed	Status of compliance
	Malacca Securities must ensure that the overall distribution of ADB's securities is properly carried out to mitigate any disorderly trading in the secondary market; and	Noted
7.	ADB/Malacca Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of ADB to the Official List of the ACE Market.	To be complied

### 2.1.2 SC

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

The SC had, vide its letter dated 17 January 2023, noted the resultant equity structure of our Company pursuant to our Listing under the equity requirement for public listed companies ("**Equity Requirement**"). ACSB was awarded the MSC Malaysia status by Government (represented by the Minister of Finance Malaysia and Minister of International Trade and Industry Malaysia) on 26 September 2007 ("**MSC Malaysia Status**"), and was the major contributor to the Group's after-tax profit for the Financial Years Under Review. Accordingly, ADB is exempted from the Equity Requirement.

Nevertheless, if we undertake subsequent proposals involving:

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

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

### 2.2 Moratorium on Our Shares

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

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

(collectively, referred to as "**Moratorium Period**").

## 2. APPROVALS AND CONDITIONS (cont'd)

Details of our Shares held by the Specified Shareholders which will be subject to moratorium are as follows:-

Specified Shareholders	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares after the Second 6-Month Moratorium	
	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(1) %
CYT	169,357,196	30.76	123,862,500	22.50	82,575,000	15.00
CCP	169,357,196	30.76	123,862,500	22.50	82,575,000	15.00
	<b>338,714,392</b>	<b>61.52</b>	<b>247,725,000</b>	<b>45.00</b>	<b>165,150,000</b>	<b>30.00</b>

**Note:**

(1) Based on our enlarged issued share capital of 550,500,000 Shares after our IPO.

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Moratorium Period. The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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### 3. PROSPECTUS SUMMARY

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

#### 3.1 Details of our IPO

##### 3.1.1 Allocation

Our IPO comprises the Public Issue of 93,585,000 Issue Shares and the Offer for Sale by Selling Shareholders of 44,040,000 Offer Shares at the IPO Price, payable in full on application and is subject to the terms and conditions of this Prospectus. The IPO Shares are expected to be allocated in the manner described below, subject to the underwriting and placement arrangement as set out in Section 4.8 of this Prospectus:

	<b>No. of Shares</b>	<b>% of the enlarged issued share capital <sup>(1)</sup></b>
Public Issue		
(i) Malaysian Public <sup>(2)</sup>	27,525,000	5.00
(ii) Eligible Persons	11,010,000	2.00
(iii) Placement to selected investors	55,050,000	10.00
Offer for Sale		
(i) Placement to selected investors	44,040,000	8.00
<b>Total</b>	<b>137,625,000</b>	<b>25.00</b>

**Notes:**

- (1) Based on our enlarged issued share capital of 550,500,000 Shares after our IPO.
- (2) 50.00% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

Further details on our IPO are set out in Section 4 of this Prospectus.

##### 3.1.2 The principal statistics of our IPO

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

	<b>No. of Shares</b>	<b>RM</b>
Issued share capital as at the date of this Prospectus	456,915,000	8,007,511
Shares to be issued pursuant to our Public Issue	93,585,000	30,883,050
Less: Estimated listing expenses directly attributable to the Public Issue	-	(388,037)
<b>Enlarged issued share capital upon Listing</b>	<b>550,500,000</b>	<b>38,502,524</b>
IPO Price		RM0.33
Pro forma consolidated NA per Share as at 31 December 2022 (based on the enlarged issued share capital upon Listing) (RM)		0.09
Market capitalisation upon Listing (RM'000)		181,665

### 3. PROSPECTUS SUMMARY *(cont'd)*

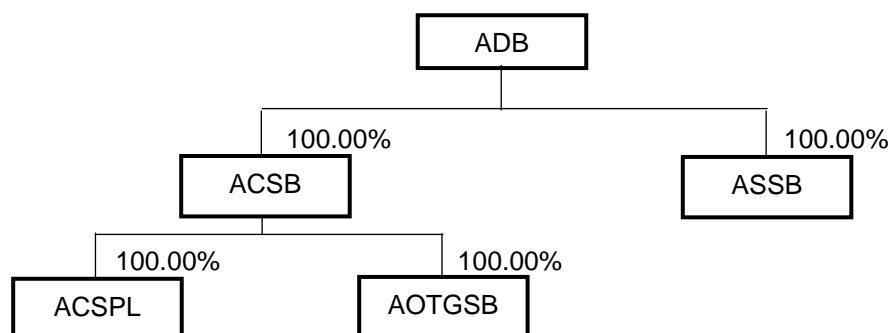
#### 3.1.3 Moratorium on our Shares

Our Specified Shareholders are not allowed to sell, transfer or assign any part of their respective holdings in our Shares during the First 6-Month Moratorium. Upon expiry of the First 6-Month Moratorium, our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of our total issued Shares remain under moratorium during the Second 6-Month Moratorium. Thereafter, our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of our Shares held under moratorium.

Further details on the moratorium on our Shares are set out in Section 2.2 of this Prospectus.

#### 3.2 Our Group

Our Company was incorporated in Malaysia under the Act on 25 February 2022 as a public limited company. Our Company is an investment holding company. Through our subsidiaries, our Group is principally involved in the business of financial management software. As at LPD, the structure of our Group is as follows:



Further details of our Group are set out in Section 6.2 of this Prospectus.

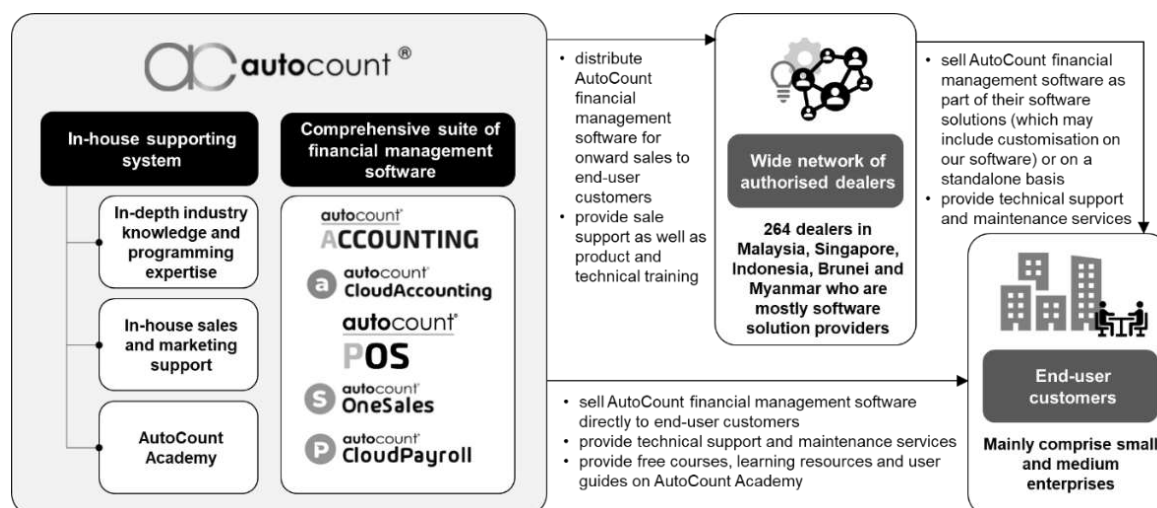
#### 3.3 Principal Business Activities

We are principally involved in the development and distribution of financial management software comprising accounting, POS and payroll under our “AutoCount” brand. Our range of AutoCount software is comprehensive as they are designed to support a wide range of fundamental finance and accounting functions of a business.

All our AutoCount software are developed in-house and distributed as off-the-shelf software to end-user customers through our network of Authorised Dealers and directly through our internal sales and marketing team. This allows us to focus our resources on continuous enhancement of our existing software and development of new software to cater to changing digitalisation needs of businesses and companies. We also provide technical support and maintenance services to our Authorised Dealers as part of our service offerings to them, and to our direct end-user customers upon request.

Since the revamp of our accounting software using Microsoft .Net Framework and Microsoft SQL Server in 2006 and up to LPD, we have sold approximately 70,000 AutoCount software licences for use by approximately 210,000 businesses and companies, primarily in Malaysia and Singapore. The chart below illustrates the overview of our business model:

### 3. PROSPECTUS SUMMARY (cont'd)



Further details on our Group's principal business activities are set out in Section 7.2 of this Prospectus.

#### 3.4 Impact of COVID-19

Since the outbreak of COVID-19 pandemic in March 2020, there were several rounds of office closure due to lockdown measures imposed by the Government of Malaysia, as our business is not deemed as essential services and we were not allowed to open our office. There were minimal interruptions to our business operations as we were unable to conduct physical meetings and trainings with our employees and Authorised Dealers, or perform software implementation physically at our end-user customers' office. Nevertheless, we conducted virtual meeting and training sessions, and performed software implementation remotely. As such, there was minimal impact to our business operations in Malaysia pursuant to the outbreak of the COVID-19 pandemic.

For our Singapore operations, since the imposition of circuit breaker in April 2020, our office had been closed until the re-opening of our office in March 2021 with limitation on workforce capacity as our Group was deemed as non-essential services. Save for the restrictions on conducting physical meetings and trainings with our employees and Authorised Dealers as well as inability to perform software implementation physically, there was no other impact to our business operations in Singapore pursuant to the outbreak of the COVID-19 pandemic.

Despite several rounds of office closure during the COVID-19 pandemic, there was no material impact to our business operations and our Group managed to record revenue growth for the FYE 2020 and FYE 2021.

Please refer to Section 7.14 of this Prospectus for further information on the impact of COVID-19 pandemic on our Group.

#### 3.5 Competitive Strengths

The following competitive strengths have driven our past business performance and will support our future growth:

##### (i) Our AutoCount software are widely used in the market across multiple industries

Since the revamp of our accounting software using Microsoft .Net Framework and Microsoft SQL Server in 2006 and up to LPD, we have sold approximately 70,000 AutoCount software licences for use by approximately 210,000 businesses and companies, primarily in Malaysia and Singapore.

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### 3. PROSPECTUS SUMMARY *(cont'd)*

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These businesses and companies spread across multiple industries, which include consumer products, F&B, trading, distribution, services, grocery retailing, construction, property development, hospitality, telecommunications and logistics to support their finance and accounting functions.

**(ii) Our business is backed by our in-house supporting system that drives our business sustainability**

We adopt a business model which emphasises on developing good quality software for distribution to end-user customers by our Authorised Dealers. We leverage on our wide network of Authorised Dealers to sell and distribute our software, and our Authorised Dealers are backed by our in-house supporting system which is built on 3 core areas, i.e. in-depth industry knowledge and programming expertise, in-house sales and marketing support and AutoCount Academy.

**(iii) We offer a range of financial management software which can be integrated and customised to suit different needs of businesses and companies**

Our Group offers 3 types of financial management software, comprising accounting software, POS software and payroll software under our "AutoCount" brand. These software can be used by businesses and companies on a standalone basis, or co-integrated with each other (e.g. integration between AutoCount Accounting and AutoCount POS Retail) to form a comprehensive system to support day-to-day business operations. Such integration ensures seamless connectivity between the different software under different business functions and streamlines the flow of data and information (e.g. sales data, commission and payroll record) across these business functions, which simplify financial and sales reporting process for better and timely decision making.

**(iv) Our experience, knowledge and expertise in the development of financial management software enable us to continuously upgrade and adapt our software to changing market requirements and trends**

Having been in the financial management software industry for approximately 27 years, we have accumulated relevant experience and knowledge in developing software to support businesses' and companies' accounting and other business functions. As at LPD, we have our in-house software development team comprising 31 programmers who are responsible for the development as well as continuous improvement and upgrades of our AutoCount software.

**(v) We have an established AutoCount brand and a wide Authorised Dealer network to expand our market and brand presence**

We have established a wide Authorised Dealer network comprising 269 dealers as at LPD across most states and federal territories in Malaysia, Singapore, Indonesia, the Philippines, Myanmar and Brunei to reach out to a broad base of businesses and companies to achieve economies of scale and grow our market share. Amongst our Authorised Dealers, most of them are software solution providers which are involved in the provision of software solutions using our AutoCount software as one or several of the modules of the software solutions together with some customisations to provide vertical solutions to their customers. This has further strengthened our competitive edge as we can leverage on their IT expertise in providing complete vertical solutions to businesses and companies using our AutoCount software. Please refer to Section 7.2.3 of this Prospectus for further information on our authorised dealer network.

### 3. PROSPECTUS SUMMARY *(cont'd)*

- (vi) **Our AutoCount Academy provides quick and easy access to a library of learning materials and coding references, as well as partnerships with educational institutions, which strengthen our reputation in the industry and create potential demand for our software**

Over the years, we have developed and improved our learning and training materials which are free materials made available online to allow our authorised dealers and end-user customers to learn about our AutoCount software at their convenience.

As we emphasise on providing our users a friendly user experience, the learning materials provided will grant them quick and easy access to learn and pick up our software and speed up the adoption and usage of our software at their workplace, which aim to encourage continuous usage of our software. Since 2010, our Group has set up an education team with the aim of partnering with educational institutions including local public and private universities and colleges to utilise our accounting software for academic purposes.

- (vii) **We have an experienced Executive Directors and Key Senior Management team**

Our Executive Directors and Key Senior Management team possesses in-depth industry knowledge, technical know-how and experience in finance management software industry. Our Executive Chairman, CCP, and our Managing Director, CYT, have approximately 27 years of experience in the finance management software industry. They have contributed significantly to our Group's historical expansion, and will continue to play pivotal roles in our Group's future growth. Our Executive Directors are supported by a team of Key Senior Management, which we believe with their respective experience and commitment to our Group, will provide for the continuous growth of our Group in the future.

Further details on our competitive strengths are set out in Section 7.7 of this Prospectus.

#### 3.6 Business Strategies and Plans

Our future plans and strategies are as follows:

- (i) **We intend to expand our business presence to Thailand, Indonesia, Vietnam and Philippines; as well as continue to expand our business in Singapore**

As at LPD, our Group operates from our offices in Malaysia and Singapore, which are the main countries we derived our sales from. In the past 4 FYEs 2019 to 2022, revenue generated from Malaysia accounted for 83.15%, 78.58%, 75.10% and 80.65% to our Group's total revenue respectively, whereas Singapore accounted for 15.18%, 20.06%, 24.19% and 18.72% to our Group's total revenue respectively. Leveraging on our success in growing our business in Singapore, we intend to expand our business in Thailand, Indonesia, Vietnam and the Philippines, with primary focus on the sale of cloud-native software in these countries. We also plan to further expand our business in Singapore for the sale of cloud-native software. As at LPD, our Group only offers on-premise software in Singapore.

To facilitate this regional expansion plan, we intend to do the following:

- (a) Establishment of offices;
- (b) Hiring of personnel for each country;
- (c) Undertake sales and marketing activities; and
- (d) Localisation of software.

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### 3. PROSPECTUS SUMMARY *(cont'd)*

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**(ii) We intend to intensify our R&D efforts to enhance our software offerings**

Our Group recognises the importance of continuous R&D to enhance existing software and develop new software in order to remain competitive and relevant in the industry. As such, as part of our continuous effort in improving our range of software offerings, we intend to intensify and strengthen our R&D efforts by focusing on the following areas:

- (a) Enhancement of existing software; and
- (b) Development of new software.

Further details on our business strategies and plans are set out in Section 7.8 of this Prospectus.

#### 3.7 Risk Factors

Our business is subject to a number of risk factors which may have a material adverse impact on our business, financial condition and results of operations. The following is a summary of the key risk factors that we face in our business operations:

**(i) We are dependent on our Executive Directors and Key Senior Management team for continued success and growth of our business**

Since inception, the success of our Group has been attributed to the experience, industry knowledge and network, and skills of our Executive Directors and Key Senior Management team. The growth and future success of our Group will continue to be dependent on the continuous contribution from our Executive Chairman, CCP and our Managing Director, CYT for their leadership in setting the strategic direction and driving the business development of our Group.

**(ii) We are dependent on our team of programmers**

Our ability to retain and to attract competent and skilled programmers is crucial for our continued success, future business growth and expansion. Any loss of our programmers and our inability to find suitable replacements in a timely and cost-efficient manner may cause disruptions to our business operations and our ability to respond to technical issues and changes in technology quickly.

**(iii) We depend on third party cloud computing and hosting platform to function our AutoCount cloud-native software**

All our AutoCount cloud-native software are hosted on third party cloud computing and hosting platforms. As such, our Group is dependent on the quality, reliability, service upgrades, capacity and network connectivity of the third party cloud computing and hosting platforms for the hosting of our cloud-native software. If there are any major unforeseen interruptions in our third party cloud computing and hosting platforms, which are beyond our control, our end-user customers' user experience may be adversely affected, whereby our users may have limited or no access to our cloud-native software, and subsequently may have an adverse impact on our Group's reputation.

**(iv) We may not be able to successfully implement our business strategies**

The implementation of our business strategies may be influenced by factors beyond our control, such as changes in general market conditions, economic climate as well as political environment in Malaysia, Singapore, Thailand, Indonesia, Vietnam and the Philippines, which may affect the commercial viability of our business strategies.

### 3. PROSPECTUS SUMMARY *(cont'd)*

**(v) We may be exposed to the risk of security breaches**

Our customers' information and all data generated from our cloud-native software are stored on third party cloud platform and transmitted through the internet. Storage of data electronically and data transmission over the internet may expose our database to external security threats such as malware attacks, hacking, espionage or cyber intrusions, as well as internal security breaches which include unauthorised access to restricted information by our employees. In the event where there are security breaches on the third party cloud platform which we subscribe to that lead to leakage of our customers' information to unauthorised parties, our reputation and relationship with our customers may be adversely affected. Further, it may also lead to loss of customers' confidence in our Group which will adversely affect our industry reputation.

**(vi) Our ownership rights may be infringed and / or we may inadvertently infringe on third party's ownership rights**

As all our AutoCount software are developed in-house by our Group, we retain the ownership rights of our software. However, there can be no assurance that the ownership rights will adequately protect our software against any infringement by third parties. Further, in the development of our software, including all on-going and future enhancements and modifications, there are possibilities that we could inadvertently infringe ownership rights held by third party(s). This would result in the risk of the third party challenging our Group's ownership rights or taking legal action against us.

**(vii) We are exposed to foreign exchange transaction risks which may impact the profitability of our Group**

We are exposed to foreign exchange transaction risk which was mainly arising from our revenue exposure to SGD, which constituted 15.18%, 20.07%, 24.19% and 18.72% of our total revenue in the FYEs 2019 to 2022 respectively. We currently do not have a formal policy with respect to our foreign exchange transactions, and we do not hedge our exposure to fluctuations 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, especially the SGD. Moving forward, we intend to expand to other Southeast Asia countries including Thailand, Indonesia, the Philippines and Vietnam. As such, our exposure to foreign exchange risk is expected to increase.

**(viii) Our business and operations may be exposed to sudden disruptions caused by serious pandemic and epidemic outbreaks**

On 11 March 2020, COVID-19 virus, also known as the novel coronavirus was declared a worldwide pandemic by the World Health Organisation. In light of the COVID-19 pandemic, the Government of Malaysia has imposed various degrees of nationwide movement restrictions. On 1 April 2022, the Government of Malaysia began the transition into an Endemic Phase with relaxed COVID-19 measures.

During the movement restriction periods, there were several rounds of mandatory closure of our office, and our Authorised Dealers' offices were also closed at the same time. Despite our employees working from home during the periods of office closure, there were minimal interruptions to our business operations as we were unable to conduct physical meetings and trainings with our employees and Authorised Dealers as well as perform software implementation physically at our end-user customers' office.

### 3. PROSPECTUS SUMMARY *(cont'd)*

**(ix) Our investments in R&D may not yield returns and may not positively contribute to our business operations**

Despite the commitments and efforts placed into R&D, there is no assurance that our R&D activities will yield results and develop software which suit the digitalisation needs of all businesses and companies that can substantially improve our financial performance. Further, if the development of new software or enhanced software are not able to complete in a timely manner, it could result in the loss of opportunities available in the market.

**(x) 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 at levels that are customary in our industry to protect against various losses and liabilities. However, 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 any unforeseen circumstances. Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business operations and financial performance.

Further details on the risks faced by our business and operations, industry and investment in our Shares are set out in Section 5 of this Prospectus.

### 3.8 Directors and Key Senior Management

Our Directors and Key Senior Management are as follows:

**(i) Directors**

<b>Name</b>	<b>Designation</b>
CCP	Executive Director / Chairman
CYT	Executive Director / Managing Director
Dato' Ng Wan Peng	Independent Non-Executive Director
Dr. Liew Soung Yue	Independent Non-Executive Director
Chin Chee Seng	Independent Non-Executive Director

**(ii) Key Senior Management**

<b>Name</b>	<b>Designation</b>
Ng Boon Thye	Sales and Marketing Director
Lim Kim Seng	Software Development Director
Tan Wee Kong	Chief Financial Officer

Further details on our Directors and Key Senior Management are set out in Section 9.2 and Section 9.3 of this Prospectus.

### 3.9 Promoters and Substantial Shareholders

The details of our Promoters and substantial shareholders, and their shareholding in our Company before and after our IPO are as follows:



### 3. PROSPECTUS SUMMARY (cont'd)

Name	Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
<u>Promoters and substantial shareholders</u>									
CCP	Malaysian	187,421,964	41.02	-	-	169,357,196	30.76	-	-
CYT	Malaysian	187,421,964	41.02	-	-	169,357,196	30.76	-	-
<u>Substantial shareholders</u>									
Lim Kim Seng	Malaysian	26,615,299	5.83	-	-	24,049,969	4.37	-	-
Ng Boon Thye	Malaysian	26,615,299	5.83	-	-	24,049,969	4.37	-	-

**Notes:**

(1) Based on our issued share capital of 456,915,000 Shares before our IPO.

(2) Based on enlarged issued share capital of 550,500,000 Shares after our IPO.

Further details on the Promoters and substantial shareholders are set out in Section 9.1 of this Prospectus.

#### 3.10 Utilisation of proceeds

The total gross proceeds from the Public Issue will amount to RM30.88 million based on the IPO Price. We expect the proceeds to be used in the following manner:

Purposes	RM'000	%	Estimated timeframe for utilisation from the Listing date
Regional expansion to capture growth opportunities	17,352	56.19	Within 36 months
Strengthening our R&D to expand our existing products' features	5,208	16.86	Within 24 months
Working capital	4,423	14.32	Within 24 months
Estimated listing expenses	3,900	12.63	Within 1 month
<b>Total</b>	<b>30,883</b>	<b>100.00</b>	

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

#### 3.11 Financial Highlights

The key historical financial information of our Group for the Financial Years Under Review are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	18,891	19,638	29,483	38,717
COS	(4,830)	(4,793)	(5,904)	(7,769)
Other income	180	328	495	877
GP	14,061	14,845	23,579	30,948
PBT	5,515	6,890	13,547	18,211
PAT attributable to owners of ADB	4,183	5,716	10,030	13,841

**3. PROSPECTUS SUMMARY (cont'd)**

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Current assets	12,439	21,374	28,732	23,224
Current liabilities	5,011	9,073	27,540	11,123
Total assets	16,658	25,726	40,518	37,302
Total loans and borrowings (excluding lease liabilities for rights-of-use assets)	156	41	5,438	4,976
Shareholders' fund/NA attributable to owners of the Company	10,325	16,039	8,008	21,663
Cash flow from operating activities	4,806	8,782	12,904	17,030
Cash and short-term deposits	10,751	15,623	24,846	22,609
Dividend	-	-	18,060	-
GP margin (%) <sup>(1)</sup>	74.43	75.59	79.97	79.93
PBT margin (%) <sup>(2)</sup>	29.19	35.09	45.95	47.04
PAT margin (%) <sup>(2)</sup>	22.14	29.11	34.02	35.75
Current ratio (times) <sup>(3)</sup>	2.48	2.36	1.04	2.09
Gearing ratio (times) <sup>(4)</sup>	0.02	0.003	0.68	0.23
Trade receivables turnover (days) <sup>(5)</sup>	21	39	39	17
Trade payables turnover (days) <sup>(6)</sup>	N/A	N/A	N/A	N/A

**Notes:**

- (1) Calculated based on GP over revenue.
- (2) Calculated based on PBT/PAT over revenue.
- (3) Computed based on current assets over current liabilities as of each financial year ended.
- (4) Computed based on our total loans and borrowings (excluding lease liabilities for rights-of-use assets) over total equity for each financial year ended.
- (5) Computed based on the average trade receivables over revenue for the financial years multiplied by 365 days for each financial year ended.
- (6) Computed based on the average trade payables over the cost of sales for the financial years multiplied by 365 days for each financial year ended. Not applicable as there were no outstanding balances for trade payables as at each financial year-end.

Further details on our historical financial information are set out in Section 12.2 of this Prospectus.

**3.12 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.

Further details on our dividend policy are set out in Section 12.16 of this Prospectus.

## 4. DETAILS OF OUR IPO

### 4.1 Opening and Closing of Applications

Application for our IPO Shares will open at 10.00 a.m. on 14 April 2023 and will remain open until 5.00 p.m. on 25 April 2023.

**Late applications will not be accepted.**

### 4.2 Indicative Timetable

The following events are intended to take place on the following indicative times and/or dates:

Event	Indicative Date
Opening of Application	14 April 2023
Closing of Application	25 April 2023
Balloting of Application	27 April 2023
Allotment of IPO Shares to successful applicants	8 May 2023
Listing on the ACE Market	9 May 2023

In the event there is any changes to the timetable, we will advertise the notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

### 4.3 Particulars of Our IPO

#### 4.3.1 Public Issue

The Public Issue of 93,585,000 Issue Shares at the IPO Price representing 17.00% of our enlarged issued share capital will be made available for Application in the following manner:

##### (i) Malaysian Public

27,525,000 Issue Shares, representing 5.00% of our enlarged issued share capital, will be made available for application by the Malaysian Public through a balloting process of which 50.00% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

Any Issue Shares reserved under the Malaysian Public balloting portion which are not fully subscribed for by the Malaysian Public will be made available for subscription as follows:

- (a) firstly, by the Eligible Persons under the Pink Form Allocation as described in Section 4.3.1(ii) of this Prospectus;
- (b) secondly, by selected investors as described in Section 4.3.1(iii) of this Prospectus; and
- (c) lastly, by our Underwriter based on the terms of the Underwriting Agreement.

##### (ii) Eligible Persons

11,010,000 Issue Shares, representing 2.00% of our enlarged issued share capital, will be made available for application by the Eligible Persons. For clarification purpose, the aforementioned Eligible Persons shall exclude Directors and Key Senior Management of our Company.

**4. DETAILS OF OUR IPO (cont'd)**

The Issue Shares will be allocated to Eligible Persons of our Group based on the following criteria as approved by our Board:

**Employees**

- (a) the eligible employee must be a full time and confirmed employee of our Group;
- (b) the eligible employee must be on our Group's payroll;
- (c) seniority and position;
- (d) length of service;
- (e) past performance and respective contribution made to our Group; and
- (f) the eligible employee must be at least 18 years of age.

**Persons who have contributed to our Group's success**

The allocation to persons who have contributed to our Group's success, as approved by our Board, is determined based on amongst others, the length of business relationship with our Group, their current and past contributions and support to our Group. The persons who have contributed to our Group's success may include our Authorised Dealers, customers, suppliers and business associates.

Details of the Pink Form Allocation to Eligible Persons of our Group are as follows:

	<b><u>No. of persons</u></b>	<b><u>Aggregate no. of Issue Shares allocated</u></b>
Employees	101	5,411,000
Persons who have contributed to our Group's success	56	5,599,000
<b>Total</b>	<b><u>157</u></b>	<b><u>11,010,000</u></b>

Any Issue Shares reserved under the Pink Form Allocations which are not taken up will be made available for subscription as follows:

- (a) firstly, by other Eligible Persons;
- (b) secondly, by the Malaysian Public as described in Section 4.3.1(i) of this Prospectus;
- (c) thirdly, by our selected investors as described in Section 4.3.1(iii) of this Prospectus; and
- (d) lastly, by our Underwriter based on the terms of the Underwriting Agreement.

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**4. DETAILS OF OUR IPO (cont'd)**

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Save as disclosed above, as at LPD, we are not aware of:

- (a) any substantial shareholder, Directors or Key Senior Management of our Company who intend to subscribe for our IPO Shares; and
- (b) any person who intends to subscribe for more than 5.00% of our IPO Shares.

**(iii) Placement to selected investors**

55,050,000 Issue Shares, representing 10.00% of our enlarged issued share capital will be made available by way of private placement to selected investors.

In the event of under-subscription of the placement tranche by the selected investors and subject to the corresponding over-subscription by the Malaysian Public, the remaining portion will be clawed-back and placed to the Malaysian Public as described in Section 4.3.1(i) of this Prospectus.

On 26 September 2007, ACSB (a wholly-owned subsidiary of our Company) has obtained the MSC Malaysia Status, details of which are set out in Section 7.18 of this Prospectus. Upon evaluation of its contribution to our Group's profitability, business and operations for the most recent financial year, our Company is exempted from the Equity Requirement for public listed companies.

There is no minimum subscription in terms of the proceeds to be raised from the IPO. However, the basis of allocation for the IPO Shares shall take into account our Board's intention to distribute the IPO Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Board. There is no over-allotment or "greenshoe" option that will result in an increase in the number of our IPO Shares.

**4.3.2 Offer for Sale**

The 44,040,000 Offer Shares at the IPO Price representing 8.00% of our enlarged issued share capital are offered by our Selling Shareholders to selected investors by way of private placement. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

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**4. DETAILS OF OUR IPO** *(cont'd)*

The details of our Selling Shareholders are as follows:

Name	Address	Nature of relationship with our Group	Before our IPO		Shares offered pursuant to the Offer for Sale			After the Offer for Sale and our IPO	
			No. of Shares	(1) %	No. of Shares	(1) % of existing issued share capital	(2) % of enlarged issued share capital	No. of Shares	(2) %
CCP	23, Jalan Bayu Laut 8, D'Laman Greenville, 41200 Klang, Selangor	Promoter, Specified Shareholder, major shareholder and Executive Director / Chairman	187,421,964	41.02	18,064,768	3.95	3.28	169,357,196	30.76
CYT	26, Jalan Bayu Laut 12, D'Laman Greenville, 41200 Klang, Selangor	Promoter, Specified Shareholder, major shareholder and Executive Director / Managing Director	187,421,964	41.02	18,064,768	3.95	3.28	169,357,196	30.76
Lim Kim Seng	No. 27 Jalan Setia Indah U13/13L 40170 Shah Alam Selangor	Substantial shareholder and Key Senior Management (Software Development Director)	26,615,299	5.83	2,565,330	0.56	0.47	24,049,969	4.37
Ng Boon Thye	3, Jalan Indah 2/8, Taman Puchong Indah, 47100 Puchong, Selangor.	Substantial shareholder and Key Senior Management (Sales and Marketing Director)	26,615,299	5.83	2,565,330	0.56	0.47	24,049,969	4.37
Liaw Huah Seng	115, Jalan Delima 13/KS6, Bandar Parklands, 41200 Klang, Selangor.	Shareholder and Employee (Assistant Sales Manager)	13,309,934	2.91	1,282,885	0.28	0.23	12,027,049	2.18

**4. DETAILS OF OUR IPO** *(cont'd)*

Name	Address	Nature of relationship with our Group	Before our IPO		Shares offered pursuant to the Offer for Sale			After the Offer for Sale and our IPO	
			No. of Shares	(1) %	No. of Shares	(1) % of existing issued share capital	(2) % of enlarged issued share capital	No. of Shares	(2) %
Tey Wah Sheng	10, Jalan Kencana 2, Taman Kencana, 82000 Pontian, Johor	Shareholder and Employee (Singapore Country Manager)	8,877,858	1.94	855,697	0.19	0.16	8,022,161	1.46
Lee Chern Siong	99, Jalan Putri Jaya 21, Taman Putri Jaya, 43200 Batu 9 Cheras, Selangor.	Shareholder and Employee (Channel Sales Consultant)	6,652,682	1.46	641,222	0.14	0.12	6,011,460	1.09

**Notes:**

- (1) Based on our issued share capital of 456,915,000 Shares before our IPO.
- (2) Based on enlarged issued share capital of 550,500,000 Shares after our IPO.

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## 4. DETAILS OF OUR IPO (cont'd)

### 4.4 Basis of Arriving at the IPO Price

Our Directors and Malacca Securities, as the Principal Adviser, Sponsor, Underwriter and Placement Agent, had determined and agreed upon the IPO Price after taking into consideration the following factors:

#### (i) Financial and operating history

Based on the audited consolidated statements of profit or loss and other comprehensive income of our Group for the FYE 31 December 2022, we recorded a PAT attributable to owners of our Company of RM13.84 million, representing:-

- (a) EPS of 3.03 sen (based on the existing issued share capital of 456,915,000 Shares as at LPD). This EPS translates into a PE Multiple of 10.89 times based on the IPO Price; and
- (b) EPS of 2.51 sen (based on our enlarged issued share capital of 550,500,000 Shares). This EPS translates into a PE Multiple of 13.15 times based on the IPO Price.

Our detailed operating and historical financial performance are set out in Section 7.1 and Section 12.2 of this Prospectus, respectively.

#### (ii) Pro forma consolidated NA

Our pro forma consolidated NA per Share as at 31 December 2022 is RM0.09 based on our enlarged issued share capital of 550,500,000 Shares upon Listing and subsequent to the utilisation of proceeds raised from our Public Issue as set out in Section 4.7 of this Prospectus.

#### (iii) Business strategies

Our business strategies, which are set out in Section 7.8 of this Prospectus.

#### (iv) Competitive advantages and key strengths, and industry overview

Our competitive advantages and key strengths, and the industry overview, which are set out in Section 7.7 and Section 8 of this Prospectus, respectively.

Prospective investors should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. Prospective investors should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.



#### 4. DETAILS OF OUR IPO (cont'd)

##### 4.5 Share Capital

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

	<b>No. of Shares</b>	<b>RM</b>
Issued share capital as at the date of this Prospectus	456,915,000	8,007,511
Shares to be issued pursuant to our Public Issue	93,585,000	30,883,050
Less: Estimated listing expenses directly attributable to the Public Issue	-	(388,037)
<b>Enlarged issued share capital upon Listing</b>	<b>550,500,000</b>	<b>38,502,524</b>
IPO Price		RM0.33
Pro forma consolidated NA per Share as at 31 December 2022 (based on the enlarged issued share capital upon Listing) (RM)		0.09
Market capitalisation upon Listing (RM'000)		181,665

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally with each other. Our IPO Shares will, upon allotment and issue, rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our IPO Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution and provisions of the Act.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or by other duly authorised representative shall have 1 vote for each Share held.

##### 4.6 Dilution

Dilution is computed as the difference between the IPO Price to be paid by investors for our IPO Shares and our pro forma consolidated NA per Share after our IPO and it is illustrated as follows:

	<b>RM</b>
IPO Price	0.33
Pro forma consolidated NA per Share as at 31 December 2022 before our Public Issue	(1) 0.05
Increase in pro forma consolidated NA per Share after adjusting for the Public Issue and utilisation of proceeds	0.04
Pro forma consolidated NA per Share after the IPO	(2) 0.09
Increase in pro forma consolidated NA per Share attributable to existing shareholders	0.04
Dilution in the pro forma consolidated NA per Share to our new investors	0.24
Dilution in pro forma consolidated NA per Share to our new investors as a percentage of the IPO Price	72.73%

##### Notes:

- (1) Based on the pro forma consolidated NA of approximately RM21.66 million divided by the issued share capital of 456,915,000 Shares prior to our Listing.

**4. DETAILS OF OUR IPO (cont'd)**

- (2) Based on the pro forma consolidated NA of approximately RM50.26 million divided by the enlarged issued share capital of 550,500,000 Shares upon Listing.

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoter, substantial shareholder, Directors and/or Key Senior Management or persons connected with them, or any transaction entered into by them, which grants them the right to acquire any of our Shares from the date of our incorporation up to the date of this Prospectus:

Promoter, substantial shareholder and Director	No. of Shares held before IPO <sup>(1)</sup>	No. of Shares held from IPO	Total consideration	Effective cash cost per Share
			RM	RM
CYT	187,421,964	-	3,284,600.13	0.02
CCP	187,421,964	-	3,284,600.13	0.02
Lim Kim Seng	26,615,299	-	466,437.41	0.02
Ng Boon Thye	26,615,299	-	466,437.41	0.02

**Note:**

- (1) After Acquisition of ACSB, the details of which are set out in Section 6.1 of this Prospectus.

**4.7 Utilisation of Proceeds**

The total gross proceeds from the Public Issue will amount to RM30.88 million based on the IPO Price. We expect the proceeds to be used in the following manner:

Purposes	Note	RM'000	%	Estimated timeframe for utilisation from the Listing date
Regional expansion to capture growth opportunities	(1)	17,352	56.19	Within 36 months
Strengthening our R&D to expand our existing products' features	(2)	5,208	16.86	Within 24 months
Working capital	(3)	4,423	14.32	Within 24 months
Estimated listing expenses	(4)	3,900	12.63	Within 1 month
<b>Total</b>		<b>30,883</b>	<b>100.00</b>	

The current allocated utilisation is based on the respective estimated costs as at LPD. Hence, if the allocated proceeds are insufficient to fund the final amount, we will fund the shortfall from our internally generated fund. Similarly, any surplus from the allocated proceeds will be used for general working capital purposes. Pending the utilisation of the proceeds raised from our Public Issue, the proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

**4. DETAILS OF OUR IPO (cont'd)****Notes:****(1) Regional expansion to capture growth opportunities**

As at LPD, apart from our operations in Malaysia, we have an office in Singapore and Authorised Dealers in amongst others, Indonesia. As part of our plan to expand regionally in the ASEAN region, we intend to expand our team in Singapore and set up offices in the capital cities of the Philippines, Indonesia, Thailand and Vietnam. We believe that having a physical presence in these countries will better facilitate the localisation and awareness of our AutoCount software for us to penetrate the respective markets. This will enable us to establish a regional sales and marketing team for each country to support the growth of our business across the ASEAN region.

We intend to allocate approximately RM17.35 million, representing 56.19% of the gross proceeds from our Public Issue, for the regional expansion across the ASEAN region within 36 months from the date of Listing. Further details are set out in the table below:

<b>Details</b>	<b>RM'000</b>
Payroll expenses <sup>(i)</sup>	8,106
Advertising and marketing expenses <sup>(ii)</sup>	7,050
Setting up new offices <sup>(iii)</sup>	2,036
Localisation of AutoCount products <sup>(iv)</sup>	160
<b>Total</b>	<b>17,352</b>

**Notes:**

- (i) The payroll expenses will be utilised over a period of 36 months after Listing for our future business growth and mainly consist of salaries, medical expenses, employee benefits, training and development expenses and other expenses in relation to our human resources. Further details are set out in the table below:

<b>Details</b>	<b>RM'000</b>
Salaries	7,620
Medical expenses	81
Employee benefits	81
Training and development expenses	243
Other expenses	81
	<b>8,106</b>

Allocation of approximately RM8.11 million is set aside to enable our Group to hire additional 35 sales and marketing personnel for our regional offices in the Philippines, Indonesia, Thailand, Vietnam and Singapore as set out below as well as 1 local personnel to overlook the administrative matters for the regional offices, based on our anticipated business growth in these countries to support the growth of our business. As at LPD, our Group has 5 personnel based at our Singapore office. Our Group is targeting to commence the hiring process in the respective countries by the 2<sup>nd</sup> quarter of 2023 and we expect the team to be formed by the 4<sup>th</sup> quarter of 2023. The breakdown of the additional 36 personnel to be hired for our regional expansion is set out in the table below:

**4. DETAILS OF OUR IPO (cont'd)**

<b>Regional offices</b>	<b>No. of additional employees<sup>(1)</sup></b>
Philippines	7
Indonesia	7
Thailand	7
Vietnam	7
Singapore	7
Local personnel	1
	<b>36</b>

**Note:-**

- (1) The additional employees to be hired for our regional offices will be based at our Group's regional offices and may comprise foreign or local personnel, the breakdown of which has yet to be ascertained as at LPD.
- (ii) We intend to utilise RM7.05 million of the proceeds from our Public Issue over the next 36 months to strengthen our marketing and sales activities in the ASEAN region by increasing our market visibility and brand recognition. We intend to allocate RM1.41 million to participate in industry exhibitions and forums and RM5.64 million for placing advertisements through various platforms such as websites and social media platforms.
- (iii) We intend to rent a 1,200 square feet fully furnished office in Thailand (Bangkok), Indonesia (Jakarta), Vietnam (Ho Chi Minh City) and the Philippines (Manila) and to purchase new units of computer equipment, such as printers and servers for the setting up of the new offices, and computers for new employees in the regional offices. The rental of the aforementioned new offices is estimated to be RM576,000 per annum, based on a rental rate of approximately RM10 per square feet per month and the aggregate cost for computer equipment for all the new offices is estimated at RM308,000. As at LPD, we have identified the locations of our office spaces and intend to commence tenancy for these offices in the 2<sup>nd</sup> quarter of 2023, of which the details are as follows:-

<b>Regional offices</b>	<b>Locations of our office spaces</b>
Philippines	Philam Life Tower, Manila
Indonesia	The Kensington Office Tower, Jakarta
Thailand	Chartered Square, Bangkok or Sathorn Square, Bangkok
Vietnam	Me Linh Point Tower, Ho Chi Minh City or Saigon Tower, Ho Chi Minh City

The tenancies for the abovementioned offices are subject to the availability of office spaces and the terms of the tenancies to be agreed upon.

- (iv) Our Group has earmarked approximately RM0.16 million to modify and localise our AutoCount software in order to suit the usage of our applications in the countries we intend to expand our business, namely, the Philippines, Indonesia, Thailand and Vietnam, especially the language of our user interface and to comply with local rules and regulations. The localisation of our cloud-native AutoCount software in Singapore is expected to be minimal and as such any localisation cost incurred for cloud-native AutoCount software will be funded by internally generated funds from our Singapore operations.

**4. DETAILS OF OUR IPO (cont'd)**

In the event the actual proceeds utilised for the expansion of our business in the Philippines, Indonesia, Thailand, Vietnam and Singapore is lower than the allocation of RM17.35 million, the excess will be used for working capital purposes. Any excess amount required for the expansion of our business in these countries will be allocated from internally generated funds.

We have commenced some preparation works (such as in-house research in relation to accounting and tax treatment, engagement of translator for website language, appointment of local council to provide advisory work for legality of doing business in the respective countries) for this expansion plan and will continue with the expansion plan after our Listing on a staggered basis.

**(2) Strengthening our R&D to expand our existing products' features**

Our Group recognises the increasing demand for technology application and infrastructure solutions in all industries and we wish to strengthen our R&D and technology capabilities in order to maintain our competitiveness as well as increase our market presence. In particular, we intend to further enhance and replicate our existing technology application and infrastructure solutions across other industry verticals, as well as expand and develop new technology applications for enterprises.

The details of utilisation of proceeds for our R&D activities set out above are as follows:

<b>Details</b>	<b>RM'000</b>
Enhancement of a cloud POS <sup>(i)</sup>	1,008
Enhancement of e-commerce solutions <sup>(i)</sup>	840
Enhancement of Cloud Accounting <sup>(ii)</sup>	2,520
Enhancement of Cloud Payroll & HR <sup>(iii)</sup>	840
<b>Total</b>	<b>5,208</b>

**Notes:**

- (i) We have earmarked approximately RM1.85 million to employ approximately 11 additional programmers to assist in the enhancement of 2 new products i.e., cloud POS and e-commerce solutions. As at LPD, our Group had employed 1 new additional programmer for this purpose. These new employees will continue to be part of our R&D team focusing on the continuous enhancement of these new products.
- (ii) We intend to allocate resources to upgrade and improve the existing functionalities and modules to include new features such as compliant with regional countries' statutory and regulatory which include withholding tax, advanced inventory features (i.e., product batch number control and serial number control) and integration to local banks. In order to support our future plans relating to the enhancement, we intend to hire approximately 15 additional programmers as well as increase our capacities in terms of hosting and storage. Such increase in our hosting and storage capacities is required for our Group to accept more customers and to ensure our existing and new software are operating without disruption. For clarification purpose, the expenses for hosting and storage are estimated to be RM192,000 over a period of 24 months after Listing, based on expenses of RM8,000 per month.

**4. DETAILS OF OUR IPO (cont'd)**

- (iii) We intend to allocate resources to primarily upgrade and improve the Cloud HR functionalities and modules such as leave management, claim management, and time attendance, which is required as part of the integration with Cloud Payroll. In order to support our future plans relating to the enhancement, we intend to hire approximately 5 programmers as well as increase our capacities in terms of hosting and storage.

Our Group had commenced the hiring process of the additional programmers and we expect the team to be formed by the 4<sup>th</sup> quarter of 2023. Our Group expects to utilise the proceeds for the payment of salaries of the additional programmers over a period of 24 months after Listing.

As at LPD, our Group has 31 programmers. The additional programmers are required to expand its products' features as mentioned above, and to maintain our range of AutoCount software moving forward. This is to ensure that AutoCount software will continue to run smoothly moving forward.

In the event the actual proceeds utilised for R&D expenditure is lower than the allocation of RM5.21 million, the excess will be used for working capital purposes. Any excess amount required for R&D expenditure will be allocated from internally generated funds.

**(3) Working capital**

Our Group's working capital requirements are expected to increase in line with the growth in our business operations. To facilitate the expansion of our business and to support our ASEAN regional expansion, we intend to allocate approximately RM4.42 million, representing 14.32% of our gross proceeds from the Public Issue to fund the cash flow requirements to expand our manpower in our Malaysian office. The proposed allocations of the proceeds are set out below:

<b>Details</b>	<b>RM'000</b>
Salary of employees for our Malaysia office comprising finance executives, sales, marketing, sales and support consultants <sup>(i)</sup>	4,423

**Note:**

- (i) Our Group intends to hire 23 additional employees for our Malaysia office. The breakdown of our proposed employees to be hired are as follows:

<b>Department/Division</b>	<b>No. of Employees</b>
<b><u>Local</u></b>	
Finance	2
Sales and Marketing (Pre-Sales)	7
Sales and Support Consultants (Post-Sales)	6
<b><u>Oversea</u></b>	
Finance	1
Sales and Marketing (Pre-Sales)	3
Sales and Support Consultants (Post-Sales)	4
	<b>23</b>

Our existing employees are currently focused on our existing operations. We anticipate that with the gradual geographic expansion of our operations and launching of new products (in local and overseas market), these additional employees will be required to support our larger operations.

**4. DETAILS OF OUR IPO (cont'd)****(4) Estimated listing expenses**

An amount of RM3.90 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

<b>Details</b>	<b>RM'000</b>
Professional fees <sup>(i)</sup>	2,300
Underwriting, placement and brokerage fees	908
Fees payable to the authorities	70
Printing, advertising fees and contingencies <sup>(ii)</sup>	622
<b>Total</b>	<b>3,900</b>

**Notes:**

(i) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR and issuing house.

(ii) Other incidental or related expenses in connection with our IPO.

Any variations from the amounts budgeted above, save for item (3), shall be adjusted towards or from, as the case may be, the proceeds allocated for our general working capital requirements.

The Offer for Sale will raise gross proceeds of approximately RM14.53 million which will accrue entirely to our Selling Shareholders. The Selling Shareholders shall bear the placement fee in relation to the Offer for Sale.

**4.8 Underwriting Commission, Brokerage and Placement Fees****4.8.1 Underwriting commission**

Our Underwriter has agreed to underwrite 27,525,000 Issue Shares which are available for application by the Malaysian Public and 11,010,000 Issue Shares made available to Eligible Persons as set out in Sections 4.3.1(i) and 4.3.1(ii) of this Prospectus. We will pay our Underwriter an underwriting commission at the rate of 2.00% of the total value of the underwritten Shares based on the IPO Price.

**4.8.2 Brokerage fee**

We will pay the brokerage rate of 1.00% on the IPO Price in respect of all successful Applications bearing the stamp of either Malacca Securities, the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

**4.8.3 Placement fee**

Our Placement Agent has agreed to place out 55,050,000 Issue Shares and 44,040,000 Offer Shares to be issued / offered to selected investors as set out in Sections 4.3.1(iii) and 4.3.2 of this Prospectus.

We will pay our Placement Agent a placement fee of up to 2.00% of the value of Issue Shares to be placed out to selected investors at the IPO Price.

The placement fee of up to 2.00% of the value of Offer Shares placed out by our Placement Agent will be borne entirely by the Selling Shareholders.

#### 4. DETAILS OF OUR IPO (cont'd)

##### 4.9 Salient Terms of the Underwriting Agreement

On 20 March 2023, we had entered into the Underwriting Agreement with our Underwriter to underwrite 38,535,000 IPO Shares, upon the terms and subject to the conditions as set out in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:-

- 1.1 Subject to the terms and conditions of the Underwriting Agreement, Malacca Securities has agreed to underwrite 38,535,000 IPO Shares ("**Underwritten Shares**") as set out in Section 4.8.1 of this Prospectus.
  - 1.2 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon inter alia the following ("**Conditions Precedent**"):
- (a) The Underwriter being provided with such reports or confirmation and being satisfied on the date adopted in this Prospectus as last date for acceptance and receipt of Application ("**Closing Date**") that:-
    - (i) no material adverse change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group from the date of the Underwriting Agreement; or
    - (ii) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings by our Company materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;
  - (b) the Underwriter receiving a certificate in the form or substantially in the form dated the Closing Date signed by the duly authorised officers of our Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in the Underwriting Agreement;
  - (c) the Underwriter receiving copies certified by a Director of our Company or the secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the Directors and the shareholders of our Company in general meeting:-
    - (i) approving the Prospectus and the application forms, the Public Issue, Offer for Sale, the Listing, the Underwriting Agreement and the transactions contemplated by it;
    - (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company and the issuance of the Prospectus;
  - (d) the issue and subscription of the Issue Shares are not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the IPO Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the Public Issue, Offer for Sale and the Listing have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;



#### 4. DETAILS OF OUR IPO (cont'd)

- (e) the Underwriter being satisfied that our Company has complied with and that the issuance and subscription of the Issue Shares are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;
  - (f) the offering of the Issue Shares having been approved by Bursa Securities and any other relevant authority or authorities and remaining in full force and effect and that all conditions precedent to the approvals, to the extent possible have been complied with;
  - (g) the listing of and quotation for the Issue Shares/ issued share capital of our Company on the ACE Market of Bursa Securities having been unconditionally approved-in-principle by Bursa Securities or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn;
  - (h) the launching of Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing;
  - (i) the Prospectus having been lodged with the CCM and registered with Bursa Securities together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;
  - (j) the Underwriting Agreement being duly signed by all parties and stamped;
  - (k) the Listing within 1 month from the Closing Date or any later date as may be approved by the authorities and agreed in writing by the Underwriter; and
  - (l) the Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions of the Underwriting Agreement and upon the Underwriter's (in this regard, in its capacity as the placement agent for the shares to be placed out by the placement agent) receipt of the full subscription monies for the shares to be placed out by the placement agent on or before the last date for payment of the same.
- 1.3 If after the Conditions Precedent have been complied with and our Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations and the Underwriting Agreement shall be terminated and be of no further force or effect provided that our Company shall remain liable for the payment of the sum as set out in the Underwriting Agreement and all other costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares (including late interest payment, if applicable).
- 1.4 The Underwriter may waive all or any of the conditions except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.
- 1.5 Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if:-
- (a) any of the Conditions Precedent under the Underwriting Agreement is not duly satisfied by the Closing Date; or
  - (b) there is any material breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriter within 10 Market Days from the date our Company is notified by the Underwriter of such breach; or

#### 4. DETAILS OF OUR IPO (cont'd)

- (c) there is withholding of material information by our Company which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of the Issue Shares; or
- (d) approval of Bursa Securities in respect of the IPO or the approval-in-principle of Bursa Securities for the listing and quotation of its entire enlarged issued share capital on the ACE Market is withdrawn; or
- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Company or our Group; or
- (f) our Company or any of its subsidiaries becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or
- (g) there shall have occurred, or happened any of the force majeure event including, but not limited to:-
  - (i) any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriter seriously affects or will seriously affect the business and/or financial position of our Group; or
  - (ii) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing which, would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
  - (iii) any new law or regulation or any change in existing laws or regulations, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Underwriter has or is likely to have a material adverse effect on the condition (financial or otherwise) or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of our Group; or
  - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market due to exceptional financial circumstances or otherwise; or
  - (v) there having been on or prior to the Closing Date and in the reasonable opinion of the Underwriter, any adverse and material change or development reasonably likely to involve a prospective adverse and material change in the financial or business condition of our Group from that set out in the Prospectus which is material in the context of the offering of the Issue Shares and/or Offer Shares thereunder or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the warranties and representations of our Company under the Underwriting Agreement as though given or made on such date; or

#### 4. DETAILS OF OUR IPO (cont'd)

- (vi) any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of government, national disorder, declaration of a state of national emergency, pandemics, acts of terrorism, strikes, lockouts, fire, explosion, earthquake, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which would have, or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
  - (vii) if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares, lower than 80% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 Market Days; or
  - (viii) there is any failure on the part of our Company to perform any of its material obligations under the Underwriting Agreement.
- 1.6 In the event that the Underwriting Agreement is terminated pursuant to the terms and conditions therein, the Underwriter and our Company may confer with a view to deferring the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor our Company shall be under any obligation to enter into a fresh agreement.
- 1.7 If the Underwriter terminates its obligation pursuant to item 1.5 above, the parties shall be released and discharged from their respective obligations under the Underwriting Agreement, save for the Underwriter's rights to the following:-
  - (a) the payment of the sum of RM10,000, where termination occurs prior to issuance of the Prospectus or the underwriting commission, where the termination occurs subsequent thereto;
  - (b) costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares (including late interest payment, if applicable); and
  - (c) right to be indemnified by our Company.

## 5. RISK FACTORS

**YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING KEY 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.**

### 5.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

**(i) We are dependent on our Executive Directors and Key Senior Management team for continued success and growth of our business**

Since inception, the success of our Group has been attributed to the experience, industry knowledge and network, and skills of our Executive Directors and Key Senior Management team. The growth and future success of our Group will continue to be dependent on the continuous contribution from our Executive Chairman, CCP and our Managing Director, CYT for their leadership in setting the strategic direction and driving the business development of our Group.

Additionally, we also attribute our continuous success to the abilities, skills, experience and efforts of our Key Senior Management team. Please refer to Section 9.2 and Section 9.3 of this Prospectus for the profiles of our Executive Directors and Key Senior Management team respectively.

As such, the loss of any of our Executive Directors and Key Senior Management team simultaneously or within a short period may create an unfavourable impact on our Group's operations and the future growth of our business, all of which may eventually affect the results of operations, financial performance and prospects of our Group, if we are unable to replace or attract suitable talents in a timely manner.

**(ii) We are dependent on our team of programmers**

We are dependent on our team of programmers who are equipped with extensive technical IT knowledge, product knowledge as well as experience in various technology and software such as C#, Delphi, React, React Native, Razor Page and other development toolkits and software detailed in Section 7.5 of this Prospectus, to continuously improve our AutoCount software, develop new software to expand our product offerings, develop software upgrades and provide technical support and maintenance services to our Authorised Dealers and end-user customers. As at LPD, we have 31 in-house programmers, of which 30 are permanent employees and 1 is a contractual employee.

Our ability to retain and to attract competent and skilled programmers is crucial for our continued success, future business growth and expansion. Any loss of our programmers and our inability to find suitable replacements in a timely and cost-efficient manner may cause disruptions to our business operations and our ability to respond to technical issues and changes in technology quickly.

**(iii) We depend on third party cloud computing and hosting platform to function our AutoCount cloud-native software**

All our AutoCount cloud-native software are hosted on third party cloud computing and hosting platforms. As such, our Group is dependent on the quality, reliability, service upgrades, capacity and network connectivity of the third party cloud computing and hosting platforms for the hosting of our cloud-native software. If there are any major unforeseen interruptions in our third party cloud computing and hosting platforms, which are beyond our control, our end-user customers' user experience may be adversely affected, whereby our users may have limited or no access to our cloud-native software, and subsequently may have an adverse impact on our Group's reputation.

**5. RISK FACTORS (cont'd)**

In May 2022, one of the hosting platforms of our third party cloud computing and hosting platform which hosted our AutoCount Cloud Payroll experienced service interruptions. Immediately upon identifying the issue, our Group closely assessed, investigated and monitored the interruptions to our AutoCount Cloud Payroll and worked closely with our third party cloud computing and hosting platform to troubleshoot and to identify the cause of the service interruptions in the hosting platform. Consequent to this, our users experienced an average 5 hours per day of slow or limited access to our AutoCount Cloud Payroll for 10 days. During the interruption, we had been communicating with our dealers and/or users to provide assistance where possible, as well as liaising with the third party cloud computing and hosting platform to identify the cause of the service interruptions. After performing several rounds of testing, in the evening of the 10<sup>th</sup> day of service interruptions, we switched our hosting server to an alternative hosting server under the same third party cloud computing and hosting platform, which resolved the interruption to our AutoCount Cloud Payroll where the full access to the software has since reverted to normal. The third party cloud computing and hosting platform had also resolved the service interruptions arising from one of their hosting platforms which our AutoCount Cloud Payroll was previously hosted on. While there were complaints received from our customers (i.e. Authorised Dealers and end-user customers), there were no claims for financial compensation against our Group arising from this event. Save for this event, there was no other similar event for the Financial Years Under Review and up to LPD. Moving forward, such service disruption from third party cloud computing and hosting platform is expected to be minimal as we are now able to immediately switch to another server within the same hosting platform or switch to an alternative hosting platform within a few days.

Notwithstanding that the service interruptions to the third party cloud computing and hosting platforms are beyond our control, our business operations and reputation may be adversely affected if the interruptions are not resolved in a timely manner. Further, our end-user customers' user experience of our software may be adversely affected and may lead to customer dissatisfaction. Consequently, it may lead to loss in software users and decrease in the renewal of our software subscription that will adversely impact our financial performance.

**(iv) We may not be able to successfully implement our business strategies**

We plan to grow our Group's business by expanding and enhancing our service offerings, through our business strategies and future plans as follows:

- (a) We intend to expand our business presence to Thailand, Indonesia, Vietnam and the Philippines; as well as continue to expand our business in Singapore; and
- (b) We intend to intensify our R&D efforts to enhance our software offerings.

In order to successfully implement these business strategies, we are required to increase our sales and marketing activities and to attract suitable talents. Please refer to Section 7.8 of this Prospectus for further details of our business strategies.

The execution of our business strategies is subject to additional expenditures including operational expenditures, capital expenditures and other working capital requirements. Such additional expenditure will increase our Group's operational cost including overhead costs, which may adversely affect our implementation of these business strategies as well as profit margin and cash flow if we are unable to gain sufficient revenue by securing more sales.

**5. RISK FACTORS (cont'd)**

The implementation of our business strategies may be influenced by factors beyond our control, such as changes in general market conditions, economic climate as well as political environment in Malaysia, Singapore, Thailand, Indonesia, Vietnam and the Philippines, which may affect the commercial viability of our business strategies. In addition, the success of our expansion into Thailand, Indonesia, Vietnam and the Philippines is subject to the demand for our software in the local markets and the establishment of our Authorised Dealer network in each country. The establishment of our Authorised Dealer network in new markets requires active investment in marketing and Authorised Dealer recruitment activities, and the growth in our overseas Authorised Dealer network which ultimately influence the growth of our sales in the new markets, will take time to materialise. Further, there is no assurance that we will be able to replicate our success in Malaysia and Singapore to Thailand, Indonesia, Vietnam and the Philippines.

The implementation of our business strategies could also be adversely affected by a variety of other factors such as new and unforeseen software features introduced by our competitors or attractive pricing offered by our competitors which may affect the attractiveness of our offerings, as well as the level of acceptance of our products by the local customers in countries we intend to expand into.

Hence, there can be no assurance that the effort and expenditures spent on the implementation of our business strategies will yield expected results in growing our business in terms of financial performance and market presence. We are not able to guarantee that we will be successful in executing our business strategies, nor can we assure that we will be able to anticipate all the business, operational and industry risks arising from our business strategies. Such failure may lead to adverse effect on our business operations and financial performance.

**(v) We may be exposed to the risk of security breaches**

Our customers' information and all data generated from our cloud-native software are stored on third party cloud platform and transmitted through the internet. Storage of data electronically and data transmission over the internet may expose our database to external security threats such as malware attacks, hacking, espionage or cyber intrusions, as well as internal security breaches which include unauthorised access to restricted information by our employees. In the event where there are security breaches on the third party cloud platform which we subscribe to that lead to leakage of our customers' information to unauthorised parties, our reputation and relationship with our customers may be adversely affected. Despite there being no contractual provisions that allow our customers to claim for any losses arising from such data leakage, such event may lead to loss of customers' confidence in our Group which will adversely affect our industry reputation.

Further, under the Personal Data Protection Act 2010, any service provider that collects and processes customer information shall comply with the Personal Data Protection Principles set out in the aforementioned legislation and has the responsibility to adopt and implement a policy that protects the privacy of identifiable information. Failure to protect our customers' information from security breaches may result in the termination of subscriptions by our customers as well as exposure to legal action by our customers for breach of confidentiality including, but not limited to, lawsuits for damages arising from such breaches, which could adversely affect our business reputation. In addition, contravention of the Personal Data Protection Principles shall commit an offence pursuant to the Personal Data Protection Act 2010 and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 2 years or to both.

Since the commencement of our business and up to LPD, there has been no occurrence of security breaches which led to leakage of customers' information. Moving forward, there can be no assurance that there will not be cases of security breaches which could lead to adverse impact to our Group as described above.

## 5. RISK FACTORS (cont'd)

### (vi) Our ownership rights may be infringed and/or we may inadvertently infringe on third party's ownership rights

As all our AutoCount software are developed in-house by our Group, we retain the ownership rights of our software. However, there can be no assurance that the ownership rights will adequately protect our software against any infringement by third parties. Further, despite having trademarks registered as detailed in Section 7.17 of this Prospectus, there can be no assurance that there will not be unauthorised use of our registered trademarks on similar products, which may be deemed as counterfeit software if it involves unlawful copying of our AutoCount software. Such unauthorised use of our registered trademark may create market confusion amongst end-user customers as they may unknowingly purchase or subscribe to these counterfeit software. Although we are not responsible for any of these software which are not developed by us, end-user customers may approach us directly if they encounter any issues that can't be resolved by the seller of the software, which may temporarily affect end-user customers' confidence towards our brand and software quality. Nevertheless, in such event, we will investigate and inform the affected end-user customers that the software used are not authentic AutoCount software and hence we are unable to address any complaints arising from the usage of that software, and subsequently direct the affected end-user customers to purchase our AutoCount software from our authorised sources.

Further, in the development of our software, including all on-going and future enhancements and modifications, there are possibilities that we could inadvertently infringe ownership rights held by third party(s). This could happen if we inadvertently develop or modify our software to the extent that it is substantially similar with other software owned by a third party in the market, in terms of amongst others, source codes, user interface and visual design of the software. This would result in the risk of the third party challenging our Group's ownership rights or taking legal action against us, if the third party is made aware of the situation.

There is no assurance that any of the above incidents will be resolved in our favour. In the event that we are unsuccessful in pursuing any action against third party infringers, or a third party has successfully established that we have infringed its ownership rights, we may suffer significant loss arising from financial penalties and / or litigation costs. We may also be exposed to other risks such as adverse reputation and / or being prevented from selling any of our applications which may impact our range of offerings and financial performance.

Since inception, our Group has not encountered any issues relating to the infringement of our ownership rights, nor formal complaints relating to unauthorised use of our registered trademarks which led to material adverse impact on our business, nor as far as management is aware, have we inadvertently infringed on third parties' ownership rights.

### (vii) We are exposed to foreign exchange transaction risks which may impact the profitability of our Group

From FYEs 2019 to 2022, our local sales from Malaysia were the largest contributor to our Group's revenue at approximately 83.15%, 78.58%, 75.10% and 80.65% respectively. During the same period, we also derived sales from overseas customers, which mainly comprised customers from Singapore. Revenue generated from local customers in Malaysia were mainly denominated in RM; while revenue generated from customers in Singapore were denominated in SGD.

For the Financial Years Under Review, we also purchased some supplies and services from overseas suppliers, which include cloud computing and hosting platform for the hosting of our cloud-native software and dongles that were used as one of the forms of delivery for our on-premise software. Some of the supplies and services purchased from overseas suppliers were mainly denominated in USD, while the remaining purchases from overseas suppliers and local suppliers were mainly denominated in RM.

**5. RISK FACTORS (cont'd)**

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

	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:								
(a) RM	15,899	84.16	15,433	78.59	22,127	75.04	31,224	80.65
(b) SGD	2,867	15.18	3,942	20.07	7,132	24.19	7,246	18.72
(c) USD	107	0.57	195	0.99	176	0.61	131	0.33
(d) BND	17	0.08	67	0.34	47	0.16	115	0.30
(e) AUD	1	0.01	1	0.01	1	*	1	*
	<b>18,891</b>	<b>100.00</b>	<b>19,638</b>	<b>100.00</b>	<b>29,483</b>	<b>100.00</b>	<b>38,717</b>	<b>100.00</b>
Purchases denominated in:								
(a) RM	619	87.55	788	95.87	1,890	98.64	1,567	79.19
(b) USD	88	12.45	33	4.01	14	0.73	385	19.45
(c) SGD	-	-	1	0.12	12	0.63	27	1.36
	<b>707</b>	<b>100.00</b>	<b>822</b>	<b>100.00</b>	<b>1,916</b>	<b>100.00</b>	<b>1,979</b>	<b>100.00</b>

**Note:**

\* Representing less than 0.01%.

We are exposed to foreign exchange transaction risk which mainly arised from our revenue exposure to SGD, which constituted 15.18%, 20.07%, 24.19% and 18.72% of our total revenue in the FYEs 2019 to 2022 respectively. While we also transact in other currencies (i.e. USD, BND and AUD), our exposure of foreign exchange transaction risk on these currencies was minimal and hence, fluctuations in the exchange rates between RM and these currencies did not have material impact to our Group.

We currently do not have a formal policy with respect to our foreign exchange transactions, and we do not hedge our exposure to fluctuations 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, especially the SGD. Please refer to Section 12.12(i) of this Prospectus for further details on our revenue and purchases by currencies, as well as our gains and losses from foreign exchange fluctuations for the FYEs 2019 to 2022. Moving forward, we intend to expand to other Southeast Asia countries including Thailand, Indonesia, the Philippines and Vietnam. As such, our exposure to foreign exchange risk is expected to increase.

**(viii) Our business and operations may be exposed to sudden disruptions caused by serious pandemic and epidemic outbreaks**

On 11 March 2020, COVID-19 virus, also known as the novel coronavirus was declared a worldwide pandemic by the World Health Organisation. In light of the COVID-19 pandemic, the Government of Malaysia has imposed various degrees of nationwide movement restrictions. On 1 April 2022, the Government of Malaysia began the transition into an Endemic Phase with relaxed COVID-19 measures.

During the movement restriction periods, there were several rounds of mandatory closure of our office, and our Authorised Dealers' offices were also closed at the same time. Nevertheless, there were no interruptions to our business operations as our employees continued to work from home during the periods of office closure. Please refer to Section 7.14 of this Prospectus for further details on the arrangement of our business operations during the COVID-19 pandemic.



## 5. RISK FACTORS *(cont'd)*

Moving forward, any such future pandemic outbreaks, as well as epidemic outbreaks affecting a significantly large but more localised population, may result in similar interruptions to our Group's business and operations, which may subsequently have a material adverse impact on our financial performance.

**(ix) Our investments in R&D may not yield returns and may not positively contribute to our business operations**

Our Group recognises the increasing demand for technology application and infrastructure solutions in all industries. Hence, our R&D activities focus on developing and enhancing our suite of financial management software, comprising accounting software, POS software and payroll software. As part of our continuous effort in improving our range of financial management software, we actively engage in R&D activities to expand the functions and enhance the features of our AutoCount software. As part of our business strategies and future plans, we intend to allocate RM5.21 million from the IPO proceeds to intensify our R&D efforts to enhance our software offerings in the next 2 years, with continuing focus on enhancing the functionalities and modules as well as adding new features in our existing cloud-native software to address the digitalisation needs of businesses and companies. Please refer to Section 7.8.2 of this Prospectus for the details of our plans on intensifying R&D efforts.

The enhancement of our existing software and development of any new software in the future are based on our Group's R&D / software development initiatives primarily focusing on addressing the digitalisation needs of businesses and companies as well as meeting the latest statutory requirements on amongst others, changes in taxation basis. As it is not project-based and not subject to external deadlines, there is no strict timeline that must be adhered to. Nevertheless, the loss of opportunities available in the market may arise if any of our Group's new software or enhanced software are developed and launched much later than similar software launched by our competitors.

Despite the commitments and efforts placed into R&D, there is no assurance that our R&D activities will yield results and develop software which suit the digitalisation needs of all businesses and companies that can substantially improve our financial performance.

**(x) 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 at levels that are customary in our industry to protect against various losses and liabilities. As at LPD, the insurance policies taken by our Group amounts to a total coverage of RM15.02 million in regards to the protection against various losses and liabilities such as building insurance, fire risk insurance, machine and equipment insurance, burglary insurance, money insurance, public liability insurance, employer's liability insurance and group personal accident policy.

However, 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 any unforeseen circumstances. Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business operations and financial performance.

**5. RISK FACTORS (cont'd)****5.2 RISKS RELATING TO OUR INDUSTRY****(i) We are affected by the availability of experienced talent in the market**

Successful hires for our programming team are subject to the suitability and availability of software programmers in the market that matches the requirements of our Group. We require our programmers to possess certain experience and fundamental skillsets such as the abilities to code in certain programming languages; debug the software if errors are discovered during software testing; and perform coding review. Further, knowledge in accounting, payroll and POS is also essential to develop practical and user-friendly features and functions in our AutoCount software.

In the IT industry, these technical skillsets may be difficult to source as experienced personnel with a combination of IT skillset as well as accounting and/or financial knowledge may not be widely available in the market at competitive salary rates. Even if we manage to hire suitable talents equipped with IT skillset as well as accounting and/or financial knowledge, there can be no assurance that we will be able to retain them for a long duration at competitive salary rates. If we are unable to source for suitable talent that meet our Group's requirements timely and in sufficient numbers, we may experience slowdown in software development and face challenges in upkeeping and enhancing our software. Thus, our financial performance may be adversely affected. Our profitability may be adversely affected if we are required to incur overly high salary costs to hire and retain talents to support our business operations. During the Financial Years Under Review, our Group did not experience any shortage of talents. As at LPD, our Group has sufficient experienced talent in handling our daily business operations. However, to facilitate our business strategies of expanding our business in certain countries in the Southeast Asia region and enhancing our software offerings by intensifying our R&D efforts, we will need to hire additional suitable talents which may not be readily or sufficiently available in the market.

**(ii) We face risks of not adapting quickly to latest digitalisation needs of businesses and companies as well as latest technological development**

The IT industry undergoes continuous and rapid technological developments, with increasing levels of complexity and capabilities to digitalise business operations. The accounting and financial related operations and processes that our end-user customers intend to digitalise may require the usage of the latest software with the relevant and up-to-date features and functions to meet the prevailing statutory requirements and accounting standards.

Generally, any major changes in statutory requirements that result in how data is captured in accounting software, such as the implementation of GST tax system in 2014, will require major changes in accounting software. However, changes in accounting standards that result in reporting requirement changes, such as revenue recognition standards, generally do not cause any major impact on how data is captured in accounting software. In such event, our Group does not need to make major changes to our AutoCount software.

Our ability to adapt to these changes and requirements by developing new software or enhancing our existing software according to the latest technological development to meet the digitalisation needs of businesses and companies will determine the sustainability of our business. There can be no assurance that we would have sufficient resources to successfully and accurately capture the latest digitalisation needs of end-user customers and thereafter develop new software or enhance our software by adopting relevant features and functions in our software on a timely and cost-effective manner.

As such, any failure to meet the requirements by businesses and companies for business digitalisation on a timely manner may impact our ability to retain existing users and attract new users, as well as our ability to retain our existing Authorised Dealers and recruit new Authorised Dealers. In such circumstances, we may experience a loss of a substantial amount of end-user customers and a decrease in the renewal of our software subscription in a short period of time, which may in turn adversely impact our Group's business sustainability and financial performance.

## 5. RISK FACTORS (cont'd)

### (iii) **We are exposed to risks relating to the political conditions, legal and regulatory requirements, economic developments and cultural environment in the countries where we operate and intend to expand into**

Our Group operates in Malaysia and Singapore. We intend to expand to other countries in Southeast Asia, namely Thailand, Indonesia, the Philippines and Vietnam within 36 months after the date of Listing. Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and / or uncertainties in the political, legal, regulatory, economic or cultural environments that are beyond our control in the countries in we operate. Examples of the changes to the economic, political, legal, regulatory and/or cultural environment are changes in economic conditions, political conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation, foreign exchange controls and local business practices.

Any changes to the economic, political, legal, regulatory and/or cultural environments in the countries in which we have customers that lead to partial or full access restriction to our software may cause disruptions in our business operations as well as our end customers' business operations. Further, any changes to the economic, political, legal, regulatory and/or cultural environments may also lead to a reduction in the demand for our AutoCount software. This could happen due to negative economic conditions of a country that may cause businesses and companies to be more prudent in spending, political tension between Malaysia and other countries that cause potential restrictions on the use of products and/or services from Malaysia, imposition of licences and/or permits for the use of products and/or services from Malaysia, and preferences amongst businesses and companies in foreign countries to use local software. All of these may consequently cause a decline in our revenue which may lead to a material adverse impact on our business and financial performance.

### (iv) **We face competition from existing and new financial management software principals**

In Malaysia, there is a wide selection of financial management software available in the market, which ranges in terms of price points and functionalities. The functionalities available in financial management software can range from simple and basic functions that are sufficient to facilitate fundamental financial management processes, to complex functions that are capable of facilitating more complicated financial management processes as well as business processes in a single software.

The barriers to entry are moderate as industry players require expertise in financial management as well as IT to develop financial management software and enhance software functions in order to remain competitive in the industry and to have a sustainable business over the long term. As such, we are required to retain a strong technical team for continuous software enhancement and new software development, as well as continue to maintain an extensive Authorised Dealer network for a wide reach to end-user customers. However, as there are no industry-specific licences or permits required to become a software principal other than ordinary business licences, we may also face competition from new market entrants.

The factors affecting businesses' decisions to purchase any software for business digitalisation are price, software features and functionalities, stability, compatibility in multiple operating systems and flexibility for customisation to suit their business needs. Further, it also depends on our ability and the ability of our Authorised Dealers to provide suitable software solutions, customer service and/or after-sales service. We need to maintain our competitive edge by taking measures such as providing financial management software which are robust, up-to-date and user friendly, as well as employing effective distribution channel and marketing strategies. Any failure on remaining competitive would lead to reduced sales, which will eventually impact our financial performance and profitability.

## 5. RISK FACTORS *(cont'd)*

### 5.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

**(i) 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 market 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 IPO Price.

**(ii) Capital market risks and share price volatility**

The performance of capital market is very much dependent on external factors such as the performance of the regional and global stock markets 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.

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

- (a) variation in our results and operations;
- (b) success or failure in our management team in implementing business and growth strategies;
- (c) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (d) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events and factors;
- (e) additions or departures of our Key Senior Management team;
- (f) fluctuations in stock market prices and volumes; or
- (g) 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 IPO Price.

## 5. RISK FACTORS (cont'd)

### (iii) **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 9.1.1 of this Prospectus, our Promoters will collectively hold in aggregate 61.52% 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.

### (iv) **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**

Following the completion of our IPO and Listing, approximately 38.48% of our enlarged issued share capital will be publicly held by investors participating in our IPO, while approximately 61.52% of our enlarged issued share capital, will be held by our Promoters and substantial shareholders.

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

### (v) **Delay in or cancellation of our Listing**

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.

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 IPO 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 IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest within 14 days.

## 5. RISK FACTORS *(cont'd)*

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 IPO Shares shall be deemed 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 under Section 245(1) of the CMSA, 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 IPO Shares form part of our share capital. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (aa) 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) a solvency statement from the directors.

### (vi) Payment of dividends

Our ability to declare dividends to our shareholders will depend on, amongst others, our future financial performance, distributable reserves and cash flows. This, in turn, is dependent on our operating results, capital requirements and on our ability to implement our future plans, demand for and selling prices of our products, general economic conditions, and other factors specific to our industry, many of which are beyond our control. As such, there is no assurance that we will be able to pay dividends to our shareholders.

We are a holding company and conduct substantially all of our operations through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are our principal source of income. The receipt of dividends from our subsidiaries may also be affected by the passage of new laws, adoption of new regulations and other events outside our control, and our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. In addition, changes in accounting standards may also affect the ability of our subsidiaries, and consequently, our ability to pay dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends.

Dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Further details of our dividend policy are set out in Section 12.16 of this Prospectus.

## 6. INFORMATION ON OUR GROUP

### 6.1 Our Company

Our Company was incorporated in Malaysia under the Act on 25 February 2022 as a public limited company.

Our Company is an investment holding company. Through our subsidiaries, our Group is principally involved in the business of financial management software.

As at LPD, our issued share capital is RM8,007,511.00 comprising 456,915,000 Shares. The movements in our issued share capital since our date of incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration / Nature of transaction	Cumulative issued share capital	
			RM	No. of Shares
25 February 2022	2	Cash/ Subscriber's shares	2.00	2
20 June 2022	456,914,998	Otherwise <sup>(1)</sup>	8,007,511.00	456,915,000

**Note:**

- (1) Being the consideration paid by our Company to CCP, CYT, Liaw Huah Seng, Lim Kim Seng, Lee Chern Siong, Tey Wah Sheng and Ng Boon Thye in relation to the Acquisition of ACSB, details of which are set out in the table below:

Vendor	Date emerged as shareholder of ACSB	Ordinary shares owned by the vendor(s) in ACSB which were sold to our Company ("Sale Shares")	Consideration paid by our Company to the respective vendor(s) in respect of the acquisition of Sale Shares
CCP	10 January 2007	211,250	187,421,963
CYT	10 January 2007	211,250	187,421,963
Liaw Huah Seng	13 December 2019	15,000	13,309,934
Lim Kim Seng	6 August 2019	30,000	26,615,299
Lee Chern Siong	6 August 2019	7,500	6,652,682
Tey Wah Sheng	6 August 2019	10,000	8,877,858
Ng Boon Thye	6 August 2019	30,000	26,615,299
<b>Total</b>		<b>515,000</b>	<b>456,914,998</b>

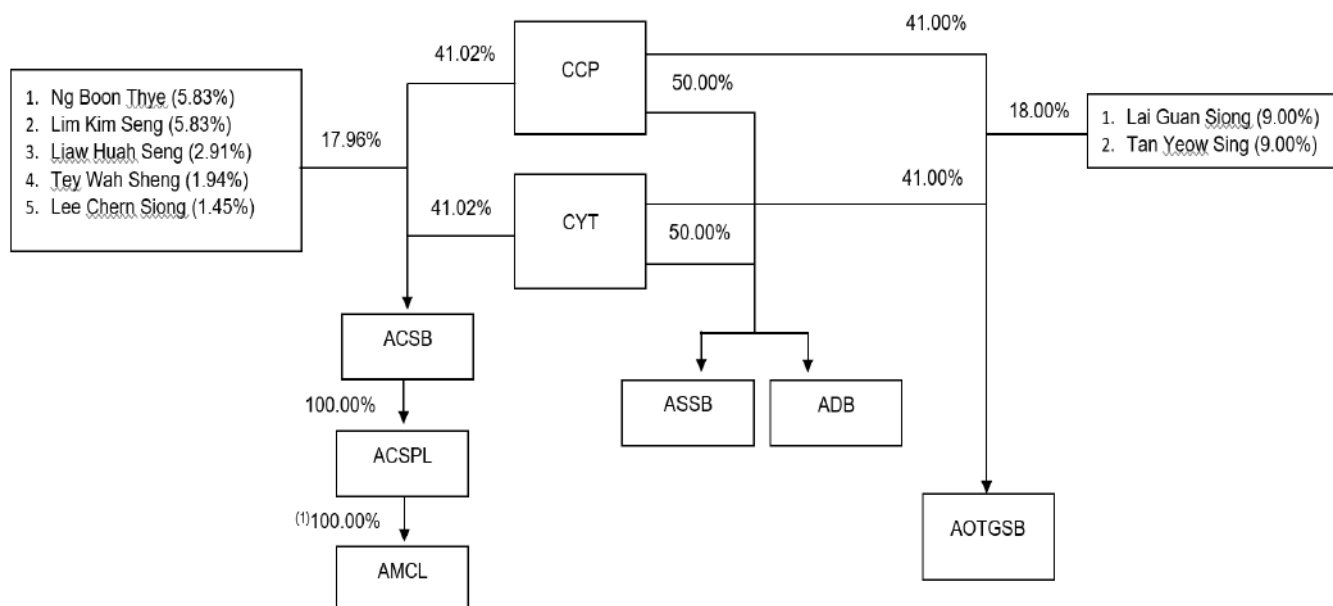
As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the above allotments.

Upon completion of our IPO, our enlarged issued share capital will increase to RM38,502,524.00 comprising 550,500,000 Shares.

## 6. INFORMATION ON OUR GROUP *(cont'd)*

### 6.2 Our Group

(i) An overview of our Group structure before the Acquisitions is as follows:



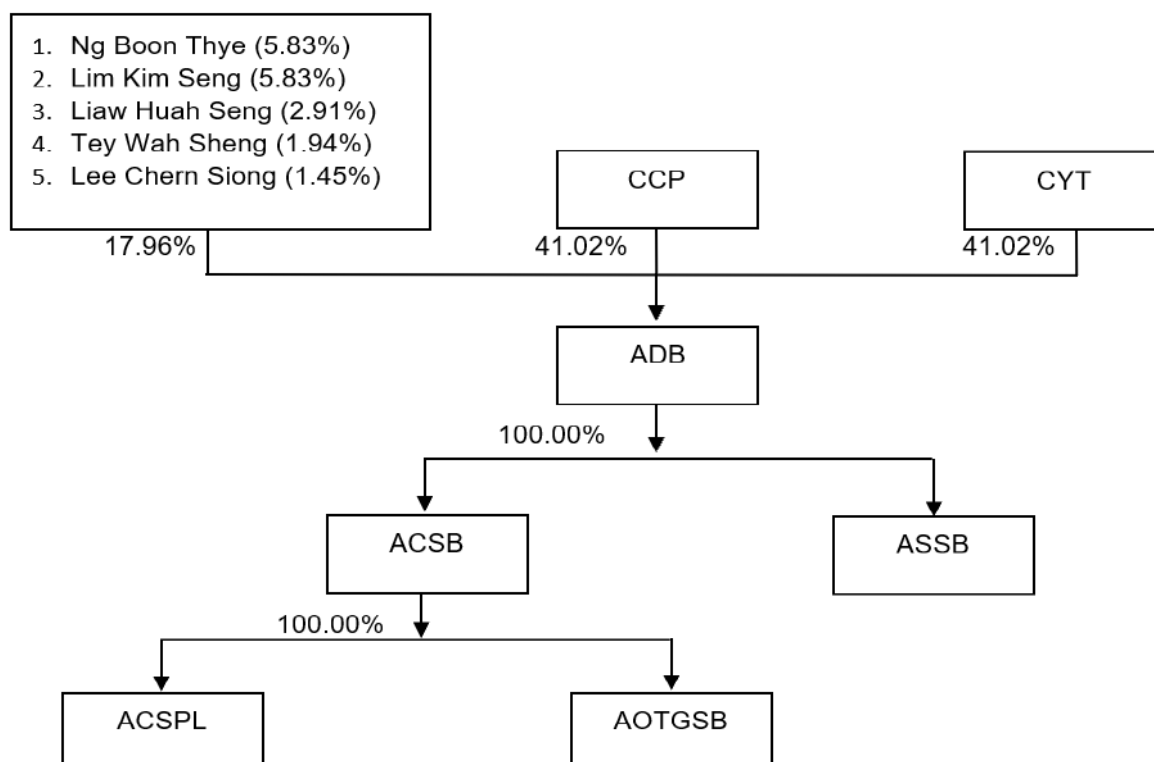
**Note:**

- (1) 2 of 50,000 shares of AMCL were previously held in trust by CYT for ACSPL. The beneficial owner of the 2 shares is ACSPL as it was then a requirement to have at least 2 shareholders in a company incorporated in Myanmar. ACSPL had on 12 May 2022 completed the disposal of its wholly-owned subsidiary, AMCL to U Thet Tun Oo (a Myanmar citizen) for a total consideration of USD50,000.



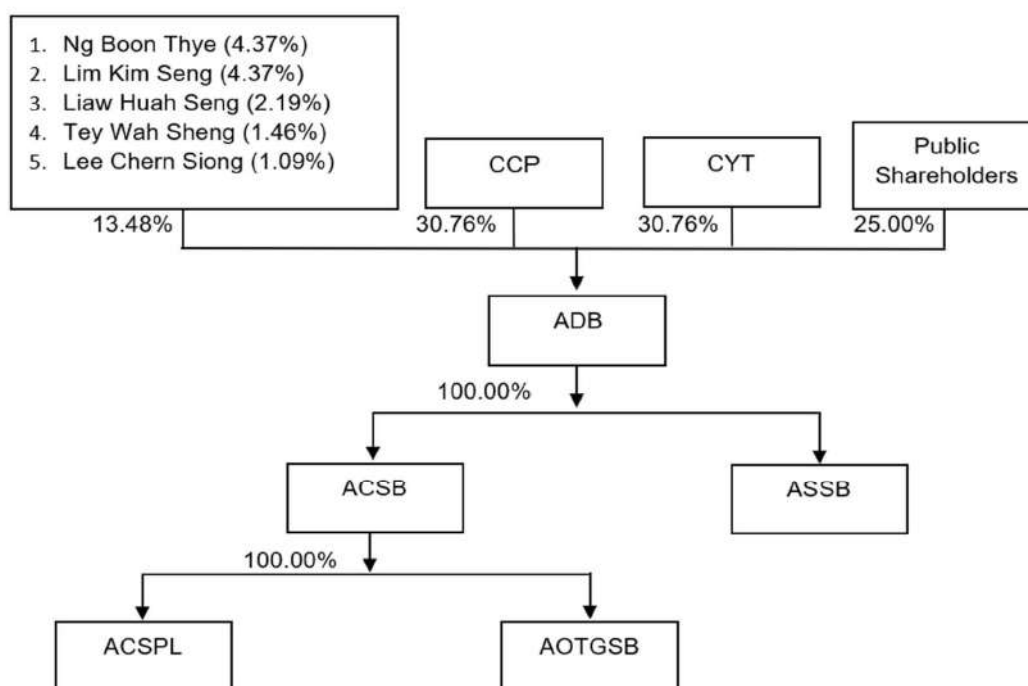
## 6. INFORMATION ON OUR GROUP *(cont'd)*

(ii) An overview of our Group structure as at LPD is as follows:



**6. INFORMATION ON OUR GROUP (cont'd)**

(iii) An overview of our Group structure upon Listing is as follows:

**6.2.1 Acquisitions**

In conjunction with, and as an integral part of our Listing, ADB had undertaken the following Acquisitions:

**(i) Acquisition of ACSB**

The acquisition by ADB of 100.00% equity interest in ACSB comprising 515,000 ordinary shares from original shareholders of ACSB, i.e. CCP, CYT, Liaw Huah Seng, Lim Kim Seng, Lee Chern Siong, Tey Wah Sheng and Ng Boon Thye for a purchase consideration of RM8,007,509.00 was fully satisfied by the issuance of 456,914,998 new ADB Shares at an issue price of approximately RM0.018 per ADB Share pursuant to the share sale agreement dated 9 May 2022 (as supplemented on 21 June 2022). Based on the aforementioned supplemental agreement, the purchase consideration of RM8,007,509.00 is based on the pro forma combined NA of ACSB as at 31 December 2021 of RM8,007,509.00 which had been arrived at as follow:

	<b>(RM)</b>
ACSB	6,920,157
ACSPL	1,263,215
AOTGSB	(156,655)
	8,026,717
Less: Combined adjustment	(19,208)
<b>Pro forma combined NA</b>	<b>8,007,509</b>

For information, the Acquisition of AOTGSB was completed on 15 April 2022. The Acquisition of ACSB was completed on 20 June 2022.

## 6. INFORMATION ON OUR GROUP (cont'd)

### (ii) Acquisition of AOTGSB

The acquisition by ACSB of 100.00% equity interest in AOTGSB comprising 300,000 ordinary shares from original shareholders of AOTGSB, i.e. CCP, CYT, Tan Yeow Sing and Lai Guan Siong for a purchase consideration of RM300,000.00 was fully satisfied in cash pursuant to the share sale agreements all dated 18 February 2022. The purchase consideration of RM300,000.00 is based on the basis of original investment cost, which represents the share capital in AOTGSB, as paid by the aforementioned original shareholders. The Acquisition of AOTGSB was completed on 15 April 2022.

### (iii) Acquisition of ASSB

The acquisition by ADB of 100.00% equity interest in ASSB comprising 5,500 ordinary shares from original shareholders of ASSB, i.e. CCP and CYT for a purchase consideration of RM5,500.00 was fully satisfied in cash pursuant to the share sale agreements all dated 6 April 2022. The purchase consideration of RM5,500.00 is based on the basis of original investment cost, which represents the share capital in ASSB, as paid by the aforementioned original shareholders. The Acquisition of ASSB was completed on 9 May 2022.

For information, we had determined our purchase consideration for our acquisition of AOTGSB and ASSB based on our original investment costs in these companies as these companies were in a net liabilities position. We acquired ACSB based on its pro forma combined NA as the transaction was merely to facilitate the shareholders of ACSB to become shareholders of ADB, being the holding company of ACSB, and for our Group to have the same pro forma combined NA assuming all our subsidiaries have been combined as a group.

## 6.3 Our Subsidiaries

The details of our subsidiaries are set out below:

Name / Registration no.	Date / Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
<b>Subsidiary of ADB</b>					
ACSB 200601031841 (751600-A)	27 October 2006 Malaysia	Malaysia	RM501,500.00	100.00%	Trading and development of software
ASSB 202001018079 (1374399-V)	10 July 2020 Malaysia	Malaysia	RM5,500.00	100.00%	Dormant
<b>Subsidiary of ACSB</b>					
AOTGSB 201601008185 (1179113-V)	11 March 2016 Malaysia	Malaysia	RM390,000.00	100.00%	Developing and distributing software

**6. INFORMATION ON OUR GROUP (cont'd)**

<b>Name / Registration no.</b>	<b>Date / Place of incorporation</b>	<b>Principal place of business</b>	<b>Issued share capital</b>	<b>Effective equity interest</b>	<b>Principal activities</b>
ACSPL 201713604G	17 May 2017 Singapore	Singapore	SGD20,000.00 equivalent to RM66,800.00, adopting exchange ratio of SGD1:00: RM3.34 as at LPD	100.00%	Wholesale of computer software (except games) and also development of other software and programming activities

**6.3.1 ACSB**
**(i) Background and history**

ACSB was incorporated in Malaysia under the CA 1965 and deemed registered under the Act on 27 October 2006, as a private limited company under the name of Soft Merit Sdn. Bhd.. It changed its name to Auto Count Sdn. Bhd. on 31 January 2007.

**(ii) Principal place of business**

ACSB's principal place of business is at OASIS Office.

**(iii) Principal activities and products / services**

ACSB is principally involved in the business of trading and development of software. For information, apart from sale of AutoCount software, ACSB also trade other third party software such as SQL runtime license on Microsoft SQL server.

**(iv) Share capital**

As at LPD, the issued share capital of ACSB is RM501,500.00 comprising 515,000 ordinary shares.

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration / Nature of transaction</b>	<b>Cumulative issued share capital</b>	
			<b>RM</b>	<b>No. of shares</b>
28 October 2006	2	Cash	2.00	2
13 August 2009	99,998	Cash	100,000.00	100,000
12 March 2013	200,000	Cash	300,000.00	300,000
13 July 2015	200,000	Non-Cash <sup>(1)</sup>	500,000.00	500,000
13 December 2019	15,000	Cash	501,500.00	515,000

**6. INFORMATION ON OUR GROUP (cont'd)****Note:**

- (1) The said issuance was by way of bonus issue which was undertaken via capitalisation of a sum of RM200,000 from the retained profits of ACSB as at 31 December 2014.

**(v) Shareholder**

ACSB became our wholly-owned subsidiary upon completion of the Acquisition of ACSB on 20 June 2022.

**(vi) Subsidiary or associated company**

As at LPD, the subsidiaries of ACSB are ACSPL and AOTGSB.

**6.3.2 ASSB****(i) Background and history**

ASSB was incorporated in Malaysia on 10 July 2020 under the Act, as a private limited company under its present name.

**(ii) Principal place of business**

ASSB has no principal place of business as at LPD in view that it is a dormant company. Nevertheless, the registered address of ASSB as at LPD is at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur

**(iii) Principal activities and products / services**

ASSB is currently a dormant company.

For information, ASSB's full name is "Autocount Software Sdn Bhd" which is similar to the "Autocount" brand name and the Autocount website domain "www.autocountsoft.com". As such, ASSB was subsequently acquired as part of our Group to preserve our branding profile.

Moving forward, ASSB may be used for the development and sales of new products. However, as at LPD, we have yet to decide on our plans for ASSB.

**(iv) Share capital**

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration / Nature of transaction</b>	<b>Cumulative issued share capital</b>	
			<b>RM</b>	<b>No. of shares</b>
10 July 2020	100	Cash	100.00	100
29 March 2022	5,400	Cash	5,500.00	5,500

**6. INFORMATION ON OUR GROUP (cont'd)****(v) Shareholder**

ASSB became our wholly-owned subsidiary upon completion of the Acquisition of ASSB on 9 May 2022.

**(vi) Subsidiary or associated company**

ASSB does not have any subsidiary or associated company.

**6.3.3 AOTGSB****(i) Background and history**

AOTGSB was incorporated in Malaysia on 11 March 2016 under the Act, as a private limited company under its present name.

**(ii) Principal place of business**

AOTG's principal place of business is at OASIS Office.

**(iii) Principal activities and products / services**

AOTGSB is principally involved in the business of developing and distributing software.

**(iv) Share capital**

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration / Nature of transaction</u>	<u>Cumulative issued share capital</u>	
			<u>RM</u>	<u>No. of shares</u>
11 March 2016	232,500	Cash	232,500.00	232,500
21 March 2016	67,500	Cash	300,000.00	300,000
20 June 2022	90,000	Cash	390,000.00	390,000

**(v) Shareholder**

AOTGSB became our wholly-owned subsidiary upon completion of the Acquisition of AOTGSB on 15 April 2022.

**(vi) Subsidiary or associated company**

AOTGSB does not have any subsidiaries or associated companies.

**6. INFORMATION ON OUR GROUP (cont'd)****6.3.4 ACSPL****(i) Background and history**

ACSPL was incorporated in Singapore on 17 May 2017 as a private limited company under its present name.

**(ii) Principal place of business**

ACSPL's principal place of business is at 12 Arumugam Road, #05-10A, LTC Building B, Singapore, 409958.

**(iii) Principal activities and products / services**

ACSPL is principally involved in the business of the wholesale of computer software (except games) and also development of other software and programming activities.

**(iv) Share capital**

As at LPD, the issued share capital of ACSPL is SGD 20,000.00 (equivalent to RM66,800.00, adopting exchange ratio of SGD1:00: RM3.34 as at LPD).

Date of allotment	No. of shares allotted	Consideration / Nature of transaction	Cumulative issued share capital	
			SGD	No. of shares
17 May 2017	20,000	Cash	20,000.00	20,000

**(v) Shareholder**

ACSPL is a wholly owned subsidiary of ACSB, which in turn, is a wholly owned subsidiary of our Company.

**(vi) Subsidiary or associated company**

As at LPD, ACSPL does not have any subsidiary or associated company. For clarity purpose, ACSPL had on 12 May 2022 disposed of its wholly-owned subsidiary, AMCL to U Thet Tun Oo (a Myanmar citizen) for a total consideration of USD50,000. The said disposal was completed on 12 May 2022. The disposal of consideration of USD50,000 was decided after taking into consideration:- (i) the brand awareness and the client base built by ACSPL; and (ii) exclusive dealership for our software in Myanmar for three years commencing from 12 May 2022 to 11 May 2025. For information, 2 out of 50,000 AMCL shares were previously held in trust by CYT for ACSPL. The beneficial owner of the 2 shares was ACSPL.

For information, AMCL was incorporated on 16 August 2017 to carry out the business of computer programming, consultancy and related activities. For the FYE 2019, AMCL recorded revenue of USD39,547. Since FYE 2020 and up to 12 May 2022 (being the date of disposal of AMCL by ACSPL), AMCL has not been operational. Based on the unaudited financial statements of AMCL for the FYE 31 March 2021, AMCL recorded nil revenue, loss after tax of USD1,136 and net liabilities of USD20,837.07.

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**6. INFORMATION ON OUR GROUP** *(cont'd)*

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As at 31 December 2021, ACSPL's investment in AMCL has been fully impaired. In view thereof, Myanmar is not part of our Group's immediate expansion plan and we have decided to dispose of our interest in AMCL. For information, Myanmar has not been included in our Group's regional expansion plan as AMCL had operated in Myanmar from 2017 to 2019 but had since ceased its operations as AMCL had been loss making since its operations commenced and that we have chosen the top 4 countries ranked by nominal value of gross domestic product within ASEAN excluding Malaysia and Singapore.

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## 7. BUSINESS OVERVIEW

### 7.1 HISTORY

The table below sets out the key events and milestones of our history and development of our business since 1996:

Year	Key events and milestones
1996	<ul style="list-style-type: none"> <li>Ology Marketing Sdn Bhd was incorporated on 16 April 1996 by CYT, CCP and another shareholder, namely Ben Mah Chin Wooi @ Mah Chin Khong (who is not deemed a related party to CYT and CCP), to undertake the businesses of sale of computer hardware as well as development and sale of accounting software. Each shareholder held 1 share in Ology Marketing Sdn Bhd, representing equity interest of approximately 33.33% each.</li> </ul>
1997	<ul style="list-style-type: none"> <li>Ology Marketing Sdn Bhd changed its name to Business Component Enterprise Sdn Bhd on 29 May 1997.</li> </ul>
1998	<ul style="list-style-type: none"> <li>We officially launched our maiden accounting software, AutoCount Accounting, which was an on-premise accounting software with basic accounting modules such as general ledger, accounts receivable and accounts payable for book keeping purposes, that targets local small and medium enterprises ("<b>SMEs</b>") in Malaysia. AutoCount Accounting was developed on Paradox database (a file-based system) using Delphi programming language.</li> <li>We enhanced our AutoCount Accounting by including additional modules that cover sales/invoicing and inventory management.</li> </ul>
1999	<ul style="list-style-type: none"> <li>We recorded our first overseas sale of AutoCount Accounting when we sold our software to Creative Software Pte Ltd in Singapore.</li> </ul>
2000	<ul style="list-style-type: none"> <li>BCE Software Sdn Bhd was incorporated on 28 November 2000 by CYT (with an equity interest of 50.00%) and CCP (with an equity interest of 50.00%) to focus on the development and sale of accounting software by assuming all accounting software business activities from Business Component Enterprise Sdn Bhd.</li> <li>Simultaneously, we ceased our computer hardware business under Business Component Enterprise Sdn Bhd. Accordingly, CYT, CCP and Ben Mah Chin Wooi @ Mah Chin Khong ceased to become shareholders and directors of Business Component Enterprise Sdn Bhd upon the striking off of this company on 9 November 2010.</li> </ul>
2002	<ul style="list-style-type: none"> <li>We expanded our offerings by launching an on-premise payroll software, AutoCount Payroll. AutoCount Payroll was developed on Firebird database server (a database management system developed based on SQL technology) using Delphi programming language.</li> </ul>
2003	<ul style="list-style-type: none"> <li>We expanded our offerings by launching a portable accounting software, which is a combination of Pocket AutoCount (a front-end software running on personal digital assistants ("<b>PDA</b>s")) and Auto Count XP (a back-end software that contains all the accounting information of a company).</li> </ul> <p>It is designed to allow employees, especially sales personnel to access customer and supplier information off-site, and key in sales orders, quotations and other information off-site. Information available in, and keyed in via Pocket Autocount, can be synchronised to Auto Count XP by plugging the PDAs to the devices which Auto Count XP are installed in. However, as PDA was considered costly and not widely used then, we did not focus on promoting this portable accounting software.</p>

## 7. BUSINESS OVERVIEW (cont'd)

Year	Key events and milestones
2006	<ul style="list-style-type: none"> <li>To improve the stability of our accounting software, we revamped and launched a new version of AutoCount Accounting which was developed using Microsoft .Net Framework and Microsoft SQL Server (a database management system as opposed to the file-based system which was used in the previous version of our AutoCount Accounting).</li> </ul> <p>With enhanced stability, it is able to cater for the increasing complexity of our software by giving us more flexibility to add new features and functions in the software. Further, the usage of Microsoft development toolkit was also in line with the increasing popularity of such development toolkit.</p>
2007	<ul style="list-style-type: none"> <li>Soft Merit Sdn Bhd was acquired by CYT and CCP from Sumami binti Kiman and Saharuddin bin Abdullah on 10 January 2007 as a shelf company, with the intention to assume all business operations of BCE Software Sdn Bhd.</li> <li>Soft Merit Sdn Bhd changed its name to Auto Count Sdn Bhd on 31 January 2007 to undertake the development and sale of AutoCount software from BCE Software Sdn Bhd, in preparation to apply for MSC status for the company. The then remaining business of BCE Software Sdn Bhd was customisation of third party software. However, as we decided to focus on the development and sale of AutoCount software, we ceased the business of customisation of third party software under BCE Software Sdn Bhd in 2008 and Auto Count Sdn Bhd thus assumed the remaining operations (e.g. employees) of BCE Software Sdn Bhd. BCE Software Sdn Bhd was eventually struck off on 31 January 2015.</li> <li>Auto Count Sdn Bhd was awarded MSC Malaysia status and was granted Pioneer Status which entitled it to a 100.00% exemption on taxable statutory income derived from approved MSC activities for 5 years until 25 September 2012, and was subsequently renewed for a further period of 5 years and was valid until 25 September 2017.</li> <li>We further enhanced our AutoCount Accounting to enable our Authorised Dealers and third party software developers to carry out software customisation on our AutoCount Accounting by extending the functionalities of AutoCount Accounting according to end-user customers' requirements.</li> </ul> <p>The enhanced AutoCount Accounting was also developed with readily available APIs to enable integration with third party software or IT systems. With these extensibility and integration features, we have transformed our AutoCount Accounting into a standard accounting software which can be used by our Authorised Dealers and third party software developers to provide vertical solutions to address different industry needs according to requirements by end-user customers.</p> <ul style="list-style-type: none"> <li>We launched AutoCount Express, a simplified version of AutoCount Accounting specialised to serve SMEs with only one to two users with simplified features of general ledger, accounts receivables and accounts payable. As at LPD, AutoCount Accounting Express is no longer a standalone software offered by our Group, but it has been embedded as one of the editions available for sale (i.e. Express Plus) under our latest version of AutoCount Accounting.</li> </ul>

**7. BUSINESS OVERVIEW** (cont'd)

<b>Year</b>	<b>Key events and milestones</b>
2009	<ul style="list-style-type: none"> <li>We further expanded our offerings by developing and launching AutoCount Retail POS, a POS software for retail businesses. AutoCount Retail POS was developed on Microsoft .Net Framework and Microsoft SQL Server. AutoCount Retail POS can also be integrated with AutoCount Accounting to enable daily sales postings for financial reporting purposes.</li> </ul>
2010	<ul style="list-style-type: none"> <li>We established an education team and formed partnerships with universities and colleges where we provide AutoCount accounting software to these universities and colleges to be included as part of their accounting course syllabus.</li> <li>We began to publish AutoCount software tutorial videos and learning resources on YouTube through our existing employee's YouTube channel.</li> </ul>
2014	<ul style="list-style-type: none"> <li>Along with the announcement of the Goods and Services Tax ("GST") implementation, we launched an upgraded version of AutoCount Accounting with Malaysia GST features.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Our upgraded version of AutoCount Accounting with GST features boosted our sales whereby Auto Count Sdn Bhd recorded 457.61% increase in total sales from FYE 31 December 2013 to FYE 31 December 2015 or a compound annual growth rate of 136.14%.  Prior to the release of the upgraded version of AutoCount Accounting with GST features, Auto Count Sdn Bhd recorded a revenue of RM6.77 million in FYE 31 December 2013 (revenue generated from sales of accounting software: RM3.47 million). Subsequent to the release of the upgraded version of AutoCount Accounting with GST features in 2014, Auto Count Sdn Bhd recorded a revenue of RM37.75 million in FYE 31 December 2015 (revenue generated from sales of accounting software: RM22.71 million). The significant increase in revenue was due to the enforcement of GST rule by the Royal Malaysian Customs Department that all businesses and companies with revenue above RM0.50 million must be registered with the Royal Malaysian Customs Department; and following which, the registered businesses and companies were encouraged to use computerised accounting software that are GST-compliant to ensure smooth transition in the implementation of GST. The Government also launched a RM1,000 GST e-voucher for SMEs to purchase or upgrade to GST-compliant accounting software. On 12 March 2014, AutoCount Accounting was accredited by the Royal Malaysian Customs Department as a GST-compliant accounting software that allows SMEs to claim for the RM1,000 GST e-voucher, which further boosted the sale of our upgraded version of AutoCount Accounting with GST features.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Along with the increasing proliferation of cloud computing and hosting, AutoCount On The Go Sdn Bhd was incorporated on 11 March 2016 by CYT (with an equity interest of 48.39%), CCP (with an equity interest of 48.39%) and Ho Siew Yin (with an equity interest of 3.22% and subsequently ceased to become a shareholder on 5 April 2018), to focus on the development of an extended cloud-native application to extend the functionalities of AutoCount Accounting, thereby providing a hybrid experience to users of our AutoCount Accounting.</li> <li>We set up our own YouTube channel at <a href="http://www.youtube.com/AutoCountSoftware">www.youtube.com/AutoCountSoftware</a> and began to publish AutoCount software tutorial videos and learning resources on it.</li> </ul>

## 7. BUSINESS OVERVIEW (cont'd)

Year	Key events and milestones
2017	<ul style="list-style-type: none"> <li>To enhance our business presence in Singapore and to better manage our business transactions with local customers in Singapore, AutoCount (S) Pte Ltd was incorporated on 17 May 2017 as a wholly-owned subsidiary of Auto Count Sdn Bhd. AutoCount (S) Pte Ltd serves as our sales office in Singapore to promote our AutoCount software to local customers and to serve customers more efficiently.</li> <li>We launched AutoCount On-The-Go ("<b>AOTG</b>"), an extended cloud-native application to complement our AutoCount Accounting by providing a hybrid experience to users of our AutoCount Accounting. AOTG is catered for customers who subscribe to our AutoCount Accounting and want the flexibility to conveniently access basic data, accounting records and accounting functions through the internet.</li> </ul> <p>The launch of AOTG marked our venture into the provision of SaaS and provided our Group with a recurring revenue stream as AOTG is offered on subscription basis.</p>
2018	<ul style="list-style-type: none"> <li>Along with the announcement of the Malaysia Sales and Services Tax ("<b>SST</b>") implementation, we launched an upgraded version of AutoCount Accounting with SST features. Auto Count Sdn Bhd recorded a revenue of RM22.06 million in FYE 31 December 2018, of which RM6.01 million was from the sale of upgraded version of AutoCount Accounting with SST features for new end-user customers and software upgrade fees for existing end-user customers. There was no significant increase in Auto Count Sdn Bhd's revenue following the implementation of SST as the upgrade fees charged to our existing end-user customers were not material. Further, the market demand for accounting software with SST features were not as significant as accounting software with GST features as most enterprises and companies have bought their accounting software during the GST implementation and the SST doesn't apply to such a large number of businesses and companies as compared to GST.</li> <li>We further expanded the range of our POS software by launching AutoCount F&amp;B POS, a POS software for F&amp;B businesses. AutoCount F&amp;B POS was developed on Microsoft .Net Framework and Microsoft SQL Server. AutoCount F&amp;B POS can also be integrated with AutoCount Accounting to enable daily sales postings for financial reporting purposes.</li> </ul>
2019	<ul style="list-style-type: none"> <li>We expanded our offerings under the SaaS model when we launched our first cloud-native software, AutoCount Cloud Payroll, a cloud version of our payroll software. AutoCount Cloud Payroll was built on Microsoft Asp.Net Core with Razor Page and hosted on Microsoft Azure. Since then, we focus on promoting our AutoCount Cloud Payroll which is offered on subscription basis.</li> <li>We enhanced our AutoCount Retail POS by improving the stability of its data synchronisation functions and to allow payment through electronic wallet ("<b>e-wallet</b>").</li> </ul>

**7. BUSINESS OVERVIEW (cont'd)**

<b>Year</b>	<b>Key events and milestones</b>
2020	<ul style="list-style-type: none"> <li>We consolidated all our free courses, learning resources and user guides on our AutoCount software from various sources and provided access to the general public through our revamped education portal, namely AutoCount Academy, at <i>academy.autocountsoft.com</i>, a one-stop online self-learning platform.</li> <li>We were identified as a Technology Solutions Provider by MDEC to support Malaysian SMEs in digital adoption under the SME Business Digitalisation Grant announced in Budget 2020.</li> </ul>
2021	<ul style="list-style-type: none"> <li>We launched AutoCount Cloud Accounting, a cloud-native AutoCount accounting software, which was built on Microsoft ASP.NET Core and React and hosted on Microsoft Azure.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Through ACSB, we obtained ISO/IEC 27001:2013 certification issued by BSI Group of Companies for the provision of software development, desktop and cloud accounting, payroll and POS software, training and maintenance services. The certificate was accredited by Department of Standards Malaysia and ANSI National Accreditation Board. ISO/IEC 27001 is a standard for information security management system where it attests our ability in securing information stored in our software, our server and our premise.</li> </ul>
2023	<ul style="list-style-type: none"> <li>We launched AutoCount OneSales, a cloud-native POS software, which was built on Microsoft ASP.NET Core and React and hosted on Huawei Cloud.</li> </ul>

As at LPD, we have obtained the following key awards:

<b>Year</b>	<b>Award</b>	<b>Awarding Body</b>
2017	The Star Outstanding Business Awards – Most Promising Award	Star Media Group Bhd
2017	The Star Outstanding Business Awards – Certificate of Merit for the category of up to RM25 million	Star Media Group Bhd
2017	The Golden Globe Tigers Awards – Market Leadership Awards	The Golden Globe Tigers Awards
2017	Sin Chew Business Excellence Awards – Product Excellence Awards	Sin Chew Media Corporation Berhad
2018	Sin Chew Business Excellence Awards – Digital and Technology Business Excellence Awards	Sin Chew Media Corporation Berhad
2018	Sin Chew Business Excellence Awards – CIMB-Sin Chew Regional Excellence Awards	Sin Chew Media Corporation Berhad
2019	Ambank BizRace Programme – Top 30 Finalist	AmBank (M) Bhd
2021	The Star Outstanding Business Awards – Certificate of Merit for the category of up to RM25 million	Star Media Group Bhd

## 7. BUSINESS OVERVIEW (cont'd)

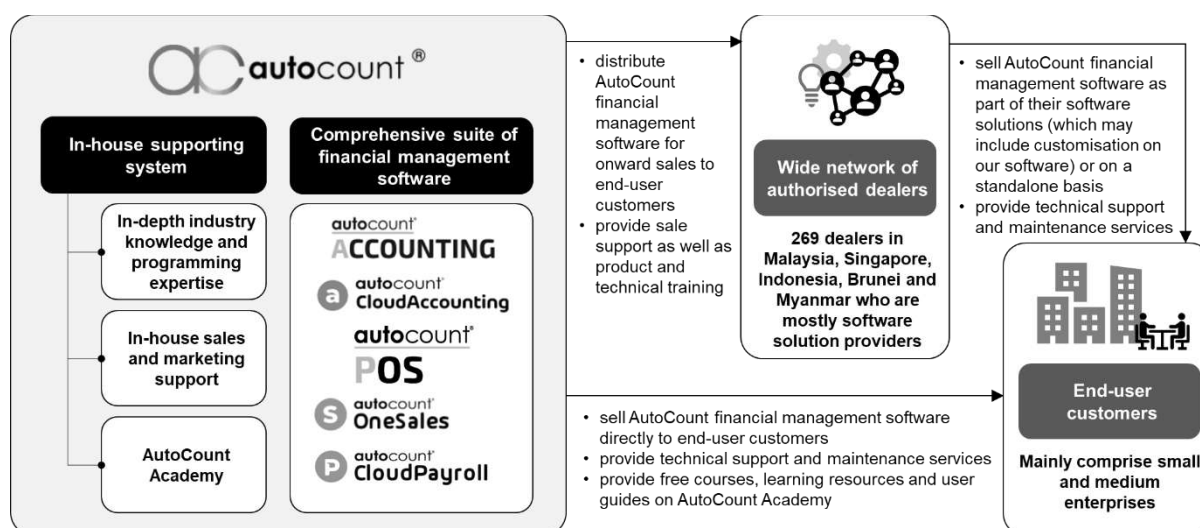
### 7.2 PRINCIPAL BUSINESS ACTIVITIES

We are principally involved in the development and distribution of financial management software comprising accounting, POS and payroll under our “AutoCount” brand. Our range of AutoCount software is comprehensive as they are designed to support a wide range of fundamental finance and accounting functions of a business.

All our AutoCount software are developed in-house and distributed as off-the-shelf software to end-user customers through our network of Authorised Dealers and directly through our internal sales and marketing team. This allows us to focus our resources on continuous enhancement of our existing software and development of new software to cater to changing digitalisation needs of businesses and companies. We also provide technical support and maintenance services to our Authorised Dealers as part of our service offerings to them, and to our direct end-user customers upon request.

Since the revamp of our accounting software using Microsoft .Net Framework and Microsoft SQL Server in 2006 and up to LPD, we have sold approximately 70,000 AutoCount software licences for use by approximately 210,000 businesses and companies, primarily in Malaysia and Singapore.

Our Group's business model is as illustrated below:



Our in-depth industry knowledge and programming expertise backed by our in-house programmers, in-house sales and marketing team and AutoCount Academy represent the core of our business. These elements form the supporting system to our network of Authorised Dealers and end-user customers to provide high quality software, sales support to our Authorised Dealers and easy access to related learning tools to drive continuous sales, subscription and usage of our AutoCount software. Please refer to Section 7.2.4 of this Prospectus for further details of our in-house supporting system.

**7. BUSINESS OVERVIEW (cont'd)**





Our AutoCount software are distributed to our Authorised Dealers for sale to businesses and companies in the form of software licences. Please refer to Section 7.2.2 of this Prospectus for further details on the distribution modes of our software licences. Our network of Authorised Dealers comprises mostly software solution providers who are involved in the provision of software solutions using our AutoCount software as one or several of the modules of their software solutions. Please refer to Section 7.2.3 of this Prospectus for further details on our wide network of Authorised Dealers. There are also circumstances where we sell our AutoCount software directly to businesses and companies upon request by these end-user customers. In the past 4 FYEs 2019 to 2022, our sales of financial management software to our Authorised Dealers accounted for 59.10%, 60.91%, 59.15% and 66.04% of our Group's total revenue respectively, and our direct sales of financial management software to businesses and companies accounted for 19.67%, 20.74%, 26.06% and 21.98% of our Group's total respectively.

Our target end-user customers are mainly SMEs. Over the years, our AutoCount software have been used by businesses and companies in multiple industries which include consumer products, F&B, trading, distribution, services, grocery retailing, construction, property development, hospitality, telecommunications and logistics to support their finance and accounting functions. These businesses and companies comprise mainly SMEs but we also have large organisations, including multinational companies and public listed companies as our end-user customers. We have large organisations such as Artroniq Berhad, LGMS Berhad and Unimech Group Berhad which use our software. In the past 4 FYEs 2019 to 2022, based on management estimation, multinational companies and public listed companies constituted less than 1.00% of our total customer base.


We operate from our head office at Oasis Corporate Park in Petaling Jaya, Selangor and we have a sales office in Singapore.

**7.2.1 Our AutoCount software**

A summary of our financial management software is as follows:

Category	Software name	Type of software	Editions/Subscription plans	Year launched
AutoCount accounting software 	• AutoCount Accounting	On-premise	Account Plus, Express Plus, Basic, Pro and Premium AOTG (cloud) Essential, Basic and Premium	1998
	• AutoCount Cloud Accounting	Cloud	Lite, Basic, Plus, Pro and Accountant	2021
AutoCount POS software 	• AutoCount Retail POS • AutoCount F&B POS	On-premise On-premise	POS Basic and POS Standard POS Basic and POS Standard	2009 2018
	• AutoCount OneSales	Cloud	N/A <sup>(1)</sup>	2023

**7. BUSINESS OVERVIEW** (cont'd)

Category	Software name	Type of software	Editions/Subscription plans	Year launched
AutoCount payroll software  auto count® CloudPayroll	• AutoCount Cloud Payroll	Cloud	Payroll Basic and Payroll Premium	2019

**Note:**

- (1) AutoCount OneSales was recently launched in February 2023 and is available to users free of charge as at LPD. The subscription plans of AutoCount OneSales are expected to be made available to our customers in the 2<sup>nd</sup> quarter of 2023.

Our AutoCount software can be used directly upon installation where users can access default and readily available functions in the respective software. Notwithstanding this, our AutoCount software is also designed to allow customisation to form vertical solutions to suit different needs of businesses and companies from different industries. The following are two examples of vertical customisations:

- (i) to provide a vertical solution to an automotive repair shop, our AutoCount Accounting can be used by including features related to, amongst others, customer booking, record of car condition and usage of spare parts and consumables for each repair, as well as inventory management of spare parts and consumables.
- (ii) to provide a vertical solution to a travel agency, our AutoCount Accounting can be used by including features related to, amongst others, customer booking, handling of traveller particulars, itinerary management and air ticket billing.

To complement our offerings, our Group has some additional modules and plug-ins mainly developed internally which are available for sale to customers who purchased our software. These modules (e.g. "Serial Number" and "Consolidated Financial Report") and plug-ins (e.g. "Workshop" for automotive repair shop and "Fixed Asset Register" for all kind of businesses) can be integrated to our software to form vertical solutions. Apart from the additional modules and plug-ins sold by our Group, our software can be customised and integrated with other modules and plug-ins developed by third parties. The customisation of our software is performed by our Authorised Dealers who are mostly software solution providers as part of their service offerings, when requested by end-user customers. For our on-premise software, our Authorised Dealers are able to enhance the software by including additional features and plug-ins that are specifically developed for businesses in certain industries (e.g. customer booking, record of car condition and usage of spare parts and consumables for each repair, as well as inventory management of spare parts and consumables for automotive repair shops), as well as integrate third party software (e.g. logistics management software and hotel management software) to our software. For our cloud-native software, our Authorised Dealers are able to integrate third party software (e.g. crane supply and management system) to our software. However, for both on-premise and cloud-native software, our Authorised Dealers are not able to re-design or modify our software by amending our source code, licence control and software identity (e.g. our logo and brand name). The customisation of our AutoCount software can also be performed by third party software developers engaged separately by our end-user customers. To protect the ownership of AutoCount software including the source code of our AutoCount software, we implement access control on our server whereby only certain key senior management and authorised programmers can access our server which stores the source code of our AutoCount software.



## 7. BUSINESS OVERVIEW (cont'd)

Through ACSB, we obtained ISO/IEC 27001:2013 certificate issued by BSI Group of Companies accredited by ANSI National Accreditation Board where it attests our ability in securing information stored in our software, our server and our premise. We also have confidentiality clauses entered with all our employees whereby our employees are not allowed to share any confidential information including the source code of our AutoCount software to any parties even if they resign from our Group. Further, we have installed data protection software on all our programmers' laptops to prevent unauthorised access or leakage of data including the source code of our AutoCount software in the event of, loss of laptops or stolen laptops.

As software customisation services are mainly provided by our Authorised Dealers, this allows us to focus our resources on continuous enhancement of our existing software and development of new software to cater to changing digitalisation needs of businesses and companies. Moving forward, our Group will continue to focus on enhancement of our existing software and development of new software, whilst continuing to refer or outsource software customisation works to our Authorised Dealers.

For clarification purpose, our AutoCount software is not patentable at this juncture as it is not considered a patentable invention which is eligible for patent protection (i.e. which requires a non-public invention involving an inventive step and which is industrially applicable), in view that functions developed in our AutoCount software are functions that are commonly found in many applications, and such functions can be developed by other software developers. Notwithstanding the absence of patent registration and the possibility of functions found in our AutoCount software being independently developed by other software developer, our AutoCount software has been developed by our Group and accordingly our Group as the creator, is the owner of intellectual property rights to our AutoCount software and such rights enjoy protection under legal principles relating to protection of trade secrets and is protected by the Copyright Act 1987. As such, we treat the AutoCount software as being proprietary to us. Furthermore, our Authorised Dealers are required to execute dealer agreement with us and pursuant to such agreement, our Authorised Dealers will undertake and comply with certain restrictive covenants, for example, not to do any act which would invalidate or put in dispute our Group's title to our trademarks and other intellectual property rights and acknowledges that our Group is the legal and beneficial owner of our trademarks and other intellectual property rights in connection with our Group's products.

We envisage that our on-premise software namely AutoCount Accounting, AutoCount Retail POS and AutoCount POS will continue to be made available to the market as on-premise software for at least the next 5 years.

The details of each of our AutoCount software are detailed as follows:

### (i) AutoCount accounting software

AutoCount accounting software was developed for businesses and companies to perform accounting functions digitally. Our AutoCount accounting software comprises several key modules, namely accounting module, sales module, purchase module and inventory module. Each of these modules comprise several sub-modules to serve different functions, as follows:

<b>Modules</b>	<b>Sub-modules</b>
Accounting module	General Ledger, Accounts Receivable, Accounts Payable and SST Submission
Sales module	Quotations, Sales Orders, Delivery Orders, Invoices, Credit Notes and Debit Notes, Sales Consignment
Purchase module	Purchase Request, Request Quotation, Purchase Orders, Goods Received Notes, Purchase Invoices, Purchase Returns and Purchase Consignment

**7. BUSINESS OVERVIEW (cont'd)**

<b>Modules</b>	<b>Sub-modules</b>
Inventory module	Stock Issue, Stock Adjustment, Stock Receive, Stock Transfer and Stock Assembly and Stock Disassembly

As at LPD, we offer 2 types of accounting software, namely AutoCount Accounting and AutoCount Cloud Accounting as detailed below:

**(a) AutoCount Accounting**

AutoCount Accounting is our maiden accounting software developed and launched in 1998. Over the years, we continued to enhance the software and as at LPD, the latest version available for sale is AutoCount Accounting 2.0. AutoCount Accounting is an on-premise accounting software.

In addition to the basic functions under an accounting software, AutoCount Accounting provides automation of certain functions such as creation of recurring entries, generation of stock adjustments, calculation of SST and generation of sales analysis reports based on different metrics. Further, AutoCount Accounting is also equipped with functions related to budget planning, consolidation of financial reports, tracking of unrealised foreign exchange gains or losses and credit control. While the function of SST calculation does not require certification or approval from the respective regulators, our Group is responsible to ensure that the SST calculation function is accurate and in line with the latest regulatory requirements. If the SST calculation function in our software is inaccurate, it will affect our end-user customers' payment of SST to regulators, which will materially affect our reputation in the market and negatively impact our business. Hence, to ensure accuracy in SST calculation, our Group has performed studies and multiple rounds of testing prior to launching the software. Further, we also stay updated with any changes on the tax regimes implemented by the respective governments by attending seminars conducted by tax and accounting related firms or associations, and make necessary amendments to our software.

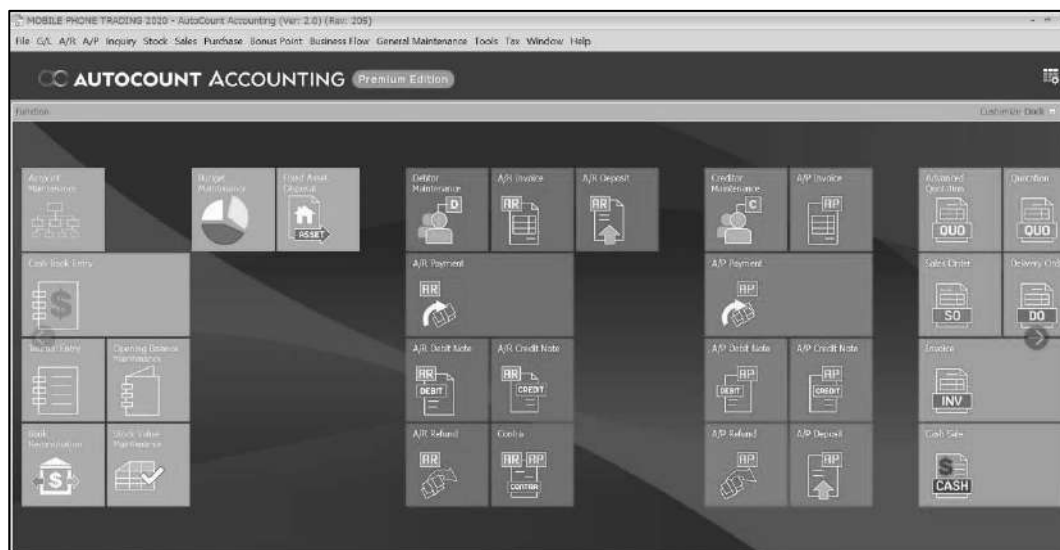
It is also user-friendly and developed with features such as integration with WhatsApp, an instant messaging application, for sending of documents; a customisable user interface and dashboard. Due to its ability to adapt to extensive functionalities and features, AutoCount Accounting is suitable for all businesses and companies including large organisations which require a comprehensive accounting software to handle complex day-to-day accounting functions and activities.

As at LPD, AutoCount Accounting is available in 5 editions, which are Account Plus, Express Plus, Basic, Pro and Premium, depending on the number of account books and user licences as well as modules required by end-user customers.

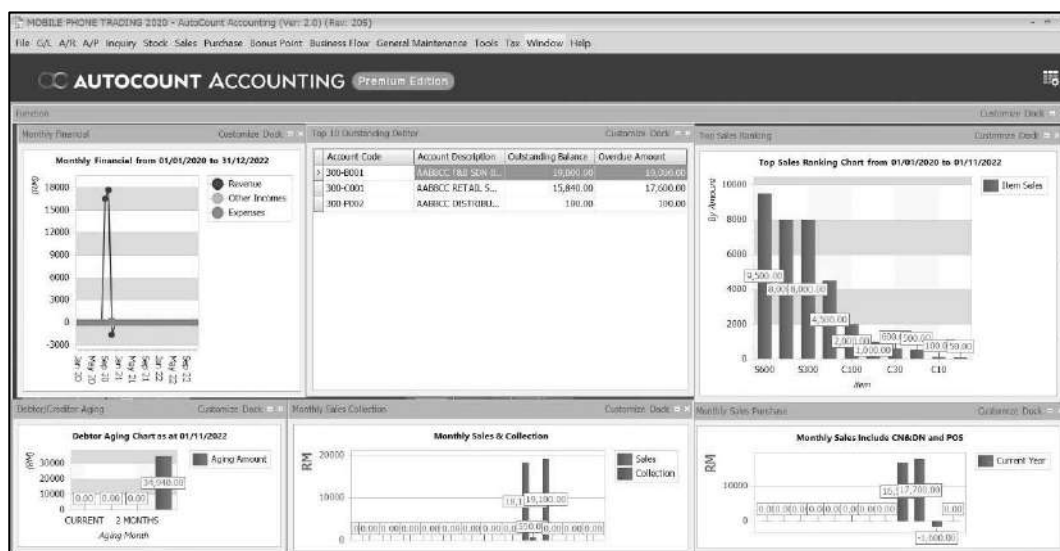
Please refer to some screenshots of AutoCount Accounting below for illustration purpose.

## 7. BUSINESS OVERVIEW (cont'd)

- AutoCount Accounting main screen

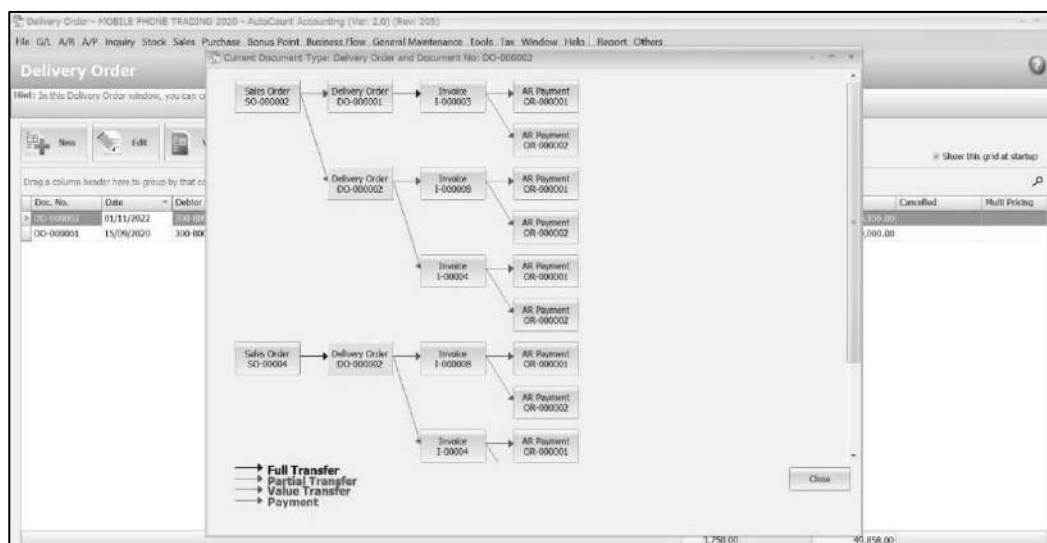


- AutoCount Accounting dashboard



## 7. BUSINESS OVERVIEW (cont'd)

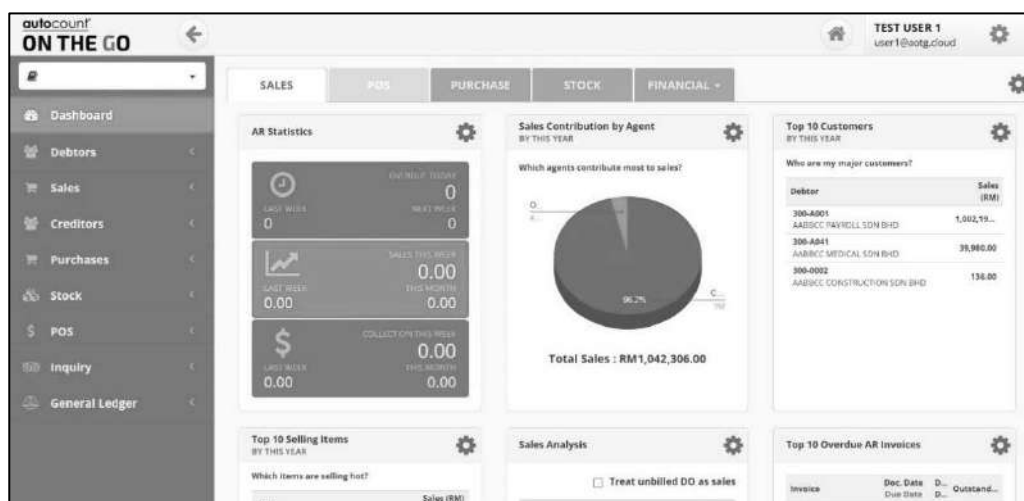
- AutoCount Accounting sales workflow



In 2017, we launched AOTG, which is an extended cloud-native application to complement our AutoCount Accounting by providing a hybrid experience to users of our AutoCount Accounting. AOTG is catered for businesses and companies who subscribe to our AutoCount Accounting and want the flexibility to conveniently access basic data, accounting records and accounting functions through internet connectivity. AOTG allows users off-premise access to certain data and accounting records stored in the server of AutoCount Accounting using web browsers. This increases the accessibility of the software at anytime from anywhere via internet connection. It also facilitates businesses with sales personnel who are often out of the office by enabling access to selected information to complete their paperwork off-site such as preparing quotations, key in sales records and generate digital invoices. For clarification purpose, AOTG is different from AutoCount Cloud Accounting detailed in Section 7.2.1(i)(b) as end-user customers of AOTG must have purchased, installed and used on-premise AutoCount Accounting before they can access to, and/or use, AOTG. As at LPD, AOTG is available in 3 subscription plans, which are Essential, Basic and Premium, depending on the size and business of the end-user customers, modules required and number of users.

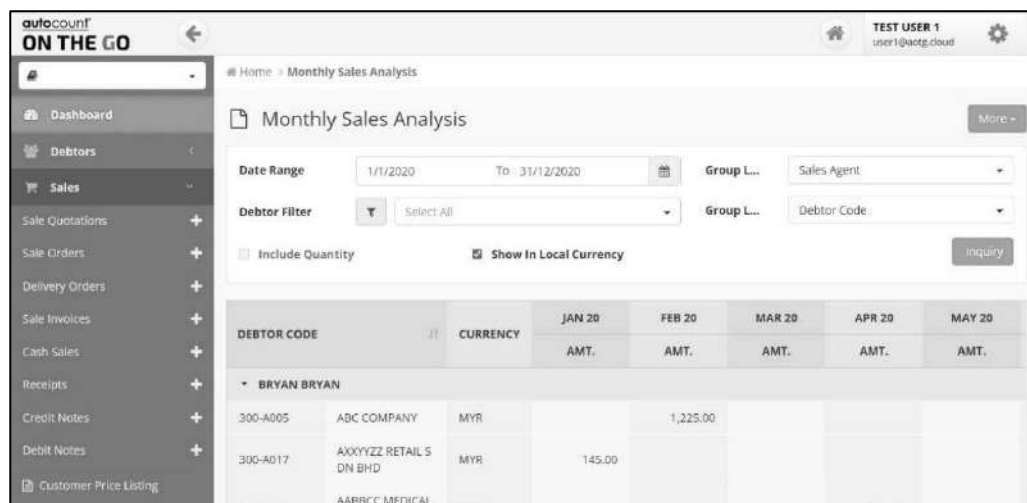
Please refer to some screenshots of AOTG below for illustration purpose.

- AOTG Dashboard

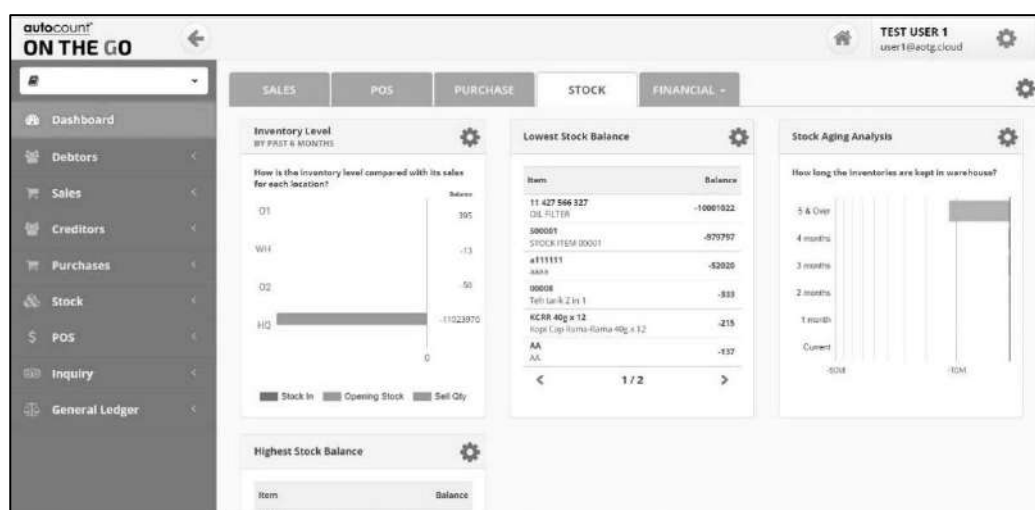


## 7. BUSINESS OVERVIEW (cont'd)

- AOTG monthly sales analysis



- AOTG stock dashboard



### (b) AutoCount Cloud Accounting



AutoCount Cloud Accounting is a cloud-native accounting software developed and launched in 2021. It provides end-user customers flexible access to the software and data stored in the cloud anytime from anywhere through internet connection.

As a cloud-native software, software updates are automated for users to use the latest features available and thus eliminating the need for end-user customers to manually download and install updates. Further, data and accounting records stored in the software are automatically backed up on cloud servers securely, every 15 minutes.

In addition, users have the flexibility to expand their storage without the need to invest heavily in their IT infrastructure and storage. AutoCount Cloud Accounting is designed with basic accounting functions and is suitable for SMEs that do not require a comprehensive accounting software to handle complex accounting functions and activities. For clarification

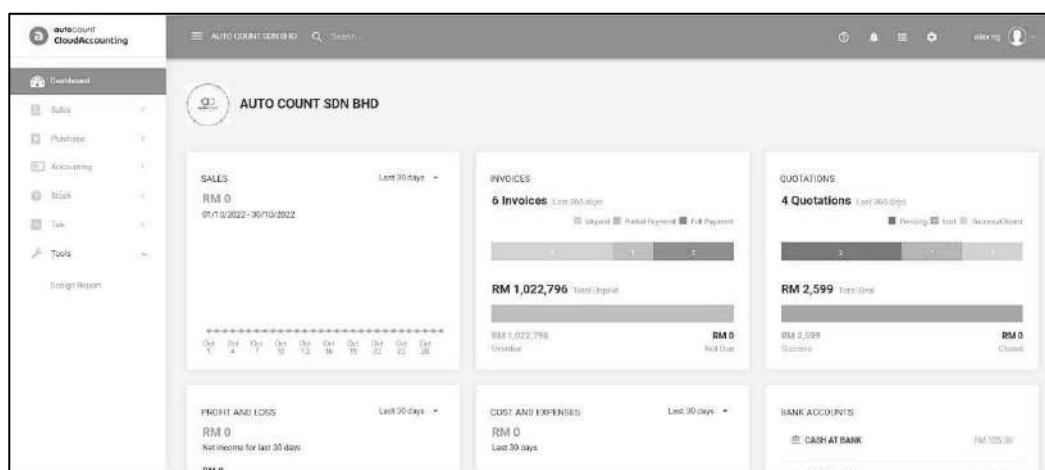
## 7. BUSINESS OVERVIEW (cont'd)

purpose, AutoCount Cloud Accounting is different from AOTG detailed in Section 7.2.1(i)(a) as AutoCount Cloud Accounting can function independently.

As at LPD, AutoCount Cloud Accounting is available in 5 subscription plans, which are Lite, Basic, Plus, Pro and Accountant, depending on the size and business of the end-user customers, modules required and number of users.

Please refer to some screenshots of AutoCount Cloud Accounting below for illustration purpose.

- AutoCount Cloud Accounting Dashboard



- AutoCount Cloud Accounting sales summary

autoCount

CloudAccounting

Dashboard

Sales

Quotation

Invoice

Credit Note

Reports

Purchase

Accounting

Stock

Tax

Tools

ANABOD DISTRIBUTION SDN BHD

Search...

1 Total

Sales / Invoice

is this invoice already paid (has credit, modify, or delete function for your customer)

Summary (Last 30 days)

Unpaid

Partial Payment

Full Payment

Void

Unpaid

with 1,022,796.00

Partial Payment

with 3,600.00

Full Payment

with 1,998.00

Void

with 0.00

1 of 17 INVOICE

Print Listing

All Status

Search...

Doc No.	Date	Customer Code	Customer Name	Agent	Cur Code	Cur Rate	Subtotal (RM)	Tax	Total	Outstanding	Status	Action
1000034	10/02/2022	300-A001	ABC SDN BHD	MNR	1	999.00	0.00	999.00	0.00	0.00	Full Payment	View
1000038	10/02/2022	300-A001	ABC SDN BHD	MNR	1	999.00	0.00	999.00	0.00	0.00	Full Payment	View
1000032	10/03/2022	300-A002	ABC TESTING CUSTOMER	MNR	1	999.00	0.00	999.00	1998.00	Overdue 264 days	View	
1000031	08/02/2022	300-A002	ABC TESTING CUSTOMER	MNR	1	3,600.00	0.00	3,600.00	2,600.00	Partial Payment	View	
1000080	07/01/2022	300-A001	ABC SDN BHD	MNR	1	22,797.00	0.00	22,797.00	22,797.00	Overdue 298 days	View	
1000079	05/12/2021	300-A001	ABC SDN BHD	MNR	1	999,000.00	0.00	999,000.00	999,000.00	Overdue 330 days	View	
1000028	06/10/2021	300-A001	ABC SDN BHD	MNR	1	899.00	0.00	899.00	899.00	Overdue 289 days	View	
1000027	06/10/2021	300-M001	BNY LIM	JACK	MNR	1	2,599.00	0.00	2,599.00	2,599.00	Overdue 291 days	View

## 7. BUSINESS OVERVIEW (cont'd)

- AutoCount Cloud Accounting debtor aging

Debtor Code	Company Name	Sales Agent	Phase 1	Currency	CURRENT	1 MONTH	2 MONTHS	3 MONTHS	Total Over Due	Balance
300-ADD1	ANBCC DISTRIBUTION SDN BHD			MYR	1,853,048.39				1,853,048.39	1,853,048.39
300-ADD2	ANBCC PERIKUL SDN BHD			MYR	3,599.00				3,599.00	3,599.00
300-ADD3	ANBCC RETAIL SDN BHD	JACK		MYR	55,154.14				55,154.14	55,154.14
300-T001	ANBCC P&B SDN BHD			MYR	9,300.00				9,300.00	9,300.00
					0.00	0.00	0.00	0.00	1,921,101.53	1,921,101.53

### (ii) AutoCount POS software

AutoCount POS software was developed for businesses and companies to manage sales records and transactions digitally. As at LPD, we offer 2 types of POS software, namely AutoCount POS and AutoCount OneSales as detailed below:

#### (a) AutoCount POS

**autoCOUNT<sup>®</sup> POS** AutoCount POS is an on-premise POS software developed and launched in 2009. AutoCount POS allows businesses and companies to digitally store and manage sales records, and can be integrated to our AutoCount Accounting to enable daily sales postings for financial reporting purposes.

Our AutoCount POS allows centralised management of POS functions for multiple outlets, such as management of product pricing and promotions in all outlets and real time synchronisation of sales from multiple outlets through internet. Our AutoCount POS supports multiple payment modes including cash, cards, vouchers, reward points and e-wallets. Further, AutoCount POS is also complemented by our in-house developed mobile application, eDashboard, where sales summary from multiple outlets can be accessible by authorised personnel (e.g. management of business owners) through mobile devices in various reporting parameters such as hourly, daily, weekly, monthly and yearly sales, and sales by outlets or branches. In addition, our AutoCount POS consists of front-end modules to cover functions related to amongst others, order placing, receipt issuance and day-end closing. 1 AutoCount POS license can be used by 1 POS counter or 1 outlet/ branch only. For businesses with multiple branches, the license price for POS counter in main branch is different from the license price for POS counters in their outlets/ branches, depending on the total number of licenses purchased.

Our AutoCount POS is also designed with user access rights control feature whereby any entries entered and confirmed in our AutoCount POS cannot be changed, removed or voided by users without authorisation. Entries can only be voided and re-entered upon approval by higher-level users with the required authorisation, thereby increasing the integrity of transaction records. As AutoCount POS is an on-premise POS software, it is not dependent on internet to operate. An example of possible downtime for AutoCount POS is when customers experience POS hardware malfunction.

## 7. BUSINESS OVERVIEW (cont'd)

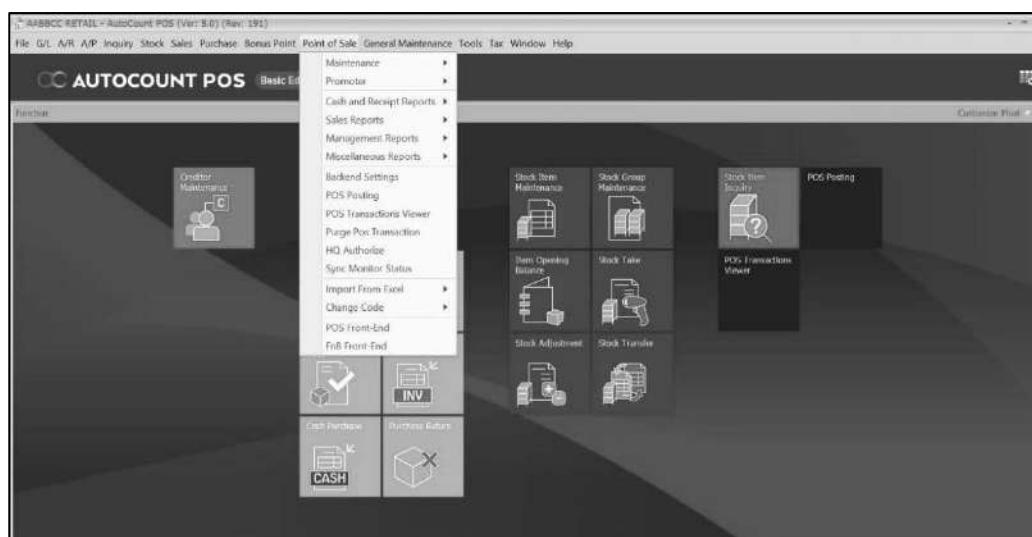
Over the years, we have continued to enhance the software and as at LPD, the latest version available for sale is AutoCount POS 5.0. We offer 2 types of POS software, namely AutoCount Retail POS and AutoCount F&B POS, as follows:

### AutoCount Retail POS

AutoCount Retail POS was developed and launched in 2009. It has POS functions catered for retail needs where retailers can manage and plan prices, promotions, member discounts and seasonal discounts. It can also track and analyse customer purchasing behaviour to enable retailers to strategise their promotion activities at targeted customer base to increase sales. Our AutoCount Retail POS is used by retailers from various businesses such as pharmacy chain stores, grocery chain stores and hardware shops.

Please refer to some screenshots of AutoCount Retail POS below for illustration purpose.

- AutoCount Retail POS back-end main page



- AutoCount Retail POS front-end main page





## 7. BUSINESS OVERVIEW (cont'd)

- AutoCount Retail POS e-wallet payment



### AutoCount F&B POS

AutoCount F&B POS was developed and launched in 2018. It has POS functions catered for F&B businesses where it allows for floor plan and table arrangement of restaurants to be added in the software that provide better visuals in facilitating bill generation and payment collection by table, seat arrangement and crowd management. It also has additional features that facilitate F&B operations such as take-away, split bills and combined bill functions, taking reservations, indicating sold out items, generating ingredients status reports and notification of orders/table change.

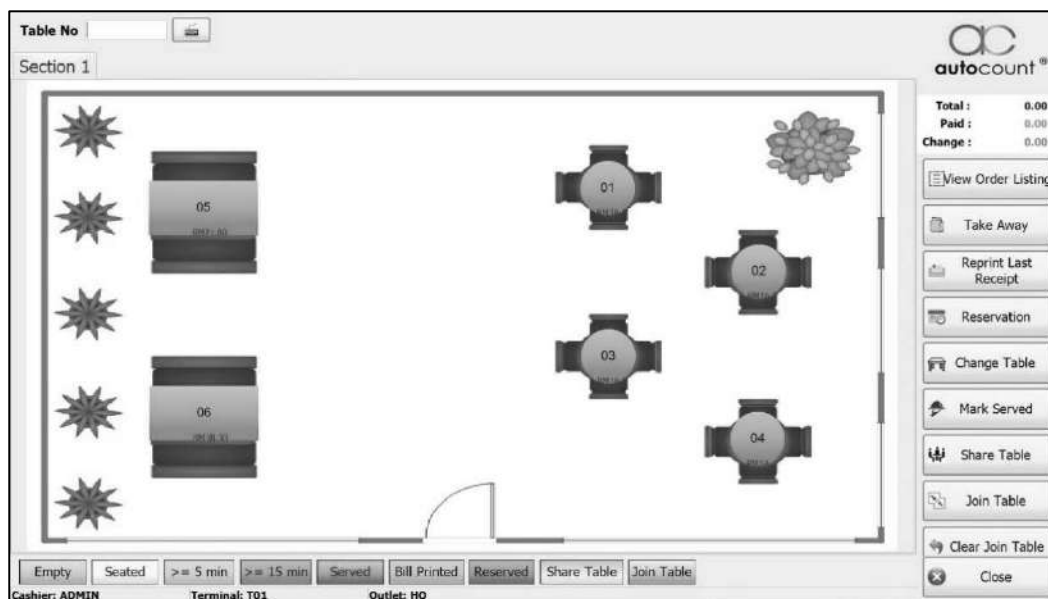
Our AutoCount F&B POS can be accessed on eWaiter, our in-house developed mobile application that serves as a digital menu which is available on Android and HuaWei operating systems. F&B operators can key in customers' orders directly on eWaiter which will be sent to the kitchen directly for food preparation whilst automating the recording of orders in our AutoCount F&B POS. F&B operators who would like to use eWaiter are required to purchase additional AutoCount POS license according to the number of devices used to access eWaiter.

As at LPD, AutoCount POS is available in 2 editions, which are POS Basic and POS Standard, depending on the modules required by end-user customers.

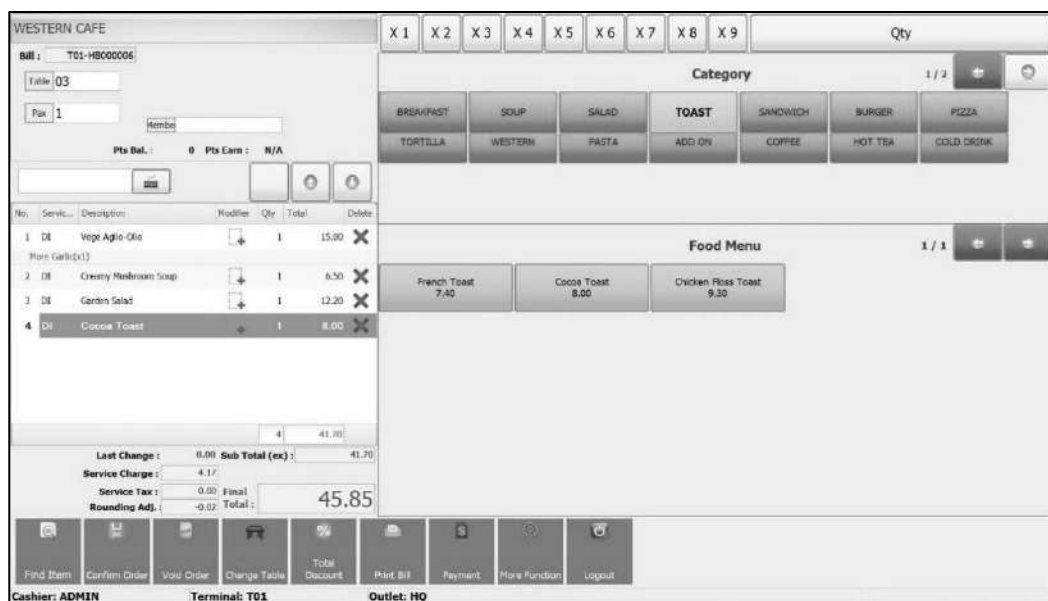
## 7. BUSINESS OVERVIEW (cont'd)

Please refer to some screenshots of AutoCount F&B POS below for illustration purpose.

- AutoCount F&B POS front-end floorplan



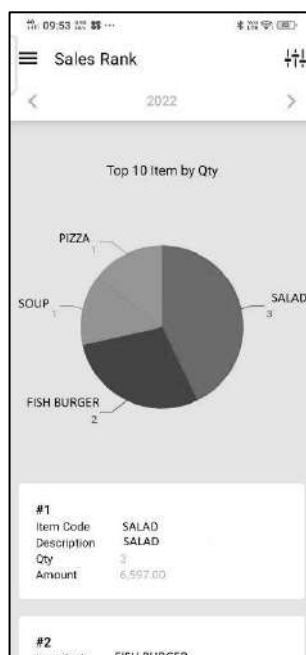
- AutoCount F&B POS order input page



## 7. BUSINESS OVERVIEW (cont'd)

Please refer to screenshots of our eDashboard and eWaiter mobile applications below for illustration purpose.

- eDashboard:



- eWaiter:



### (b) AutoCount OneSales



AutoCount OneSales is an omni-channel sales platform that consists of POS functions and e-commerce solutions for retail businesses, which was developed and launched in 2023.

It provides end-user customers flexible access to the software to manage and consolidate sales generated from physical stores and online marketplaces, at anytime from anywhere through internet connection. As sales generated from all sales locations including online marketplaces are consolidated and presented in a platform, it allows better performance monitoring and sales analysis, which will in turn contributes to efficient and data-driven decision making by businesses and organisations.

Further, AutoCount OneSales also enables end-user customers to integrate our AutoCount Accounting or AutoCount Cloud Accounting with online marketplaces (e.g, Shopee and Lazada) to import sales orders and payment details from these platforms. This allows posting of sales transactions to our AutoCount Accounting or AutoCount Cloud Accounting for financial reporting purposes. Further, through the integration with AutoCount Accounting or AutoCount Cloud Accounting, AutoCount OneSales can leverage on the inventory module in our accounting software to allow users to carry out inventory management functions such as stock categorisation, stock tracking and backorder more efficiently and seamlessly for multiple warehouses and sales locations.

As a cloud-native software, software updates are automated for users to use the latest features available and thus eliminating the need for end-user customers to manually download and install updates. Further, data and sales records stored in the software are automatically backed up on cloud servers securely, every 15 minutes.

## 7. BUSINESS OVERVIEW (cont'd)

AutoCount OneSales was recently launched in February 2023 and is available to users free of charge as at LPD. The subscription plans of AutoCount OneSales are expected to be made available to our customers in the 2<sup>nd</sup> quarter of 2023. As at LPD, there were 102 users using our AutoCount OneSales.

Please refer to some screenshots of AutoCount OneSales below for illustration purpose.

- AutoCount OneSales sales summary from online marketplaces

The screenshot displays the 'Online Shop Order' section of the AutoCount OneSales web application. It shows a list of orders from the marketplace Shopee. The interface includes a sidebar with navigation options like 'Sales Summary', 'Point of Sale', 'Marketplace', and 'Online Shop Order'. The main area shows filters for 'Online Shop', 'Last Order Sync Time', and 'Date Range'. Below these is a table of orders.

Order No.	Order Date	Name	Self Voucher	Total	Order Status	Sync Timestamp	View
230225VQ26...	25/02/2023 0...	Cynthia Low	-3.00	61.80	COMPLETED	27/02/2023 09:56:49	View
230225UT103...	25/02/2023 0...	Rody Yi Kheng	-3.00	66.70	COMPLETED	27/02/2023 09:56:49	View
230225UR83...	25/02/2023 0...	molly yong	-3.50	138.22	COMPLETED	27/02/2023 09:56:49	View
230225URS5...	25/02/2023 0...	Jesslyn	-3.00	74.60	COMPLETED	27/02/2023 09:56:55	View
230225IV79...	24/02/2023 1...	Verna	-0.50	69.20	COMPLETED	27/02/2023 09:56:55	View

- AutoCount OneSales POS functions (front-end main page)

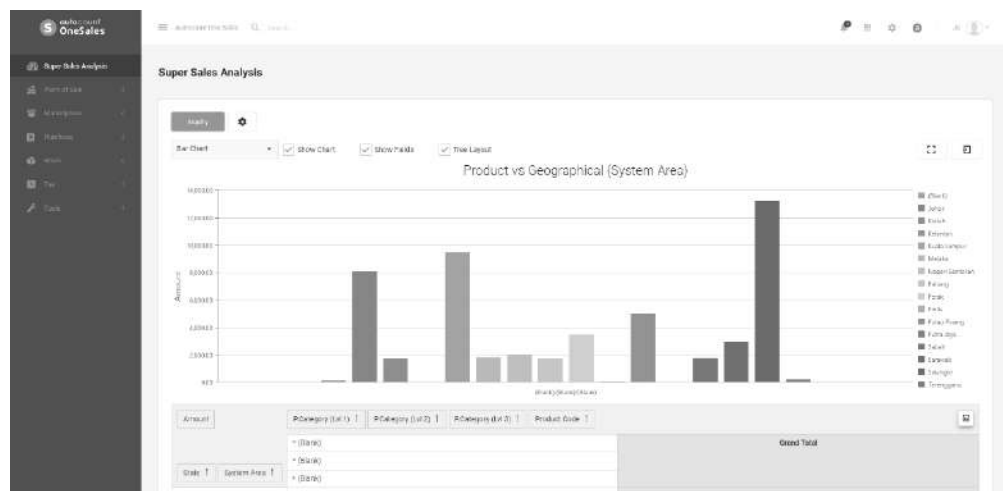
The screenshot shows the 'OneSalesPOS' front-end interface. It includes a header with the 'autocount' logo and a 'TOTAL' display showing 37.00. Below the header is a table of products being added to the cart. The bottom section contains payment options like 'Cash', 'Credit Card', and 'Multi Payment', along with a 'Sub Total (tax)' and 'Net Total' display.

No.	Description	Qty	Unit Price	Tax	Discount Amount	Total
1	Product A	1	10.00	0.00	0.00	10.00
2	Product B	1	12.00	0.00	0.00	12.00
3	Product C	1	15.00	0.00	0.00	15.00

Sub Total (tax): 37.00  
Promotion: 0.00  
Tax: 0.00  
Net Total: 37.00

## 7. BUSINESS OVERVIEW (cont'd)

- AutoCount OneSales sales analysis



### (iii) AutoCount payroll software



AutoCount Cloud Payroll is a cloud-native payroll and HR software launched in 2019. It enables HR duties to be executed digitally with functions including payroll, time attendance tracking, claim processing, leave management and employee profile management. AutoCount Cloud Payroll is accessible on the web and on our in-house developed mobile application, namely AC Payroll, which allows users to access our AutoCount Cloud Payroll functions using mobile devices such as smartphones and tablets.

As a cloud-native software, software updates are automated for users to enjoy the latest features available and thus eliminating the need for end-user customers to manually download and install updates. Further, data and payroll records stored in the software are automatically backed up on cloud servers securely every 15 minutes.

Our AutoCount Cloud Payroll has a dashboard feature that presents a summary of HR records comprising leave entitlement, balance and application status, claims status and headcount details. The access rights to HR records in our AutoCount Cloud Payroll can be controlled and determined based on users' role and designation.

Our AutoCount Cloud Payroll is developed with features and functions for end-users to fulfil all the latest statutory regulations of Malaysian statutory bodies related to employee's payroll such as Employee Provident Fund ("**EPF**"), Social Security Organisation ("**SOCSSO**") and Inland Revenue Board of Malaysia ("**LHDN**") and human resource development fund contribution matters with Human Resource Development Corporation ("**HRD Corp**"). It is equipped with the latest forms from these statutory bodies for users to download conveniently.

## 7. BUSINESS OVERVIEW (cont'd)

It also has templates which can be used to generate HR letters and payslips. Save for the computerised calculation of monthly tax deductions that requires approval from the LHDN, the calculation of other statutory transactions such as transactions relating to EPF, SOCSO and HRD Corp do not require approvals from the respective statutory bodies. Nevertheless, our Group is responsible to ensure that the calculation of these statutory transactions is accurate and in line with the latest regulatory requirements. If these calculation functions in our software are inaccurate, it will affect our end-user customers' payment of these statutory transactions to regulators, which will materially affect our reputation in the market and negatively impact our business. Hence, to ensure accuracy in the calculation of these statutory transactions, our Group has performed studies and multiple rounds of testing prior to launching the software. Further, we also stay updated with any changes on the contribution schemes related to employee's payroll implemented by the Government of Malaysia and make necessary amendments to our software.

Further, employees are able to apply for leaves and submit claims, check leave and claim balances as well as download payslips through the Employee Self Service Portal in our AutoCount Cloud Payroll and AC Payroll.

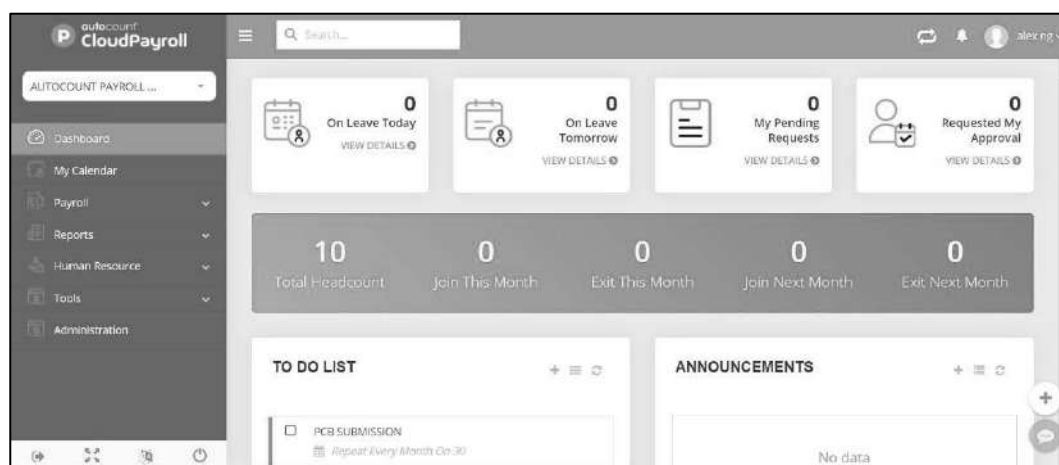
Our AutoCount Cloud Payroll can be integrated with our AutoCount Accounting for the preparation of financial reports.

As at LPD, AutoCount Cloud Payroll is available in 2 subscription plans, which are Payroll Basic and Payroll Premium, depending on the number of employees, HR personnel and modules required by the end-user customers.

Our end-user customers who have previously purchased our on-premise AutoCount payroll software can continue to have access to the software but all our on-premise AutoCount payroll software will be deemed end-of-life product by December 2023. Further, our end-user customers who have previously purchased our on-premise AutoCount payroll software can also switch to AutoCount Cloud Payroll by subscribing to AutoCount Cloud Payroll and pay for the monthly or yearly subscription fees accordingly. Since the launching of AutoCount Cloud Payroll in 2019 and up to LPD, there were 124 end-user customers who switched from our on-premise AutoCount payroll software to AutoCount Cloud Payroll.

Please refer to some screenshots of AutoCount Cloud Payroll below for illustration purpose.

- AutoCount Cloud Payroll dashboard



## 7. BUSINESS OVERVIEW (cont'd)

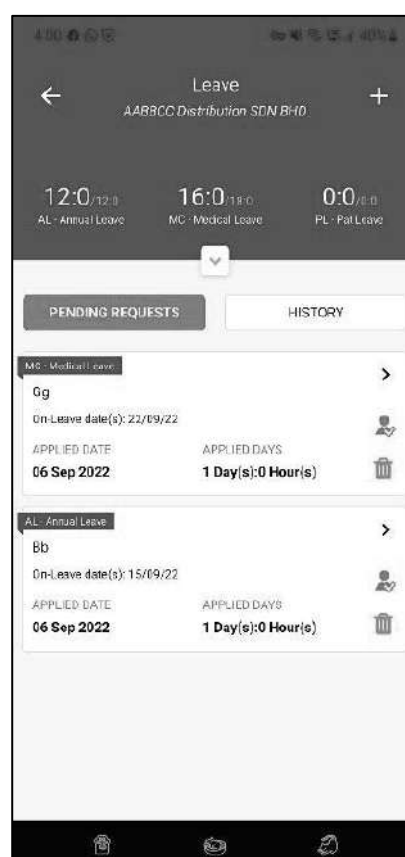
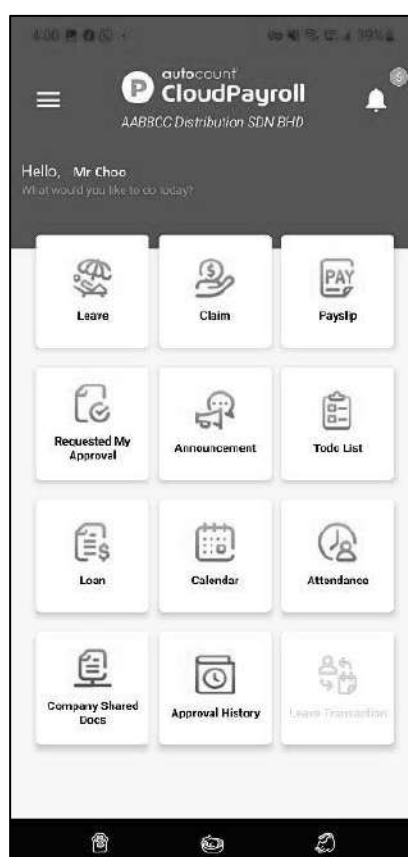
- AutoCount Cloud Payroll input page

The screenshot displays the 'Process Payroll' interface. On the left, a sidebar lists navigation options: Dashboard, My Calendar, Payroll, Reports, Human Resource, and Tools. The main area shows a list of employees with a 'Recalculate All' button. Two employees are listed: Mr. Choo (R&D) and Mr. Lim (SALES). Below the list, a detailed breakdown is shown for Mr. Lim, categorized into EARNING, DEDUCTION, and COMPANY sections. A 'PCB DETAILS' section is also visible on the right.

EMPLOYEE	EARNING	DEDUCTION	COMPANY
<b>R&amp;D</b>			
E-0005 - Mr Choo NP: RM3,172.00	Basic Salary: 4,500.00 Allowance: 200.00 OverTime: 0.00 Commission: 0.00 Bonus: 0.00 Director Fee: <input checked="" type="checkbox"/> Is Fix 6,000.00 Paid Leave: 0.00 Claims: 0.00 Payment Of Arrears: 0.00	Deduction: 0.00 Advance: 0.00 EPF: 1,177.00 SODSO: 19.75 EIS: 7.90 PCB Tax: 965.05 CP 38 Tax: 0.00 Unpaid Leave: 0.00 Zakat: 0.00	BK: 200.00 Company EPF: 1,284.00 Company SODSO: 69.05 Company EIS: 7.90 Company Levy: 0.00
<b>SALES</b>			
E-0001 - Mr Lim NP: RM8,530.30			
			<b>PCB DETAILS</b>
			Optional Deduction: 0.00 Employee Paid Zakat: 0.00 Departure Levy: 0.00

Please refer to some screenshots of our AC Payroll mobile application below for illustration purpose.

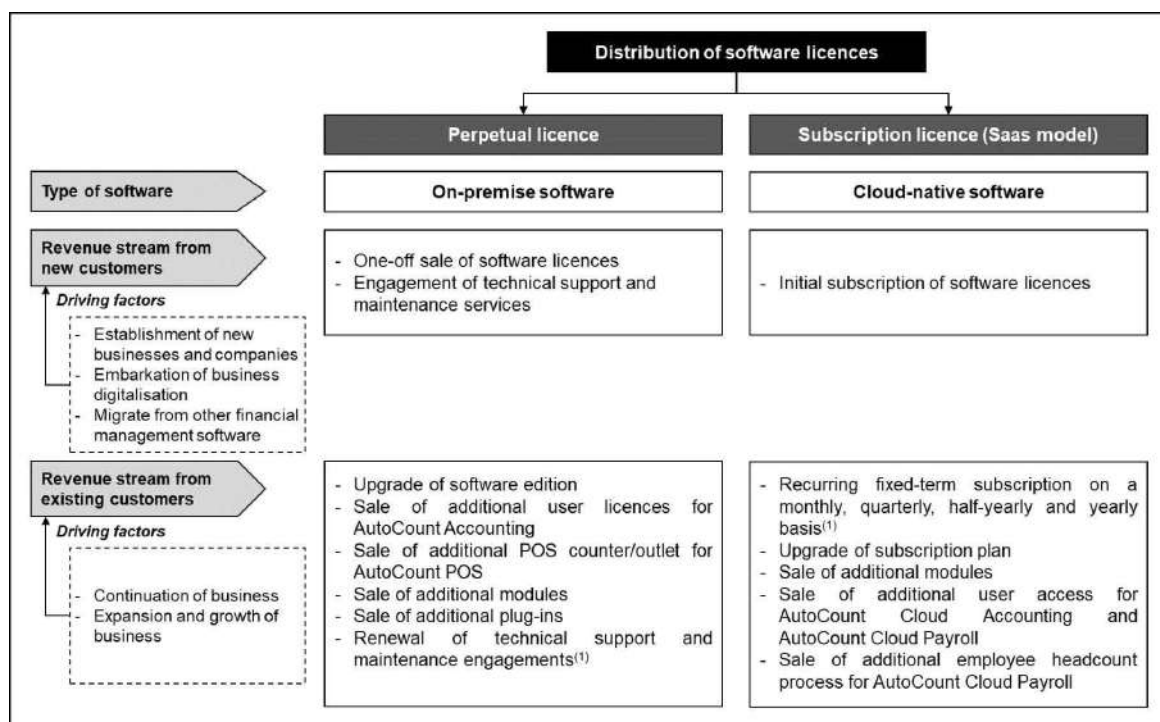
- AC Payroll mobile application main page
- AC Payroll mobile application leave request



## 7. BUSINESS OVERVIEW (cont'd)

### 7.2.2 Distribution of software licences

There are 2 distribution modes of software licences for our software, i.e. perpetual licence for all on-premise software, and subscription licence for all cloud-native software. In the past 4 FYEs 2019 to 2022, the total number of perpetual and subscription licences sold were 5,352, 5,480, 7,850 and 10,201 respectively. The details of the distribution mode of our software licences are as follows:



**Note:**

(1) Indicates recurring income.

#### (i) Perpetual licence

Software licences for all our on-premise AutoCount software (i.e. AutoCount Accounting and AutoCount POS) are sold on a one-off basis whereby end-user customers (including end-user customers who purchase our software through our Authorised Dealers) will purchase the software licences upfront and will be granted with perpetual access to the software. These end-user customers include newly established businesses and companies, as well as businesses and companies which embark on business digitalisation or migrate from other financial management software. In the past 4 FYEs 2019 to 2022, the total number of perpetual licences sold were 5,057, 4,279, 5,467 and 6,166 respectively.

As these end-user customers continue and/or expand their business, they may upgrade their software edition to access to more comprehensive functions, and/or request for additional user licences (for AutoCount Accounting) and/or POS counter/outlet (for AutoCount POS). They may also purchase additional modules and plug-ins from our Group for integration to our software to enhance the functions. In addition, end-user customers who purchase software directly from our Group may engage us for our technical support and maintenance services on an annual and renewable basis, with details set out in Section 7.2.5 of this Prospectus.



**7. BUSINESS OVERVIEW (cont'd)**

When a new version of our on-premise AutoCount software with major upgrades (such as a change of taxation basis from GST to SST, and revamp of the entire software user interfaces) is released, the older version will no longer be sold in the market. Nevertheless, users who previously purchased the older version shall continue to have access to the software even if the version is deemed end of life. Users who wish to upgrade their on-premise AutoCount software to the latest version will need to incur an upgrade fee to access the new version. There is no fixed frequency or time interval between the release of new version of our on-premise software as the release of new version of our on-premise software is subject to changing market requirements (e.g. a change of taxation basis implemented by governments) and trends as well as the digitalisation needs of businesses and companies. Our AutoCount Accounting was last upgraded to AutoCount Accounting 2.0 and our AutoCount POS was last upgraded to AutoCount POS 5.0, both in August 2018.

All of the above enable our Group to continue to generate revenue from our customers despite the sale of perpetual licences on a one-off basis.

The software licence for our on-premise AutoCount software can be delivered in the form of unique software licence identifier or dongle, depending on our customer preference. With the unique software licence identifier option, our Authorised Dealers can assist the businesses and companies to install the software into their computers which are connected to their organisation's IT network for on-premise usage. With a dongle, the dongle must always be plugged into the user's device to access our on-premise AutoCount software.

**(ii) Subscription licence (Saas model)**

Software licences for all our cloud-native AutoCount software are sold on a fixed term subscription basis. AutoCount Cloud Accounting is sold on a monthly, quarterly, half-yearly and yearly subscription basis; AutoCount Cloud Payroll is sold on a monthly and yearly subscription basis; and our extended cloud-native application (i.e. AOTG) is sold on a half-yearly and yearly subscription basis. In the past 4 FYEs 2019 to 2022, the number of new subscription licences sold were 91, 1,183, 2,140 and 2,326 respectively. For information, the total subscription licences (including renewed subscriptions) sold in the past 4 FYEs 2019 to 2022 were 295, 1,201, 2,383, and 4,035 respectively.

The subscription model of our cloud-native AutoCount software provides our Group with recurring revenue as the end-user customers continue to use our software. In FYE 2019, FYE 2020 and FYE 2021, the renewal rate of subscription licences was 72.53%, 75.40% and 70.05% respectively. The renewal rate of subscription licences for FYE 2022 is not applicable as some of the subscription licences sold in FYE 2022 are yet to be due for renewal as at LPD.

Further, as these end-user customers expand their business, they may upgrade their subscription plan to access to more comprehensive functions, and/or purchase additional modules and plug-ins from our Group for integration to our software to enhance the functions. Further, they may request for additional user access (for AutoCount Cloud Accounting and AutoCount Cloud Payroll) and/or additional employee headcount (for AutoCount Cloud Payroll).

These subscription licences are on a Saas model whereby the software is managed and hosted by our Group and users subscribe for the usage of the software and access it through the internet. End-user customers can enjoy the latest updates throughout the subscription period and software updates are done automatically.

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**7. BUSINESS OVERVIEW** *(cont'd)*


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Our cloud-native AutoCount software are mainly subscribed to and paid for through our website directly, except for the yearly subscription of AutoCount Cloud Payroll where access are provided to the end-user customers and the end-user customers will make the payment to us based on invoices issued by our Group. For subscription through our website, if the businesses and companies are referred by our Authorised Dealers, they can enter the dealer code when subscribing. Once the payment is made, end-user customers can start using the software by accessing it through web browsers from any device and anywhere. The number of user access is subject to the subscription plan selected. On the other hand, for end-user customers of AutoCount Accounting who would like to subscribe for AOTG, we will set up the off-premise access and login credentials to be provided to the end-user customers, which will be used for user authentication while accessing to AOTG via web browsers.

**7.2.3 Our wide network of Authorised Dealers**

Our AutoCount software are mainly sold to businesses and companies through our network of Authorised Dealers who are mostly software solution providers that are involved in the provision of software solutions using our AutoCount software as one or several of the modules of their software solutions. These Authorised Dealers (i.e. software solution providers) typically customise our AutoCount software to form vertical solutions in order to suit the needs and requirements of end-user customers. Our Authorised Dealers are not required to inform or report to our Group on the customisation done on our AutoCount software for their customers. Further, our Authorised Dealers may also sell our AutoCount software as a standalone product to businesses and companies.

In certain circumstances, our Group also sell our AutoCount software directly to end-user customers (i.e. businesses and companies). This allows us to focus our resources on continuous enhancement of our existing software and development of new software to cater to changing digitalisation needs of businesses and companies and hence, we prefer to engage our Authorised Dealers to provide customisation and training services to end-user customers. However, if the end-user customers approach our Group directly and do not require much customisation to our software, our Group will attend to such customers.

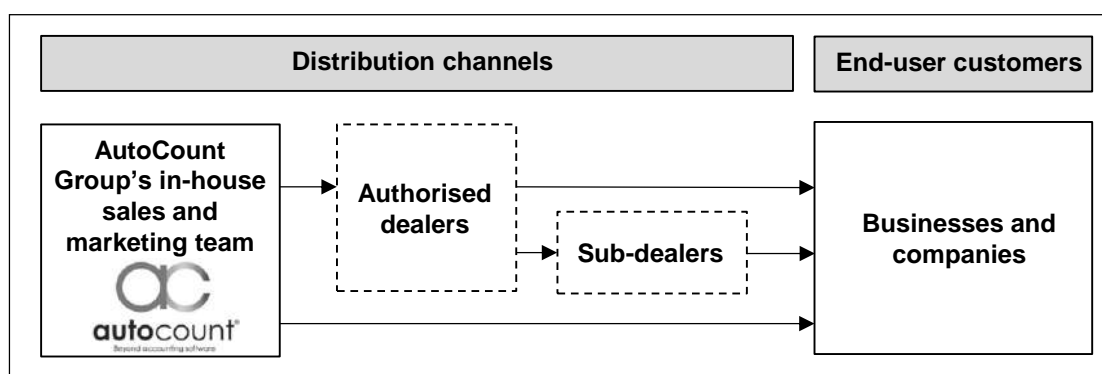
In addition, certain Authorised Dealers of our Group will refer their customers to our Group if such customers wish to apply for a government grant announced by MDEC under Budget 2020 for, among others, purchase of accounting, payroll and POS software ("**SME Business Digitalisation Grant**"). In order to apply for the SME Business Digitalisation Grant, only authorised Technology Solutions Provider is eligible to submit the application for their customers, to Bank Simpanan Nasional ("**BSN**"), a partner of MDEC. As our subsidiary, ACSB is an authorised Technology Solutions Provider, the Authorised Dealers of ACSB who are not authorised Technology Solutions Provider, will refer such customers to purchase AutoCount software from ACSB directly and subsequently ACSB will facilitate the application for the SME Business Digitalisation Grant. Upon receiving the approval from BSN, if the customers require additional services to set up the accounting software and to provide training to the customers' personnel, our Group will engage the same Authorised Dealers who referred the customers to ACSB to provide such services.

**7. BUSINESS OVERVIEW (cont'd)**

In the past 4 FYEs 2019 to 2022, the revenue derived from our customers who applied for the SME Business Digitalisation Grant and the relevant costs incurred by our Group to appoint the Authorised Dealers to provide additional services to set up the accounting software and to provide training to the customers' personnel, are as follows:-

	<b>Audited</b>			
	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	-	402	2,159	1,286
% to total revenue	-	2.05	7.32	3.32
Cost of sales	-	249	1,327	796
% to total cost of sales	-	5.20	22.48	10.25

The distribution channels of our AutoCount software are illustrated in the diagram below:



As at LPD, our Group has a total of 269 Authorised Dealers across most states and federal territories in Malaysia (256 Authorised Dealers), Singapore (7 Authorised Dealers), Indonesia (3 Authorised Dealers), Brunei (2 Authorised Dealers) and Myanmar (1 Authorised Dealer). The type of software distributed by each of our Authorised Dealers is based on selection by the respective dealers and approved by our Sales and Marketing Director. Subsequently, the dealer agreement with respective dealers will be signed by our Managing Director. As at LPD, most of our Authorised Dealers are allowed to distribute more than 1 type of AutoCount software, whereby 213 Authorised Dealers are allowed to distribute AutoCount Accounting, 253 Authorised Dealers are allowed to distribute Autocount Cloud Accounting, 187 Authorised Dealers are allowed to distribute AutoCount POS, and 130 Authorised Dealers are allowed to distribute AutoCount Cloud Payroll.

Our Group enters into dealer agreements with our Authorised Dealers to distribute our AutoCount software to end-users. The dealer agreements signed with our Authorised Dealers are generally for 1 year, and are renewable upon expiry. To become our Authorised Dealers, the dealers are generally required to commit to an annual sales target and make a one-off advance purchase of a certain amount of AutoCount software licences as mutually agreed between our Group and the respective dealers and recorded as our revenue. The annual sales target is committed by our Authorised Dealers through an advanced payment upon entering the dealer agreement with us, which will be recognised as pre-payment for purchases of software licences from our Group.

## 7. BUSINESS OVERVIEW *(cont'd)*

The purchase of software licences by the Authorised Dealers from our Group will first be offset from the advanced payment, and subsequent purchases of software licences by the dealers after hitting the sales target will be paid to our Group based on per order basis. Authorised Dealers are not allowed to purchase software licences merely to meet annual sales target. Further, it is unlikely for Authorised Dealers to do so as any licenses issued (to end customers) must be registered in AutoCount software's license portal and the annual sales target set are generally achievable by our Authorised Dealers. In the past 3 FYEs 2019 to 2021, failure to achieve the annual sales target may result in our Authorised Dealers subjecting to an annual dealer support and maintenance fee amounting to RM1,200 payable to our Group. Commencing FYE 2022, our Authorised Dealers who fail to achieve the annual sales target may be subject to a non-refundable advance payment amounting to RM5,000, which will be utilised for purchase of software licences and the unutilised amount will be forfeited after 12 months. Further, new Authorised Dealers who are unable to meet sales target may be recommended to collaborate with other more experienced Authorised Dealers for support.

To expand our sales and assist our Authorised Dealers in achieving the sales targets, our Group provides sales support (i.e. marketing materials) and monitors the performance of our Authorised Dealers. We also provide product and technical training to our Authorised Dealers on software customisation, troubleshooting and software update/revision (e.g. software improvements and bug fixes), to ensure the Authorised Dealers have sufficient technical knowledge to market and sell our AutoCount software. Further, we may participate in sales meetings with our Authorised Dealers and their customers, when required, to provide support pertaining to technical information and product knowledge.

Our AutoCount software can also be sold to businesses and companies through sub-dealers who are registered under our Authorised Dealers. These sub-dealers are required to fill in a registration form with our Group for record purposes. However, the respective Authorised Dealers are responsible for providing training and support to their sub-dealers based on the terms agreed between the respective Authorised Dealers and sub-dealers for the distribution of our AutoCount software to end-user customers. Further, in the event of default by the Authorised Dealers or sub-dealers including any complaints and claims such as financial and legal claims, the Authorised Dealers will be responsible for defaults attributed to them and to their respective sub-dealers. Based on our dealer agreement, we are also indemnified against the aforementioned financial and legal claims should such claims arise against our Group.

### 7.2.4 Our in-house supporting system

We adopt a business model which emphasises on developing good quality software for distribution to end-user customers by our Authorised Dealers. We leverage on our wide network of Authorised Dealers to sell and distribute our software, and our Authorised Dealers are backed by our in-house supporting system which is built on 3 core areas, i.e. in-depth industry knowledge and programming expertise, in-house sales and marketing support and AutoCount Academy, as follows:

#### (i) In-depth industry knowledge and programming expertise

Our Promoters, CCP and CYT have been in the business for approximately 27 years, whereby we have accumulated vast experience and knowledge in developing financial management software to support the fundamental finance and accounting functions of a business. This is backed by our understanding of the needs of businesses and companies, as well as our in-depth industry experience and knowledge in optimising the entire finance and accounting workflow of a business, to achieve a seamless flow of information between multiple business functions as well as accurate and real time data reporting.

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## 7. BUSINESS OVERVIEW *(cont'd)*

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Further, our expertise in software programming also enables us to develop user-friendly software and software that can be easily and conveniently customised to form vertical solutions for end-user customers from different industries.

### **(ii) In-house sales and marketing support**

While we leverage on our network of Authorised Dealers to distribute and sell our AutoCount software to end-user customers, we maintain an in-house sales and marketing team as we recognise that it is crucial to have a dedicated team to support our Authorised Dealers in carrying out sales and distribution of our software. This in-house sales and marketing team is responsible for planning and executing sales and marketing activities detailed in Section 7.6(i) of this Prospectus, recruiting new dealers, maintaining relationships with our Authorised Dealers, providing sales support and technical training to our Authorised Dealers, preparing quotations and attending to enquiries. With this support and assistance, our Authorised Dealers are prepared and confident to market our products to potential end-user customers.

### **(iii) AutoCount Academy**

Our AutoCount Academy is managed by our education team. AutoCount Academy, which was launched in 2020, is a one-stop online self-learning platform where we consolidate all our free courses, learning resources and user guides on our AutoCount software from various sources and provide access to the general public at [academy.autocountsoft.com](http://academy.autocountsoft.com). It has a wide range of tutorials, videos and user manuals of our AutoCount software, thus serving as a library for our Authorised Dealers to understand our software thoroughly. Further, AutoCount Academy also provides an access link to user guides as well as a coding references on [wiki.autocountsoft.com](http://wiki.autocountsoft.com) for users who want to customise their user experience in AutoCount software. Through these materials, our Authorised Dealers are able to understand the mechanism quickly and provide relevant services to end-user customers.

With the aim to enhance our brand exposure and image, we also partner with universities and colleges to include AutoCount accounting software as part of their accounting software course syllabus. Upon completion of the accounting software course, students will be awarded a certification issued by our Group. This enhances our brand recognition which is advantageous for our business expansion. In the Financial Years Under Review, our Group partnered with 47 universities and colleges for inclusion of AutoCount accounting software as part of their accounting software course syllabus.

With our in-house supporting system in place to support our Authorised Dealers in selling and distributing our software, our Group can focus our resources on continuous enhancement of our existing software and development of new software to cater to changing digitalisation needs of businesses and companies, thereby sustaining our business in the long term.

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**7. BUSINESS OVERVIEW (cont'd)**


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**7.2.5 Technical support and maintenance services**

Our Group's direct end-user customers (i.e. customers to whom we sell financial management software directly without going through our Authorised Dealers) can engage us for our technical support and maintenance services on an annual and renewable basis. Our technical support and maintenance services are provided to assist customers in updating and maintaining our AutoCount on-premise software, whereby complementary software revisions, comprising minor enhancements such as software improvements and bug fixes, for our on-premise software are made available for these customers, and we will install the software revisions remotely from our office or be present at their premises to assist in installing the software revisions. Further, we will also assist our customers in resolving or troubleshooting technical issues during the service durations.

As for our cloud-native software, we have a complementary live chat function which allows users to seek technical assistance from us as part of our after-sales services, as detailed in Section 7.2.6 of this Prospectus.

As at LPD, we have existing service engagements with approximately 2,000 customers with a service duration of up to 3 years, out of which 86.31% of these customers are repeated customers. These service engagements are subject to renewal by our customers depending on the customers' requirements.

**7.2.6 After-sales service**

As part of our after-sales services, we provide a 90-day warranty for our on-premise software. During the warranty period, if any defects are found in our software (e.g. the software does not perform as per our published specifications for the applicable version), we will either provide a replacement of the defective software or a refund of the licence fees paid for the affected software to our customers. In the past 4 FYEs 2019 to 2022, our Group did not receive any warranty claims from customers for the sale of our on-premise software. For our cloud-native software, we do not provide any warranty as the software is sold on an "as-is" and "as-available" basis.

Apart from the warranty provided, for on-premise software, complementary software revisions, comprising minor enhancements such as software improvements and bug fixes, are made available for our Authorised Dealers to install the revisions for their end-user customers, and for our end-user customers who purchase software directly from us and continue to engage our technical support and maintenance services. While there is no warranty provided for our cloud-native software, software updates of cloud-native software are automated for all users to use the latest features available. These software revisions and updates are released from time-to-time to rectify minor software bugs whenever they arise or for minor enhancements of report formats and user interface. Please refer to Section 7.2.5 for further details on our provision of technical support and maintenance services.

Our Group does not provide technical support and maintenance services to our Authorised Dealers' end-user customers. Technical support and maintenance services are provided by our Authorised Dealers to their end-user customers based on their respective arrangements. Nevertheless, in the event a revision is made to our on-premise software, our Group will provide the software revisions to our Authorised Dealers to install the revisions for their end-user customers.

As for our cloud-native software, we have a live chat embedded in the software which is managed by our customer support team, where users can seek technical assistance from us during working hours. This function is available for all our cloud-native software users regardless of whether they are our direct end-user customers or end-user customers secured through our Authorised Dealers.

**7. BUSINESS OVERVIEW (cont'd)****7.3 PRINCIPAL BUSINESS SEGMENTS AND MARKETS**

In the past 4 FYEs 2019 to 2022, the sale of accounting software was the largest revenue contributor as it contributed 67.67%, 67.59%, 67.29% and 69.05% to total revenue, respectively. The breakdown of revenue segmentation by principal product segments is as follows:

Revenue by business activity	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution of financial management software</b>								
Accounting	12,783	67.67	13,274	67.59	19,839	67.29	26,735	69.05
POS	1,908	10.10	2,120	10.80	3,408	11.56	4,403	11.37
Payroll	189	1.00	641	3.26	1,876	6.36	2,941	7.60
<b>Sub-total</b>	<b>14,880</b>	<b>78.77</b>	<b>16,035</b>	<b>81.65</b>	<b>25,123</b>	<b>85.21</b>	<b>34,079</b>	<b>88.02</b>
<b>Technical support and maintenance</b>	<b>3,285</b>	<b>17.39</b>	<b>3,054</b>	<b>15.55</b>	<b>3,544</b>	<b>12.02</b>	<b>3,596</b>	<b>9.29</b>
<b>Others<sup>(1)</sup></b>	<b>726</b>	<b>3.84</b>	<b>549</b>	<b>2.80</b>	<b>816</b>	<b>2.77</b>	<b>1,042</b>	<b>2.69</b>
<b>Total revenue</b>	<b>18,891</b>	<b>100.00</b>	<b>19,638</b>	<b>100.00</b>	<b>29,483</b>	<b>100.00</b>	<b>38,717</b>	<b>100.00</b>

**Note:**

- (1) Comprises mainly income from the resale of computer hardware, third party software licence fees, and the sale of training materials to our educational institution partners for their accounting software course, which used our AutoCount Accounting software.

Our Group's principal market is in Malaysia which accounted for 83.15%, 78.58%, 75.10% and 80.65% of revenue in the past 4 FYEs 2019 to 2022. During this period, our Group also sell our AutoCount software to a total of 7 other countries. The following table details our Group's principal markets in the past 4 FYEs 2019 to 2022:

Revenue by principal market	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Local</b>								
Malaysia	15,708	83.15	15,431	78.58	22,141	75.10	31,224	80.65
<b>Overseas</b>								
Singapore	2,867	15.18	3,940	20.06	7,132	24.19	7,246	18.72
Others <sup>(1)</sup>	316	1.67	267	1.36	210	0.71	247	0.63
<b>Total revenue</b>	<b>18,891</b>	<b>100.00</b>	<b>19,638</b>	<b>100.00</b>	<b>29,483</b>	<b>100.00</b>	<b>38,717</b>	<b>100.00</b>

**7. BUSINESS OVERVIEW (cont'd)****Note:**

(1) Comprises revenue from Indonesia, Brunei, Myanmar, Hong Kong, Vietnam and Australia.

All our AutoCount software are developed in-house and distributed as off-the-shelf software to end-user customers through our network of Authorised Dealers and directly through our internal sales and marketing team. The sale of our AutoCount software through our Authorised Dealers accounted for 59.10%, 60.91%, 59.15% and 66.04% of revenue in the past 4 FYEs 2019 to 2022. The following table details our Group's revenue by our Authorised Dealers and end-customers in the past 4 FYEs 2019 to 2022:

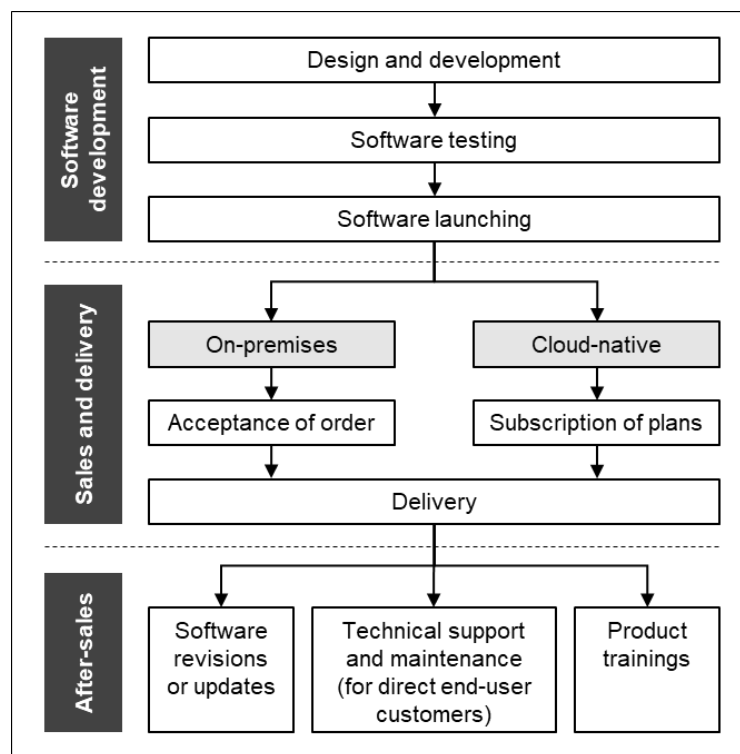
	<b>Audited</b>							
	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<b>Distribution of financial management software</b>								
Authorised Dealers	11,165	59.10	11,962	60.91	17,441	59.15	25,569	66.04
End-user customers	3,715	19.67	4,073	20.74	7,682	26.06	8,510	21.98
<b>Sub-total</b>	<b>14,880</b>	<b>78.77</b>	<b>16,035</b>	<b>81.65</b>	<b>25,123</b>	<b>85.21</b>	<b>34,079</b>	<b>88.02</b>
<b>Technical support and maintenance and others</b>								
Authorised Dealers	191	1.01	296	1.51	294	1.00	606	1.57
End-user customers	3,820	20.22	3,307	16.84	4,066	13.79	4,032	10.41
<b>Sub-total</b>	<b>4,011</b>	<b>21.23</b>	<b>3,603</b>	<b>18.35</b>	<b>4,360</b>	<b>14.79</b>	<b>4,638</b>	<b>11.98</b>
<b>Total revenue</b>	<b>18,891</b>	<b>100.00</b>	<b>19,638</b>	<b>100.00</b>	<b>29,483</b>	<b>100.00</b>	<b>38,717</b>	<b>100.00</b>



## 7. BUSINESS OVERVIEW (cont'd)

### 7.4 PROCESS FLOW

The process flow for our Group's business is depicted below:



#### Software development

Under the software development stage, we identify and gather information relating to the latest market requirements and trends as well as the digitalisation needs of businesses and companies in terms of financial management, and thereafter design and develop a new software or enhance our existing software accordingly. Following which, the new or enhanced software will be tested internally and thereafter the software will be launched to the market. Further, we will provide training to our Authorised Dealers on the features and technical specifications of the new and enhanced software. Please refer to Section 7.10 of this Prospectus for further details on the key stages of our software development activities.

#### Sales and delivery

Our software are sold to businesses and companies through our network of Authorised Dealers and through our in-house sales and marketing team. The process of sales and delivery for our on-premise software and cloud-native software is detailed as follows:

##### (i) On-premise software

The software licences for our on-premise software are sold and delivered in the form of unique software licence identifier or dongle. When our Authorised Dealers receive a sales order from end-user customers (i.e. businesses and companies) for our on-premise software, these Authorised Dealers will place orders with us and we will generate unique software licence identifiers or prepare dongles based on the software editions specified by the end-user customers, to be provided to the dealers. With the unique software licence identifier option, the Authorised Dealers will assist the end-user customers to install the software into their computers which are connected to their organisation's IT network for on-premise usage.

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**7. BUSINESS OVERVIEW (cont'd)**


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With a dongle, the Authorised Dealers will hand over the dongles to the end-user customers and the dongles must always be plugged into the user's device to access our on-premise AutoCount software. Depending on the end-user customer requests, our dealers may perform software customisation to the end-user customers as part of their service offerings.

Similarly, when our sales and marketing team receives a sales order directly from end-user customers who do not require much software customisation, we will generate and issue a unique software licence identifier or dongle based on the software editions specified by the end-user customers, followed by software implementation and training. Software implementation for our on-premise software can be performed remotely or physically at our end-user customers' offices. For customers who require major software customisation, our Group will refer to our Authorised Dealers to provide such services.

**(ii) Cloud-native software**

Our cloud-native software is sold on a subscription basis which is under a SaaS model whereby the software is managed and hosted by our Group while the users subscribe for the usage of the software and access it through the internet.

Our cloud-native AutoCount software are mainly subscribed to and paid for through our website directly, except for the yearly subscription of AutoCount Cloud Payroll where the end-user customers will make the payment to us based on invoices issued by our Group. For subscription through our website, once the payment is made, the end-user customers can start using the software by accessing it through web browsers from any device and anywhere. If the end-user customers are referred by our Authorised Dealers, they can enter the dealer code (i.e. a unique code generated by us and assigned to each of our Authorised Dealers) when subscribing. Following which, we will apportion certain commission percentage to the Authorised Dealers based on the achieved sales.

**After-sales**

Our Group provides a 90-day warranty for our on-premise software to our customers, while there is no warranty provided for our cloud-native software. Please refer to Section 7.2.6 of this Prospectus for further details of our warranty. Apart from the warranty provided, for on-premise software, complementary software revisions are made available for our Authorised Dealers to install the revisions for their end-user customers, and for our end-user customers who purchase software directly from us and continue to engage our technical support and maintenance services. Meanwhile, software updates of cloud-native software are automated for all users to use the latest features available.

Further, we provide technical support and maintenance services to our direct end-user customers upon engagements based on an annual and renewable basis, while technical support and maintenance services are provided to our Authorised Dealers' end-user customers through our Authorised Dealers based on their respective arrangements. Please refer to Section 7.2.5 and Section 7.2.6 of this Prospectus for further details of our software revisions and updates as well as technical support and maintenance services.

We also provide product trainings to our Authorised Dealers and end-user customers in the form of tutorials, videos and user manuals through our online self-learning platform, AutoCount Academy. It serves as a library for our Authorised Dealers and end-user customers to understand our software thoroughly. Please refer to Section 7.2.4(iii) of this Prospectus for further details of our AutoCount Academy.

**7. BUSINESS OVERVIEW (cont'd)****7.5 TECHNOLOGY**

The technology used by our Group in our business operations are as follows:

<b>Function/ purpose</b>	<b>Development toolkit/ software used</b>	<b>Description</b>	<b>AutoCount software that used/ developed using the development toolkit/ software</b>
Database management system	Microsoft SQL Server, PostgreSQL Server, Firebird	A database management system used to store, manipulate and retrieve data in databases.	- AutoCount Accounting - AutoCount Retail POS - AutoCount F&B POS - AutoCount Cloud Accounting - AutoCount Cloud Payroll - AutoCount OneSales
Programming for on-premise software	C#, Delphi	A software development framework and programming language used to programme and build on-premise software which run on Windows-based operating systems.	- AutoCount Accounting - AutoCount Retail POS - AutoCount F&B POS
Programming for cloud-native backend	Microsoft ASP.NET Core on C#	A software development framework and programming language used to programme and build cloud-native software and applications which run on web browsers.	- AutoCount Cloud Accounting - AutoCount Cloud Payroll - AutoCount OneSales
Programming of user interfaces for cloud-native application	React, Razor Page	A set of software and coding used to programme and build user interfaces for cloud-native software and applications which run on web browsers.	- AutoCount Cloud Accounting - AutoCount Cloud Payroll - AutoCount OneSales
Programming for mobile applications	React Native	A set of software and coding used to programme and build user interfaces for mobile applications which run on mobile operating systems such as Android, IOS and macOS.	- eDashboard (as part of AutoCount POS) - eWaiter (as part of AutoCount F&B POS) - AC Payroll (as part of AutoCount Cloud Payroll)
Cloud computing and hosting	Microsoft Azure, Huawei Cloud	A public cloud computing and hosting platform used to host our cloud-native software and applications.	- AutoCount Cloud Accounting - AutoCount Cloud Payroll - AutoCount OneSales

## 7. BUSINESS OVERVIEW *(cont'd)*

### 7.6 MODE OF MARKETING AND SALES

Our sales and marketing team is responsible for planning and executing sales and marketing activities, recruiting new dealers, maintaining relationships with our Authorised Dealers, providing sales support and technical training to our Authorised Dealers, preparing quotations and attending enquiries. Our sales and marketing activities are as follows:

#### (i) Network of Authorised Dealers

Our Group mainly sells our AutoCount software to businesses and companies through our network of Authorised Dealers. As at LPD, our Group has a total of 269 Authorised Dealers across most states and federal territories in Malaysia, as well as in Singapore, Indonesia, Myanmar and Brunei, with further details set out in Section 7.2.3 of this Prospectus. We actively recruit new dealers to expand our user base (i.e. portfolio of businesses and companies that use our AutoCount software).

These Authorised Dealers are responsible for the sale of our AutoCount software to businesses and companies. As our Authorised Dealers mostly comprise software solution providers, they offer our AutoCount software as part of their solution offerings together with some customisations to provide vertical solutions to their customers.

The dealers we recruit are mainly assessed based on their respective customer base, years of industry experience and track records. With our industry track records, generally, potential dealers approach us to be recruited to distribute our AutoCount software. Prior to becoming our Authorised Dealers, our sales and marketing team will conduct an interview with the potential Authorised Dealers that are interested to register as our Authorised Dealers, whereby these potential Authorised Dealers will share with us their experience, track records, and overview of their customer base and/or sales strategies. Based on this information, our sales and marketing team will assess and approve potential Authorised Dealers that have at least 2 years of experience in software distribution, and/or potential Authorised Dealers that demonstrate ability in distributing our software based on their sales strategies, as our Authorised Dealers. Our sales and marketing team will then determine the amount of advance purchase of our AutoCount software to be made by these Authorised Dealers as part of their commitment to promote our products based on their geographical coverage.

Upon becoming our Authorised Dealers, we provide sales support (i.e. marketing materials) and monitor the performance of our Authorised Dealers. We also provide product and technical training to our Authorised Dealers on software customisation, troubleshooting, seasonal or quarterly software update/revision (e.g. software improvements and bug fix), to ensure the Authorised Dealers have sufficient technical knowledge to market and sell our AutoCount software. Further, we may participate in sales meetings with our Authorised Dealers and their customers, when required, to provide support pertaining to technical information and product knowledge.

For the sale of on-premise AutoCount software, our Authorised Dealers will be given rebates based on their annual sales achievement; whereas for the sale of cloud-native AutoCount software, our Authorised Dealers will be apportioned certain commission percentage based on the achieved sales. We also organised events, i.e. dealers' appreciation night, for our Authorised Dealers to share and exchange industry knowledge and vertical solutions offered to their end-user customers amongst each other. This enables our Group and our Authorised Dealers to stay updated with the latest industry trend and needs from end-user customers.

**7. BUSINESS OVERVIEW (cont'd)**

For avoidance of doubt, our Group is neither dependent on our Authorised Dealers nor the dealer agreements to sell our AutoCount software to end-user customers as this business model is quite common in many industries whereby there is an intermediary between brand owners/principals and end-users/end-consumers.

**(ii) Sponsorship, collaboration and partnership with institutions, universities and colleges**

As at LPD, we collaborate with Malaysian Institute of Accountants (“MIA”) on a non-exclusive basis to promote our AutoCount software to businesses and companies. Under the collaboration, MIA features our Company details and software offerings through positing on MIA website, and may email our AutoCount e-flyers to its email broadcast subscribers; whereas our Group provides special offers or corporate discounts to MIA’s members and members’ firms, which include special purchase price for our AutoCount Accounting, discounts for each additional user access, discounts on first-year subscription of our AutoCount Cloud Payroll.

Further, we have also sponsored events organised by SME Association of Malaysia and Chartered Tax Institute of Malaysia. We are one of the sponsors for their events in exchange of promoting our software through several types of marketing materials such as displaying our buntings in the events and having our company details and software offerings printed in the event booklets/handouts.

Further, as at LPD, we also partner with local public and private universities and colleges in Malaysia on a non-exclusive basis, such as Universiti Tunku Abdul Rahman, Tunku Abdul Rahman University of Management and Technology and Xiamen University Malaysia where we provide AutoCount accounting software to these universities and colleges to be included as part of their accounting course syllabus. We entered into memorandum of agreements with the respective education institutions and these partnerships are not on an exclusive basis. The access to our AutoCount accounting software (an access link for software installation via AutoCount Academy) and electronic course books are provided to these universities and colleges and their students free of charge. In the event that the universities and colleges request for printed course books, our Group will charge the universities and colleges accordingly. Through partnerships with these universities and colleges, we are able to impart product knowledge on AutoCount accounting software while enhancing our brand image and awareness amongst students who will be entering the workforce and may be involved in the accounting field in the future, thereby creating potential and sustainable demand for our software in the long term. In the past 4 FYEs 2019 to 2022, our Group partnered with 47 universities and colleges for inclusion of AutoCount accounting software as part of their accounting software course syllabus, and we provided approximately 15,000 course books to universities and colleges for the training of AutoCount accounting software usage as part of their accounting course syllabus.

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**7. BUSINESS OVERVIEW (cont'd)**

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**(iii) Digital media and online marketing**

To increase brand awareness and to drive traffic to our website, we utilise pay per click advertising across search engines and social media, namely Google and Facebook.

With Google, we utilise the following digital marketing strategies:

- (a) Google Ad, where we display specific advertisements and promotions which are targeted to specific online media users in websites; and
- (b) Search engine optimisation, where it enables maximisation of traffic to our website through high ranking of our website on Google search results.

With Facebook, we utilise boosted posts, where we display specific advertisements and promotions which are targeted to specific Facebook users.

We also conduct online marketing activities through social media (e.g. Facebook, Twitter, Instagram, YouTube and Telegram), which include postings and updates of our software offerings, live demo of our software, tutorials videos of our software and online launchings of our software.

Further, for businesses and companies which are interested to get a free-trial or subscribe to our cloud-native AutoCount software, they can register an account on our subscription portals which can be accessed at [www.autocountsoft.com/freetrial.html](http://www.autocountsoft.com/freetrial.html).

Moving forward, we will continue to explore and engage in different digital advertising activities that are suited to the latest consumer trend to expand our brand presence.

**(iv) Participation in exhibitions and organisation of seminars and webinars**

We participate in exhibitions and conduct seminars and webinars to promote our software. We leverage on these events to showcase our software offerings to new markets, build customer relationships and establish contact with potential customers, while promoting our market presence. It also enables us to stay updated with the latest finance management software solutions and technology. Following some of these events, we were featured on various newspapers that showcase our products and post-event articles.

In view of the COVID-19 pandemic, we did not participate in any physical exhibitions or events in 2020 and 2021. Nevertheless, we conducted several webinars to continue capturing sales from businesses and companies. The following are some examples of exhibitions, seminars and webinars which we participated/organised over the last 4 FYEs and up to LPD:

**7. BUSINESS OVERVIEW (cont'd)**

<b>Year</b>	<b>Name of exhibition, seminar and webinar</b>	<b>Organiser</b>	<b>Location</b>
2019	SME Export Forum 2019	Maybank and Bizphere	Malaysia
	AutoCount Dealers Appreciation Night	In-house by our Group	Malaysia
	KLUCCCI Digital Transformation	Kluang Chinese Chamber of Commerce and Industry (KLUCCCI)	Malaysia
2020	Several live stream events on Facebook, covering several topics, which include: - business digitalisation and SME Business Digitalisation Grant - business transformation in COVID-19 - business digitalisation with e-commerce	In-house by our Group	Online
2021	MDEC's 100 Go Digital Coaching Workshops	MDEC	Online
	AutoCount @ 100 Go Digital #RakanUsahawanPUNB	MDEC and Perbadanan Usahawan Nasional Berhad	Online
	How AutoCount Cloud Accounting makes your working life easier & help in generating passive income for Accountant?	In-house by our Group	Online
2022	AutoCount Accounting Function and Module Updates	In-house by our Group	Online
	MOST INCREDIBLE Accounting Processes Transformation for ACCOUNTANT + build your SMART Passive Income	In-house by our Group	Online
	Malaysia International Retail and Franchise Exhibition	Malaysia Retail Chain Association	Malaysia
	Go BIG with Digital Webinar Series 2022	Malaysia Productivity Corporation	Online
	12 <sup>th</sup> Philippine SME Business Expo	Mediacom Solutions Inc.	Manila, the Philippines
	AutoCount Dealers Appreciation Night	In-house by our Group	Malaysia
2023	#SeamlessFilingFromSoftware (#SFFS) Fair	Inland Revenue Authority of Singapore	Singapore
	MIDF Automation & Digital Forum	Malaysian Industrial Development Finance Berhad, Bizsphere Sdn Bhd and Smart4wrld	Malaysia

## **7. BUSINESS OVERVIEW (cont'd)**

Moving forward, we will participate in physical exhibitions and conduct physical seminars as the COVID-19 situation has mostly subsided and organizing of physical events are allowed. Meanwhile, we plan to continue to organise webinars, and leverage on digital media and online marketing channels as detailed in Section 7.8.1(iii) of this Prospectus, to expand our customer base and enhance our brand exposure.

### **(v) Corporate website**

We have established our corporate website [www.autocountsoft.com](http://www.autocountsoft.com) which provides information on our Group and our software. Any parties who are interested in our software are able to contact us and our sales and marketing team will attend to the inquiries accordingly. The current widespread use of the internet as a source of information enables us to cross geographical boundaries and facilitates access from any part of the world, enhancing our potential market reach and exposure.

## **7.7 COMPETITIVE STRENGTHS**

### **7.7.1 Our AutoCount software are widely used in the market across multiple industries**

Since the revamp of our accounting software using Microsoft .Net Framework and Microsoft SQL Server in 2006 and up to LPD, we have sold approximately 70,000 AutoCount software licences for use by approximately 210,000 businesses and companies, primarily in Malaysia and Singapore. These businesses and companies spread across multiple industries, which include consumer products, F&B, trading, distribution, services, grocery retailing, construction, property development, hospitality, telecommunications and logistics to support their finance and accounting functions.

Having a large base of businesses and companies using our AutoCount software demonstrates our capabilities in developing financial management software that is able to support the accounting, payroll and POS functions of many businesses from different industries. This also proves that our software is user-friendly, and compatible and flexible to cater for different business and industry needs. This is attributed to our experience and knowledge in the development of financial management software which enable us to constantly enhance and upgrade our AutoCount software to suit the needs of businesses and companies.

With an established portfolio of businesses and companies using our AutoCount software to support their business operations, we have built a proven reputation in the financial management software industry. This provides our Group with the credentials to further enhance our portfolio, which will contribute positively to our business expansion and financial performance moving forward.

### **7.7.2 Our business is backed by our in-house supporting system that drives our business sustainability**

We adopt a business model which emphasises on developing good quality software for distribution to end-user customers by our Authorised Dealers. We leverage on our wide network of Authorised Dealers to sell and distribute our software, and our Authorised Dealers are backed by our in-house supporting system which is built on 3 core areas, i.e. in-depth industry knowledge and programming expertise, in-house sales and marketing support and AutoCount Academy:

- (i) In-depth industry knowledge and programming expertise: we are able to optimise the entire finance and accounting workflow of a business to achieve a seamless flow of information between multiple business functions as well as accurate and real time data reporting; while our expertise in software programming enables us to develop user-friendly software and software that can be easily and conveniently customised to form vertical solutions for end-user customers from different industries.



## 7. BUSINESS OVERVIEW (cont'd)

Further, our on-premise accounting software, AutoCount Accounting was also developed as a standard accounting software to enable integration with third party software or IT systems. All of these allow our software to be used to form vertical solutions for end-user customers from different industries. Please refer to Sections 7.7.3 and 7.7.4 of this Prospectus for further elaboration.

- (ii) In-house sales and marketing support: While we leverage on our network of Authorised Dealers to distribute and sell our AutoCount software to end-user customers, we maintain an in-house sales and marketing team as we recognise that it is crucial to have a dedicated team to support our Authorised Dealers in carrying out sales and distribution of our software. With these support and assistance, our Authorised Dealers are prepared and confident to market our products to potential end-user customers. Please refer to Section 7.7.5 of this Prospectus for further elaboration.
- (iii) Auto-count Academy: Auto-Count Academy is a one-stop online self-learning platform with free courses, learning resources and user guides on our AutoCount software. It also has coding references for users who want to customise their user experience in AutoCount software. Through these materials, our Authorised Dealers are able to understand the mechanism quickly and provide relevant services to end-user customers, while providing end-user customers the same access to learn and pick up our AutoCount software conveniently. Please refer to Section 7.7.6 of this Prospectus for further elaboration.

With our in-house supporting system in place to support our Authorised Dealers in selling and distributing our software, our Group can focus our resources on continuous enhancement of our existing software and development of new software to address the digitalisation needs of businesses and companies, thereby sustaining our business in the long term.

### 7.7.3 We offer a range of financial management software which can be integrated and customised to suit different needs of businesses and companies

Our Group offers 3 types of financial management software, comprising accounting software, POS software and payroll software under our “AutoCount” brand. These software can be used by businesses and companies on a standalone basis, or co-integrated with each other (e.g. integration between AutoCount Accounting and AutoCount POS Retail) to form a comprehensive system to support day-to-day business operations. Such integration ensures seamless connectivity between the different software under different business functions and streamlines the flow of data and information (e.g. sales data, commission and payroll record) across these business functions, which simplify financial and sales reporting process for better and timely decision making.

These software can be used by businesses and companies directly upon installation to access default and readily available functions in the respective software. Further, these software were also designed to allow customisation to form vertical solutions to suit different needs of businesses and companies. Such software customisation extends the functionalities of our software by including new functions/modules according to the needs of businesses and companies to support end-users’ business operations. Our AutoCount software are also developed with readily available APIs to enable integration with third party software or IT systems. Please refer to Section 7.2.1 of this Prospectus for examples of vertical customisation that can be done to our AutoCount software.

## 7. BUSINESS OVERVIEW *(cont'd)*

Software customisation are provided to businesses and companies by third party, i.e. our Authorised Dealers who are mostly software solution providers as part of their service offerings. The customisation of our AutoCount software can also be performed by third party software developers engaged separately by our end-user customers. Customisation of our software can be performed easily and conveniently by these third parties as the technical details required for customisations (e.g. coding details and troubleshooting) are made available to public by our Group through AutoCount Academy to ease the customisation. With this, we enable our Authorised Dealers to enhance their offerings by providing customised and comprehensive business solutions to their customers, and as a result, our software is well-received by our Authorised Dealers in the market for its flexibility to accommodate to different needs of businesses and companies.

### **7.7.4 Our experience, knowledge and expertise in the development of financial management software enable us to continuously upgrade and adapt our software to changing market requirements and trends**

Having been in the financial management software industry for approximately 27 years, we have accumulated relevant experience and knowledge in developing software to support businesses' and companies' accounting and other business functions. As at LPD, we have our in-house software development team comprising 31 programmers who are responsible for the development as well as continuous improvement and upgrades of our AutoCount software.

Our software development team stays abreast with the changing market requirements and trends, and makes necessary upgrades and enhancement to our software to ensure our software constantly remains relevant in the market. For example, we revamped our AutoCount Accounting in 2006 from file-based system to database management system which is developed using Microsoft .Net Framework and Microsoft SQL Server, to enhance the software's stability and flexibility in including new features and functions. Additionally, in order to keep pace with the increasing adoption of cloud computing and storage in the business environment, we launched cloud-native payroll and accounting software, i.e. AutoCount Cloud Payroll and AutoCount Cloud Accounting in 2019 and 2021 respectively. Moreover, in view of the increasing proliferation of e-wallet usage in Malaysia, in 2019, we enhanced our AutoCount POS by incorporating features to support e-wallet payment services such as Grab Pay, Touch N' Go Wallet, Boost and WeChat Pay.

Over the years, we have demonstrated our ability and resilience to develop new, and upgrade our existing financial management software, along the changing market requirements and trends. It is also our Group's core values and beliefs to continuously endeavour for improvement, and as such we strive to ensure that we remain at the forefront of the financial management software industry by continuously investing in our employees and staying abreast with the latest market requirements and technology. All of these will continue to drive the growth and expansion of our Group.

### **7.7.5 We have an established AutoCount brand and a wide Authorised Dealer network to expand our market and brand presence**

Our Group's ability to grow our business over the years demonstrates our proven track record in relation to the practicality and functionality of our software, and it has enabled us to establish our AutoCount brand as a trusted brand. This allows our Group to continue to grow and expand our Authorised Dealer network and user base amongst businesses and companies.

## 7. BUSINESS OVERVIEW *(cont'd)*

We have established a wide Authorised Dealer network comprising 269 dealers as at LPD across most states and federal territories in Malaysia as well as in Singapore, Indonesia, the Philippines, Myanmar and Brunei to reach out to a broad base of businesses and companies to achieve economies of scale and grow our market share. Amongst our Authorised Dealers, most of them are software solution providers which are involved in the provision of software solutions using our AutoCount software as one or several of the modules of the software solutions together with some customisations to provide vertical solutions to their customers. This has further strengthened our competitive edge as we can leverage on their IT expertise in providing complete vertical solutions to businesses and companies using our AutoCount software. Please refer to Section 7.2.3 of this Prospectus for further information on our Authorised Dealer network.

As our Group continues to enhance our AutoCount brand and expand our Authorised Dealer network, it will allow us to build a strong foundation to support our future business expansion and growth.

### **7.7.6 Our Auto-Count Academy provides quick and easy access to a library of learning materials and coding references, as well as partnerships with educational institutions, which strengthen our reputation in the industry and create potential demand for our software**

Over the years, we have developed and improved our learning and training materials which are free materials made available online to allow our Authorised Dealers and end-user customers to learn about our AutoCount software at their convenience. As we emphasise on providing our users friendly user experience, the learning materials provided will grant them quick and easy access to learn and pick up our software and speed up the adoption and usage of our software at their workplace, which aim to encourage continuous usage of our software.

Since 2010, our Group has set up an education team with the aim of partnering with educational institutions on a non-exclusive basis including local public and private universities and colleges to utilise our accounting software for academic purposes.

Under these partnerships, we supply AutoCount accounting software to the educational institutions to be included as part of their accounting course syllabus. We also provide necessary training to the lecturers of the educational institutions, which in turn allows them to pass on the skills to their students. Furthermore, we also prepare learning materials which are tailored to our accounting software for the students to utilise in their accounting software course. Upon completion of the accounting software course, the students will be awarded a certification issued by our Group. Over the years, we have established partnerships local public and private universities and colleges such as Universiti Tunku Abdul Rahman, Tunku Abdul Rahman University of Management and Technology and Xiamen University Malaysia. In the past 4 FYEs 2019 to 2022, we provided approximately 15,000 course books to universities and colleges for the training of AutoCount accounting software usage as part of their accounting course syllabus.

Through partnerships with these educational institutions, we are able to enhance our brand image and awareness amongst students who will be entering the workforce and may be involved in the accounting field in the future. This is expected to create potential and sustainable demand for our software in the long term, thereby supporting our business growth and expansion.

**7. BUSINESS OVERVIEW (cont'd)****7.7.7 We have experienced Executive Directors and Key Senior Management team**

Our Executive Directors and Key Senior Management team possesses in-depth industry knowledge, technical know-how and experience in finance management software industry. Our Managing Director, CYT and our Executive Chairman, CCP have approximately 27 years of experience in the finance management software industry. They have contributed significantly to our Group's historical expansion, and will continue to play pivotal roles in our Group's future growth.

Our Managing Director and Executive Chairman are supported by a team of Key Senior Management team comprising:

<b>Name</b>	<b>Designation</b>	<b>Years of relevant working experience</b>	<b>Years of service in our Group up to LPD</b>
Ng Boon Thye	Sales and Marketing Director	23	7
Lim Kim Seng	Software Development Director	23	7
Tan Wee Kong	Chief Financial Officer	22	5

We believe that our Key Senior Management team, with their respective experience and commitment to our Group, will provide impetus for the continuous growth of our Group in the future. Please refer to Section 9.1.2 and Section 9.3.2 of this Prospectus for the profiles of our Executive Directors and Key Senior Management respectively.

**7.8 BUSINESS STRATEGIES AND PLANS**

Our future plans and strategies are as follows:

**7.8.1 We intend to expand our business presence to Thailand, Indonesia, Vietnam and the Philippines; as well as continue to expand our business in Singapore**

As at LPD, our Group operates from our offices in Malaysia and Singapore, which are the main countries we derived our sales from. In the past 4 FYEs 2019 to 2022, revenue generated from Malaysia accounted for 83.15%, 78.58%, 75.10% and 80.65% to our Group's total revenue respectively, whereas Singapore accounted for 15.18%, 20.06%, 24.19% and 18.72% to our Group's total revenue respectively. Leveraging on our success in growing our business in Singapore, we intend to expand our business in Thailand, Indonesia, Vietnam and the Philippines, with primary focus on the sale of cloud-native software in these countries, as these are amongst the countries with the largest economies in Southeast Asia. After setting up offices and teams in these 4 countries, we will prioritise our proposed expansion in Philippines and Indonesia as Philippines' native language is English and there are fewer competitors in the market, whilst we already have Authorised Dealers in Indonesia since 2009-2010 and our Group is convinced on the prospects of our AutoCount software in the Indonesia market. Thailand and Vietnam will be our subsequent priority as our Group is relatively new to these markets but believe that there are opportunities for our Group as Thailand and Vietnam are poised for economic growth. We also plan to further expand our business in Singapore for the sale of cloud-native software. As at LPD, our Group only offers on-premise software in Singapore as AutoCount Cloud Accounting was launched in 2021 and is relatively new, and we are in the midst of localising our AutoCount Cloud Accounting for the Singapore market which we target to launch in April 2023. Thereafter, we will evaluate the suitability to launch AutoCount Cloud Payroll in Singapore.

## 7. BUSINESS OVERVIEW *(cont'd)*

To facilitate our regional expansion plan, we intend to establish an office in each of these countries, and to hire relevant personnel to carry out sales and marketing activities in these countries. We may also need to perform software localisation for our software to suit the requirements of local businesses and companies in these countries. The details of our regional expansion plan are as follows:

### (i) Establishment of offices

For our expansion into Thailand, Indonesia, Vietnam and the Philippines, we plan to set up an office in the capital/major cities of each of these countries (i.e. Bangkok in Thailand, Jakarta in Indonesia, Ho Chi Minh City in Vietnam and Manila in the Philippines) simultaneously. These offices will serve as our local sales office to promote our AutoCount software to local customers and to serve our customers more efficiently. For our expansion in Singapore, we plan to expand our office space by renting a bigger office to support our growing business.

The offices in Thailand, Indonesia, Vietnam, the Philippines and Singapore is expected to be fully established by 2025, subject to the market feedback such as sales value, customer base and customer acceptance to be received from the respective countries. These market feedback will determine the allocation of resources (refer to Section 7.8.1(ii) and Section 7.8.1(iii) of this Prospectus) for our business expansion in each country. The establishment of these offices is estimated to cost a total of RM2.04 million (comprising office rental and purchase of office equipment) over a period of 36 months from the date of Listing, all of which will be funded from the IPO proceeds.

### (ii) Hiring of personnel

Along with the establishment of offices in Thailand, Indonesia, Vietnam and the Philippines, we plan to hire a team of 7 personnel for each country, comprising 1 country manager, 2 tele-sales personnel, 2 customer support personnel, 1 sales and marketing personnel and 1 administrative personnel.

As for our current operations in Singapore office, we have 5 employees including a country manager as at LPD. To facilitate our expansion in Singapore, we plan to hire additional 7 personnel, which will comprise 1 assistant manager, 2 tele-sales personnel, 2 customer support personnel, 1 sales and marketing personnel and 1 administrative personnel.

The hiring of personnel in our Thailand, Indonesia, Vietnam, the Philippines and Singapore offices is expected to take place gradually by 2025, and the payroll for these new personnel is estimated to cost a total of RM8.11 million over a period of 36 months from the date of Listing, all of which will be funded from the IPO proceeds.

### (iii) Sales and marketing activities

In order to strengthen our market visibility and brand recognition in Thailand, Indonesia, Vietnam, the Philippines and Singapore, we plan to undertake the following sales and marketing activities:

- (a) Participate in relevant industry exhibitions and forums as well as organise seminars and webinars where we can showcase the advantages and benefits of our software. Examples of events of which we may participate are as follows:
  - Franchise & SME Expo in Thailand and Indonesia;
  - DigiTech ASEAN Thailand;
  - Indonesia Digital Technology Expo;
  - Vietnam ICTComm;
  - Vietnam-Asia DX Summit;
  - The Philippines SME Business Expo;

## 7. BUSINESS OVERVIEW (cont'd)

- Annual National Convention by The Philippines Institute of Certified Public Accountants;
- The Philippines Software Industry Conference; and
- SMEICC in Singapore

Showcasing our software and our track records at industry exhibitions, forums and self-organised seminars and webinars will raise the profile and reputation of our Group.

- (b) Leverage on our existing digital media and online marketing strategies to promote our software in Thailand, Indonesia, Vietnam, the Philippines and Singapore.

We have earmarked a total of RM7.05 million from the IPO proceeds to fund the abovementioned sales and marketing activities in Thailand, Indonesia, Vietnam, the Philippines and Singapore, which is expected to be utilised within 36 months from the date of Listing.

### (iv) Localisation of software

Our AutoCount software has to be modified and localised, including the language used in the software as well as standards and benchmarks based on local statutory requirements, in order to suit the usage by local businesses and companies in Thailand, Indonesia, Vietnam and the Philippines. The localisation of our AutoCount software is expected to take place within 36 months from the date of Listing and it is estimated to cost RM0.04 million for each country, amounting to a total estimated cost of RM0.16 million, all of which will be funded from the IPO proceeds.

The localisation of our cloud-native AutoCount software in Singapore is expected to be minimal as we have localised our on-premise AutoCount software in Singapore and the software have been made available for sale in Singapore. Any localisation cost incurred for cloud-native AutoCount software will be funded by internally generated funds from our Singapore operations.

In total, we intend to utilise RM17.35 million from our IPO proceeds to fund our regional expansion plan across Thailand, Indonesia, Vietnam, the Philippines and Singapore, which will be implemented simultaneously. As at LPD, we have commenced some preparation works for this expansion plan, where we have identified suitable locations for office establishment; and we have identified business consultants to engage with, for advice relating to local statutory requirements for accounting and taxation practices. Further, we are in the midst of implementing sales and marketing strategies such as establishing our software subscription webpages and social media sites, as well as seeking collaboration opportunities with local accountant associations. We also attended the 12<sup>th</sup> Philippine SME Business Expo in 2022 to promote our AutoCount software ahead of our official business expansion into the Philippines. Please refer to Section 4.7 of this Prospectus for further details on the utilisation of our IPO proceeds.

Our plan to expand our business regionally in Thailand, Indonesia, Vietnam, the Philippines and Singapore is expected to contribute positively to our financial performance as we generate software sales from local customers in these countries. We may also be able to leverage on the growth of the industry in these markets driven by the ongoing digitalisation initiatives by the governments of the respective countries. It is also expected to enhance our brand exposure in Thailand, Indonesia, Vietnam, the Philippines and Singapore and strengthen our reputation in the industry.

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**7. BUSINESS OVERVIEW (cont'd)**


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**7.8.2 We intend to intensify our R&D efforts to enhance our software offerings**

Our Group recognises the importance of continuous R&D to enhance our existing software by developing new features and/or functions in order to remain competitive and relevant in the industry. As such, as part of our continuous effort in improving our range of software offerings, we intend to intensify and strengthen our R&D efforts by focusing on the following areas:

**(i) Enhancement of AutoCount Cloud Accounting and AutoCount Cloud Payroll**

We intend to upgrade and enhance our cloud-native software (i.e. AutoCount Cloud Accounting and AutoCount Cloud Payroll).

Our AutoCount Cloud Accounting was launched in 2021, and it was designed with basic accounting functions which may not be suitable to handle complex accounting functions and activities. Thus, we plan to continue to enhance the existing functionalities and modules as well as to include new features into the software such as advanced inventory management which involves product batch number control and serial number control, functions related to withholding tax, and integration with local banks to improve the efficiency in banking and payment process.

As for the enhancement of AutoCount Cloud Payroll, we plan to focus on enhancing several existing functions which comprise leave management, claim management and time attendance.

Pursuant to our plans relating to enhancements, we intend to hire approximately 20 new software developers. The hiring of additional software developers is expected to take place gradually by 2024, and the payroll for these new personnel is estimated to cost a total of RM3.36 million over a period of 24 months from the date of Listing, all of which will be funded from the IPO proceeds. Further, we also plan to increase our cloud hosting and storage capacity which will be funded through internally generated fund.

**(ii) Enhancement of AutoCount OneSales**

We intend to enhance our new cloud-native platform, namely AutoCount OneSales, which was launched in February 2023. AutoCount OneSales is an omni-channel sales platform which currently consists of some basic POS functions and e-commerce solutions for retail businesses. It enables end-user customers to integrate our AutoCount Accounting or AutoCount Cloud Accounting with online marketplaces (e.g, Shopee and Lazada) to import sales orders and payment details from these platforms.

Moving forward, we will continue to focus on developing additional and more comprehensive features and functions for AutoCount OneSales. As such, we plan to hire 11 new software developers to focus on the development of new features and functions for AutoCount OneSales. As at LPD, our Group had employed 1 new software programmers for this purpose, and we will continue to hire the remaining planned headcount of 10 additional software developers gradually by 2024. The payroll for these new personnel is estimated to cost RM1.85 million over a period of 24 months from the date of Listing, all of which will be funded from the IPO proceeds.

## **7. BUSINESS OVERVIEW (cont'd)**

The total cost required to strengthen our R&D efforts is estimated to be RM5.21 million, which will be funded by IPO proceeds. Please refer to Section 4.7 of this Prospectus for further details on the utilisation of our IPO proceeds. Notwithstanding that we have a software development team comprising 31 software developers as at LPD, most of our existing software developers mainly focus on our on-going enhancement activities for our existing on-premise software. As we intend to continue to enhance our cloud-native software, we will need to hire additional software developers to solely focus on carrying out such R&D activities as part of our plan to intensify our R&D efforts. We plan to hire the additional software developers required through online recruitment platforms (i.e. job posting sites) and employee referrals. Our Group does not foresee any difficulties in hiring software developers as the hiring will take place gradually until 2024.

Our continued focus on R&D for the on-going enhancement of our cloud-native software and solutions will enable our Group to remain competitive for long term sustainable growth, and to capture software sales from businesses and companies in catering to their business digitalisation needs.

Moving forward, our Group will continue to focus on serving our target mass market end-user customers which are mainly SMEs. There is no intention for our Group to enter into a new market to offer enterprise resource planning software which is mainly used by a smaller pool of customers comprising large organisations with complex business and operational requirements.

### **7.9 PRODUCTION OUTPUT, CAPACITY AND UTILISATION**

Due to the nature of our business in the development and distribution of finance management software, the computation of operating capacities and output are not applicable to us.

### **7.10 RESEARCH AND DEVELOPMENT/ SOFTWARE DEVELOPMENT**

As part of our continuous effort in improving our range of financial management software, we actively engage in R&D activities to develop new software and enhance our existing software by expanding the functions and enhancing the features of our AutoCount software.

Our Group's R&D activities are carried out by of our software development team, and are led by our Chairman, CCP and our Software Development Director, Lim Kim Seng, who possess approximately 27 and 23 years of experience in the finance management software industry respectively.

We believe that by expanding and enhancing our range of offerings, we will be well-positioned to capture business opportunities and to expand our market presence.

The key stages of our Group's R&D activities are as follows:

#### **(i) Market observation and feedback gathering**

We constantly keep abreast with the latest market requirements and trends as well as the digitalisation needs of businesses and companies in terms of financial management, including new functions or features that are sought after by businesses and companies, issues faced by businesses and companies in financial management that can be facilitated with the use of software, and preferences towards certain type of user interface. We also communicate with our Authorised Dealers who are mostly software solution providers regularly to discover the latest market requirements and preferences towards financial management software. All of these are insights to be used in our R&D activities to develop new software and enhance our existing software.



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**7. BUSINESS OVERVIEW (cont'd)**


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**(ii) Software design and development/ enhancement**

With information gathered from market observation and customer feedback, we conceptualise and design new software or new functions/ features to be added to our existing software. This includes setting out the modules and sub-modules required, integration and linkage between modules and sub-modules, user-interface, as well as technical details including programming language, computing platform, back-end server and database storage platform. Following which, we will develop the software according to the product design specifications.

**(iii) Software testing**

Upon the completion of software development, we will perform software testing such as functional testing and performance testing to ensure the software meets our requirements, stable for operation and free of bugs.

Once the new or enhanced software is ready for launching, we will carry out advertising and launching activities to market the new software, further details of which are set out in Section 7.6 of this Prospectus.

For the FYE 2020, FYE 2021 and FYE 2022, the R&D expenses incurred by our Group, comprising staff cost, amounted to RM0.46 million, RM0.76 million and RM0.60 million respectively, representing 2.34%, 2.58% and 1.56% of our Group's total revenue. Our Group did not incur any R&D expenses for the FYE 2019 as the R&D expenses incurred was for AutoCount Cloud Payroll at the material time, which did not have certainty in generating future economic benefits. AutoCount Cloud Payroll was launched in FYE 2019 with a free subscription period of 12 months and only commenced generating income since FYE 2020.

As part of our business strategies, we intend to put in continuous effort in improving our range of software offerings, whereby we intend to intensify and strengthen our R&D efforts by enhancing our software. Please refer to Section 7.8.2 of this Prospectus for further details on our business strategies and plans in intensifying our R&D efforts.

**7.11 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

In the FYE 2020, FYE 2021 and FYE 2022, our Group's purchases and outsource fees primarily comprise implementation, customisation and/or training services sourced from third parties for the provision of additional services to our direct end-user customers under the SME Business Digitalisation Grant, with further details set out in Section 7.2.3 of this Prospectus.

In the past 4 FYEs 2019 to 2022, we also subscribed to cloud computing and hosting platform for the hosting of our cloud-native software, and sourced for SQL runtime licence on Microsoft SQL Server for the usage of its database management system for our software. During the same period, we also sourced for POS hardware when requested by our customers, and for dongles which were used as one of the forms of delivery for our on-premise software.

In the FYE 2019, FYE 2020 and FYE 2021, we also outsourced some software development, upkeeping and/or maintenance works to a third party company solely for the localisation of our software for Singapore market.

**7. BUSINESS OVERVIEW (cont'd)**

The breakdown of our purchases and outsource fees for supplies and services in the past 4 FYEs 2019 to 2022 is as follows:

Category	Source	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Outsourced implementation, customisation and/or training services	Local	-	-	249	30.29	1,328	69.31	796	40.22
SQL runtime licence	Local	174	24.61	272	33.09	220	11.48	519	26.23
Subscription of cloud computing and hosting platform	Overseas	31	4.38	90	10.95	231	12.06	459	23.19
Dongle	Overseas	88	12.45	33	4.02	14	0.73	50	2.53
POS hardware	Local	142	20.09	12	1.46	23	1.20	10	0.51
Outsourced software development, upkeeping and/or maintenance services	Local	228	32.25	134	16.30	50	2.61	-	-
Others <sup>(1)</sup>	Local and overseas	44	6.22	32	3.89	50	2.61	145	7.32
<b>Total purchase and outsource fees</b>		<b>707</b>	<b>100.00</b>	<b>822</b>	<b>100.00</b>	<b>1,916</b>	<b>100.00</b>	<b>1,979</b>	<b>100.00</b>

**Note:**

- (1) Comprise mainly licence and subscription for, amongst others, website domain and software development programme, website hosting and maintenance, as well as payment gateway and online attendance tracking feature for our cloud-native software; printed course books to be provided to universities and colleges for education purpose; and purchase of other software such as additional plug-ins which are extended functions developed by our Authorised Dealers, for integration into our AutoCount software as required by our direct end-user customers.

During the past 4 FYEs 2019 to 2022 and up to LPD, our Group did not experience any difficulties in sourcing for supplies and services from our suppliers, and these supplies and services are not subject to price fluctuations.

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## 7. BUSINESS OVERVIEW (cont'd)

### 7.12 MAJOR CUSTOMERS

Our Group's top 5 major customers for the past 4 FYEs 2019 to 2022 are as follows:

#### FYE 2019

<u>Customer name</u>	<u>Software sold</u>	<u>Length of relationship as at LPD (Years)</u>	<u>Sales (RM '000)</u>	<u>% of our Group's revenue</u>
Accountsoft Enterprise Sdn Bhd	accounting software, POS software and payroll software	11	534	2.83
Ingenious Business Software Pte Ltd	accounting software	13	492	2.61
Asiasoft Business Solutions	accounting software, POS software and payroll software	14 <sup>(1)</sup>	418	2.21
SC Biz Solutions (Sabah) Sdn Bhd	accounting software, POS software and payroll software	14 <sup>(2)</sup>	408	2.16
Creative eWorld Pte Ltd	accounting software	15	364	1.93
<b>Sub-total</b>			<b>2,216</b>	<b>11.74</b>
<b>Total revenue</b>			<b>18,891</b>	<b>100.00</b>

#### FYE 2020

<u>Customer name</u>	<u>Software sold</u>	<u>Length of relationship as at LPD (Years)</u>	<u>Sales (RM '000)</u>	<u>% of our Group's revenue</u>
Ingenious Business Software Pte Ltd	accounting software and POS software	13	946	4.82
Accountsoft Enterprise Sdn Bhd	accounting software, POS software and payroll software	11	476	2.42
Rockbell International Software Pte Ltd	accounting software and POS software	13	472	2.40
Creative eWorld Pte Ltd	accounting software	15	459	2.34
Asiasoft Business Solutions	accounting software, POS software and payroll software	14 <sup>(1)</sup>	456	2.32
<b>Sub-total</b>			<b>2,809</b>	<b>14.30</b>
<b>Total revenue</b>			<b>19,638</b>	<b>100.00</b>

**7. BUSINESS OVERVIEW** *(cont'd)*
**FYE 2021**

<b>Customer name</b>	<b>Software sold</b>	<b>Length of relationship as at LPD (Years)</b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue</b>
Ingenious Business Software Pte Ltd	accounting software and POS software	13	2,387	8.10
Rockbell International Software Pte Ltd	accounting software and POS software	13	802	2.72
Accountsoft Enterprise Sdn Bhd	accounting software, POS software and payroll software	11	665	2.26
Creative eWorld Pte Ltd	accounting software	15	652	2.21
SC Biz Solutions (Sabah) Sdn Bhd	accounting software, POS software and payroll software	14 <sup>(2)</sup>	624	2.12
<b>Sub-total</b>			<b>5,130</b>	<b>17.41</b>
<b>Total revenue</b>			<b>29,483</b>	<b>100.00</b>

**FYE 2022**

<b>Customer name</b>	<b>Software sold</b>	<b>Length of relationship as at LPD (Years)</b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue</b>
Ingenious Business Software Pte Ltd	accounting software and POS software	13	2,050	5.30
Creative eWorld Pte Ltd	accounting software	15	927	2.39
Accountsoft Enterprise Sdn Bhd	accounting software, POS software and payroll software	11	920	2.38
Asiacare Service & Marketing Sdn Bhd	accounting software, POS software and payroll software	14 <sup>(1)</sup>	852	2.20
SC Biz Solutions (Sabah) Sdn Bhd	accounting software, POS software and payroll software	14 <sup>(2)</sup>	768	1.98
<b>Sub-total</b>			<b>5,517</b>	<b>14.25</b>
<b>Total revenue</b>			<b>38,717</b>	<b>100.00</b>

**Notes:**

- (1) Represents our business relationship with Asiacare Service & Marketing Sdn Bhd's predecessor, Asiasoft Business Solutions from 2009 to LPD.
- (2) Represents our business relationship with SC Biz Solutions (Sabah) Sdn Bhd's predecessor, SC Biz Solutions from 2009 to LPD.

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**7. BUSINESS OVERVIEW** *(cont'd)*

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For the past 4 FYEs 2019 to 2022, our top 5 major customers contributed 11.74%, 14.30%, 17.41% and 14.25% of our Group's total revenue respectively. All these major customers are our Authorised Dealers whereby they are software solution providers which are involved in the provision of solution offerings using our AutoCount software together with some customisations to provide vertical solutions to their customers.

We are not dependent on any of our major customers for the distribution of our AutoCount software as we have a wide network of Authorised Dealers. In the event that any of our Authorised Dealers cease to purchase from us, we do not expect any material impact to our revenue, as we would still be able to generate revenue from other existing Authorised Dealers or from new Authorised Dealers recruited by our Group.

Our Group enters into dealer agreements with our Authorised Dealers to distribute our AutoCount software to our end-user customers. The principal terms of the dealer agreements are set out below:-

- (i) The duration of the dealer agreements signed with our Authorised Dealers is generally 1 year, and are renewable upon expiry at our discretion;
- (ii) Our Authorised Dealers must not appoint any sub-dealer without our express written consent;
- (iii) Our Authorised Dealers' duties include to actively promote the sale of our products in Malaysia; to provide excellent quality after-sale supports to our end-user customers; to adhere to our minimum retail price policy as may be amended from time to time; to refrain from marketing, offering for sale, selling or otherwise transferring, directly or indirectly, our products to any person outside of Malaysia without our express written consent; to comply with the minimum sales targets set by us; and to purchase our products only from our Group and not from any other person or entity, wherever located; and
- (iv) Our Group's duties include to make available all series of our products with proper licensing methods that can be offered, distributed, and implemented by our Authorised Dealers to our end-user customers; to provide our Authorised Dealers with knowledge and technical supports on our products through training classes, telephone, email, messaging and online supports; and to assist our Authorised Dealers in selling and promoting our products by providing consultation on product functionality and marketing strategies.

Please refer to Section 7.2.3 of this Prospectus for further details of our arrangement with Authorised Dealers.

## 7. BUSINESS OVERVIEW (cont'd)

### 7.13 MAJOR SUPPLIERS

Our Group's top 5 suppliers for the past 4 FYEs 2019 to 2022 are as follows:

#### FYE 2019

<u>Supplier name</u>	<u>Products/ services sourced</u>	<u>Length of relationship as at LPD (Years)</u>	<u>Purchases (RM '000)</u>	<u>% of our Group's purchases</u>
Practical Software Solutions	Outsourced software development, upkeeping and/or maintenance services	4	228	32.25
VSTECS Astar Sdn. Bhd.	SQL runtime licences	12	174	24.61
McAMOS Technology Corporation	Dongles	8	88	12.45
AQ Technology Services	IT hardware	7	67	9.48
Evoteq Sdn Bhd	POS hardware	4	61	8.63
<b>Subtotal</b>			<b>618</b>	<b>87.42</b>
<b>Total purchases and outsource fees</b>			<b>707</b>	<b>100.00</b>

#### FYE 2020

<u>Supplier name</u>	<u>Products/ services sourced</u>	<u>Length of relationship as at LPD (Years)</u>	<u>Purchases (RM '000)</u>	<u>% of our Group's purchases</u>
VSTECS Astar Sdn. Bhd.	SQL runtime licences	12	272	33.09
Practical Software Solutions	Outsourced software development, upkeeping and/or maintenance services	4	134	16.30
Microsoft Regional Sales Group <sup>(1)</sup>	Cloud computing and hosting platform (Microsoft Azure)	5	90	10.95
McAMOS Technology Corporation	Dongles	8	33	4.01
UBX System Solution	Outsourced implementation, customisation and/or training services	3	17	2.07
<b>Subtotal</b>			<b>546</b>	<b>66.42</b>
<b>Total purchases and outsource fees</b>			<b>822</b>	<b>100.00</b>

**7. BUSINESS OVERVIEW** *(cont'd)*
**FYE 2021**

<b>Supplier name</b>	<b>Products/ services sourced</b>	<b>Length of relationship as at LPD (Years)</b>	<b>Purchases (RM '000)</b>	<b>% of our Group's purchases</b>
Microsoft Regional Sales Group <sup>(1)</sup>	Cloud computing and hosting platform (Microsoft Azure)	5	231	12.06
VSTECS Astar Sdn Bhd	SQL runtime licences	12	220	11.48
SHL Business Solutions Sdn Bhd	Outsourced implementation, customisation and/or training services	3 <sup>(2)</sup>	85	4.44
Total Esolution	Outsourced implementation, customisation and/or training services	3	82	4.28
KS Leow Business Solutions Plt	Outsourced implementation, customisation and/or training services	3	79	4.12
<b>Subtotal</b>			<b>697</b>	<b>36.38</b>
<b>Total purchases and outsource fees</b>			<b>1,916</b>	<b>100.00</b>

**FYE 2022**

<b>Supplier name</b>	<b>Products/ services sourced</b>	<b>Length of relationship as at LPD (Years)</b>	<b>Purchases (RM '000)</b>	<b>% of our Group's purchases</b>
VSTECS Astar Sdn Bhd	SQL runtime licences	12	519	26.23
Microsoft Regional Sales Group <sup>(1)</sup>	Cloud computing and hosting platform (Microsoft Azure)	5	449	22.69
Total Esolution	Outsourced implementation, customisation and/or training services	3	81	4.09
Vision Tech Worldwide Sdn Bhd	Outsourced implementation, customisation and/or training services	2	65	3.28
SHL Business Solutions Sdn Bhd	Outsourced implementation, customisation and/or training services	3 <sup>(2)</sup>	64	3.23
<b>Subtotal</b>			<b>1,178</b>	<b>59.52</b>
<b>Total purchases and outsource fees</b>			<b>1,979</b>	<b>100.00</b>

**Notes:**

- (1) Comprises Microsoft Regional Sales Corporation and Microsoft Regional Sales Pte Ltd.  
(2) Represents our business relationship with SHL Business Solutions Sdn Bhd's predecessor, SHL Business Solutions Provider from 2020 to LPD.

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**7. BUSINESS OVERVIEW** *(cont'd)*

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For the past 4 FYEs 2019 to 2022, our top 5 suppliers contributed 87.42%, 66.42%, 36.38% and 59.52% of our total purchases and outsource fees, respectively. The main products and services that we sourced from these major suppliers were implementation, upkeeping and/or maintenance services as well as software development, upkeeping and/or maintenance services focusing on localisation for our software which were outsourced to third parties; SQL runtime licences on Microsoft SQL Server for the usage of its database management system for our software; cloud computing and hosting platform for the hosting of our cloud-native software, dongles that are used as one of the forms of delivery for our on-premise software and POS hardware when requested by our customers.

Based on the tables above, some of our major suppliers contributed more than 10.00% of our purchases and outsource fees in the past 4 FYEs 2019 to 2022 (i.e. Practical Software Solutions, VSTECS Astar Sdn Bhd, McAMOS Technology Corporation and Microsoft Regional Sales Group). Nevertheless, we are not dependent on these suppliers as such products and/or services that we purchased from these suppliers are readily available in the market. In the event that these suppliers cease selling to us, we can easily source for similar products and/or services from other suppliers in the market.

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**7. BUSINESS OVERVIEW (cont'd)**


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**7.14 INTERRUPTIONS TO BUSINESS AND OPERATIONS**

In May 2022, our business and operations faced a minor temporary interruption in our AutoCount Cloud Payroll pursuant to a service interruption experienced by one of the hosting platforms of our third party cloud computing and hosting platform which hosted our AutoCount Cloud Payroll. Immediately upon identifying the issue, our Group closely assessed, investigated and monitored the interruptions to our AutoCount Cloud Payroll and worked closely with our third party cloud computing and hosting platform to troubleshoot and to identify the cause of the service interruptions in the hosting platform. Consequent to this, our users experienced an average 5 hours of slow or limited access to one of the modules of our AutoCount Cloud Payroll for 10 days. During the interruption, we had been communicating with our dealers and/or users to provide assistance where possible, as well as liaising with the third party cloud computing and hosting platform to identify the cause of the service interruptions. After performing several rounds of testing, in the evening of the 10<sup>th</sup> day of service interruptions, we switched our hosting server to an alternative hosting server under the same third party cloud computing and hosting platform, which resolved the interruption to our AutoCount Cloud Payroll where the full access to the software has since reverted to normal. As such, there was no material impact to our reputation arising from this incident. The third party cloud computing and hosting platform had also resolved the service interruptions arising from one of their hosting platforms which our AutoCount Cloud Payroll was previously hosted on. Our Group voluntarily extended the subscription terms by 1 month for end-user customers who subscribed for yearly plan, and waived the subscription fees for the affected module for 1 month for end-user customers who subscribed for monthly plan, to compensate the affected end-user customers. The loss of revenue arising from such compensations amounted to approximately RM0.04 million for the FYE 2022. The cost arising from such compensation was borne by our Group and it did not affect the respective Authorised Dealers' commissions.

During the interruption period where our users experienced slow or limited access to our AutoCount Cloud Payroll, we received complaints from our end-user customers as well as our Authorised Dealers. However, there were no claims received from our end-user customers or our Authorised Dealers. Save for this event, there was no other similar event for the Financial Years Under Review and up to LPD.

Further, our business and operations faced minor temporary interruption pursuant to the outbreak of the COVID-19 pandemic in the countries we operate in and transact. Details are as follows:

**(i) Impact on our business operations****Malaysia operations**

Since the outbreak of COVID-19 pandemic in March 2020, there were several rounds of office closure due to lockdown measures imposed by the Government of Malaysia, as our business is not deemed as essential services and we were not allowed to open our office.

During the periods of office closure, our employees continued to work from home and hence, our business operations were able to continue. We did not face any disruption in the procurement and receipt of supplies and services from our suppliers nor face any disruption in software delivery to our customers. However, there were minimal interruptions to our business operations as we were unable to conduct physical meetings and trainings with our employees and Authorised Dealers, or perform software implementation physically at our end-user customers' office. Nevertheless, we conducted virtual meeting and training sessions, and performed software implementation remotely. At the same time, our Authorised Dealers were also required to close their office as they are not deemed as essential services. Although our Authorised Dealers were unable to conduct physical software implementation at their customers' office, they continued to conduct software implementation remotely. As such, there was minimal impact to our business operations in Malaysia pursuant to the outbreak of the COVID-19 pandemic.

## 7. BUSINESS OVERVIEW (cont'd)

Our office commenced operation on November 2021 and we complied to the SOPs set by the Government of Malaysia throughout the COVID-19 pandemic period. As at LPD, we have stopped adopting hybrid working arrangement where all our employees have returned to office.

### **Singapore operations**

Since the imposition of circuit breaker (“CB”) in April 2020, our office had been closed until the re-opening of our office in March 2021 with limitation on workforce capacity as our Group was deemed as non-essential services.

During the periods of office closure, our employees continued to work from home and hence, our business operations were able to continue. We did not face any disruption in the procurement and receipt of supplies and services from our suppliers nor face any disruption in software delivery to our customers. Save for the restrictions on conducting physical meetings and trainings with our employees and Authorised Dealers as well as inability to perform software implementation physically, there was no other impact to our business operations in Singapore pursuant to the outbreak of the COVID-19 pandemic.

As at LPD, we have stopped adopting hybrid working arrangement where all our employees have returned to office.

### **(ii) Impact on our business cash flows, liquidity, financial position and financial performance**

Despite several rounds of office closure during the COVID-19 pandemic, there was no material impact to our business operations and we managed to record revenue growth for the FYE 2020, FYE 2021 and FYE 2022. Hence, there was no impact to our financial performance pursuant to the outbreak of the COVID-19 pandemic. Further, there was also no material impact on the collectability of our trade receivables. As at LPD, we do not expect any major adverse impact to our financial performance for the FYE 2023 as our Group continues to operate as usual.

Further details on our cash and bank balances as at LPD are as set out in Section 12.4.1 of this Prospectus. Our Board is confident that, after taking into account our cash and bank balances currently available to our Group, our working capital will be sufficient for our capital/operating expenditure and to sustain our business.

Based on the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance.

### **(iii) Strategy and steps taken to address the impact of COVID-19**

In response to the COVID-19 pandemic, our Group has established a standard safety protocol prior to the endemic phase to protect employees and customers against COVID-19 infection in accordance with the government’s latest guidelines.

As Malaysia and Singapore have entered into the endemic phase, our Group currently practices the following standard safety protocol:

- (a) Wearing of face masks at work places;
- (b) Employees are encouraged to sanitise and wash their hands with soap and water frequently throughout the day; and
- (c) Weekly saliva rapid antigen test for all employees who attend to office.

**7. BUSINESS OVERVIEW (cont'd)****(iv) COVID-19 incidents related to our employees**

Since the outbreak of the COVID-19 pandemic and up to LPD, we have recorded 65 confirmed cases for COVID-19, comprising employees from all departments. The occurrence of confirmed cases for COVID-19 did not cause any impact to our Group's operations at any point in time. Upon every confirmation of positive cases, our Group has taken the necessary steps according to the guidelines released by the Government of Malaysia, to minimise the risk of cross infection and to ensure safety of our employees and work places.

To comply with the SOPs imposed since March 2020 and up until LPD, our Group had incurred additional costs amounting to approximately RM0.07 million, which is not material to our Group. The additional costs include, amongst others, the COVID-19 testing costs, disinfection costs, quarantine costs and purchase of face masks and sanitisers.

We also received wage subsidies amounting to a total of approximately RM0.08 million from the Government of Singapore under several schemes such as Wage Credit Scheme (WCS) and Jobs Support Scheme (JSS), between FYE 2020 and up to LPD. Our Group did not participate in wage subsidy programmes initiated by the Malaysian Government to cushion the economic impact of the COVID-19 pandemic.

As at LPD, our Group has not been in breach of any laws relating to COVID-19 restrictions and/or SOPs issued by the relevant authorities.

Save for minimal interruptions to our operations arising from an interruption in our AutoCount Cloud Payroll and COVID-19 pandemic as detailed above, our Group had not experienced any major interruptions to our operations which had a significant or adverse impact on our business during the past 12 months preceding LPD.

**7.15 SEASONALITY AND CYCLICALITY**

For the Financial Years Under Review, our Group's business had recorded marginally higher sales during the month of December every year due to the increase in software purchase received from our Authorised Dealers and end-user customers. This may be due to end-user customers' (i.e. businesses and companies) preference in adopting new software prior to the beginning of a new calendar year in the month of January which may generally coincide with the beginning of a new financial year. Nevertheless, there has been no material adverse impact to our Group arising from this seasonality effect.

There was no cyclical pattern in the revenue of our Group during the Financial Years Under Review.

**7.16 EMPLOYEES**

The breakdown of our employees by business function or department is as follows:-

(i) As at 31 December 2019

<u>Department/ Division</u>	<u>Permanent</u>		<u>Contract/ temporary</u>		<u>Total</u>
	<u>Local</u>	<u>Foreign</u>	<u>Local</u>	<u>Foreign</u>	
Directors	2	-	-	-	2
Key Senior Management	3	-	-	-	3
Finance	3	-	-	-	3
Internal audit	-	-	-	-	-

**7. BUSINESS OVERVIEW (cont'd)**

<b>Department/ Division</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Human resources and administration	5	-	-	-	5
Licensing	2	-	-	-	2
Education and training	5	-	-	-	5
Customer support	25	-	-	-	25
Software development	21	1 <sup>(1)</sup>	1	-	23
Sales and marketing	22	2 <sup>(2)</sup>	-	-	24
<b>Total</b>	<b>88</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>92</b>

(ii) As at 31 December 2020

<b>Department/ Division</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Directors	2	-	-	-	2
Key Senior Management	3	-	-	-	3
Finance	5	-	-	-	5
Internal audit	-	-	-	-	-
Human resources and administration	5	-	-	-	5
Licensing	2	-	-	-	2
Education and training	5	-	-	-	5
Customer support	25	-	-	-	25
Software development	16	1 <sup>(1)</sup>	1	-	18
Sales and marketing	22	2 <sup>(2)</sup>	-	-	24
<b>Total</b>	<b>85</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>89</b>

(iii) As at 31 December 2021

<b>Department/ Division</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Directors	2	-	-	-	2
Key Senior Management	3	-	-	-	3
Finance	4	-	-	-	4
Internal audit	1	-	-	-	1
Human resources and administration	5	-	1	-	6
Licensing	2	-	-	-	2
Education and training	5	-	-	-	5
Customer support	22	-	-	-	22
Software development	22	1 <sup>(1)</sup>	1	-	24
Sales and marketing	23	2 <sup>(2)</sup>	-	-	25
<b>Total</b>	<b>89</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>94</b>

**7. BUSINESS OVERVIEW (cont'd)**

(iv) As at 31 December 2022

<b>Department/ Division</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Directors	2	-	-	-	2
Key Senior Management	3	-	-	-	3
Finance	7	-	-	-	7
Internal audit	1	-	-	-	1
Human resources and administration	5	-	2	-	7
Licensing	2	-	-	-	2
Education and training	5	-	-	-	5
Customer support	28	-	-	-	28
Software development	29	1 <sup>(1)</sup>	1	-	31
Sales and marketing	27	1 <sup>(2)</sup>	-	-	28
<b>Total</b>	<b>109</b>	<b>2</b>	<b>3</b>	<b>-</b>	<b>114</b>

**Notes:**

(1) Refers to a foreign employee based in our Malaysia office.

(2) Refers to foreign employees based in our Singapore office.

The table below sets out the breakdown of our employees by business function or department as at LPD:

<b>Department/ Division</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Directors	2	-	-	-	2
Key Senior Management	3	-	-	-	3
Finance	7	-	-	-	7
Internal audit	1	-	-	-	1
Human resources and administration	6	-	1	-	7
Licensing	2	-	-	-	2
Education and training	4	-	-	-	4
Customer support	31	-	-	-	31
Software development	29	1 <sup>(1)</sup>	1	-	31
Sales and marketing	25	1 <sup>(2)</sup>	-	-	26
<b>Total</b>	<b>110</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>114</b>

**Notes:**

(1) Refers to a foreign employee based in our Malaysia office.

(2) Refers to a foreign employee based in our Singapore office.

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**7. BUSINESS OVERVIEW** *(cont'd)*

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As at LPD, we employ a total of 114 employees, of which 110 are permanent local employees, 2 are permanent foreign employees and the remaining 2 are contractual local employees. In the past 4 FYEs 2019 to 2022 and up to LPD, we did not face any shortage of employees that materially affected our business operations.

None of our employees, whether permanent or contractual, belong to any labour union. In the past 4 FYEs 2019 to 2022 and up to LPD, we have not experienced any strikes or other disruptions due to labour disputes. In addition, our management has had and will continue to have good working relationships with our employees.



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**7. BUSINESS OVERVIEW** (cont'd)**7.17 INTELLECTUAL PROPERTY RIGHTS**

- (i) Our Group is not highly dependent on any of the trademarks in view that our business and profitability are more dependent on other contributing factors such as our experienced Executive Directors and Key Senior Management team, our in-house supporting system, our wide Authorised Dealer network and others as outlined in Section 7.7 of this Prospectus. We do not foresee any material impact to our Group's business or profitability in the event of non-approval for registration/ renewal of the trademarks. For clarification purpose, our Group has applied for registration of trademarks in certain countries where our Group does not have customers as at LPD as part of its long term expansion plan.
- (ii) Save for the registered trademarks/ applications for registration as disclosed below, our Group does not have any trademarks, registrations, applications for registration and other intellectual property rights as at LPD:

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
1.	ACSB		Intellectual Property Corporation of Malaysia	<u>Trademark Number</u> 2017009060	<u>Status</u> Registered  <u>Validity Period</u> From 22 August 2017 until 22 August 2027	<u>Class 42</u>  Design and development of computer hardware and software; all included in Class 42
2.	ACSB		Intellectual Property Corporation of Malaysia	<u>Application Number</u> TM2019016108	<u>Status</u> Hearing pending <sup>(1)</sup>  <u>Validity Period</u> N/A	<u>Class 9</u>  Application software; computer programs, downloadable; computer programs, recorded; computer software applications, downloadable; computer software packages; computer software platforms; computer software applications, downloadable; all included in Class 9

## 7. BUSINESS OVERVIEW (cont'd)


No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
3.	ACSB		Intellectual Property Corporation of Malaysia	<u>Application Number</u> TM2019016109	<u>Status</u> Hearing pending <sup>(2)</sup>  <u>Validity Period</u> N/A	<u>Class 42</u>  Computer software consultancy; Computer software design; Software design and development; Maintenance of computer software; Installation of computer software; Updating of computer software; Software-as-a-service (SaaS); Development of computer software application solutions; all included in Class 42.
4.	ACSB		Intellectual Property Corporation of Malaysia	<u>Application Number</u> TM2021034752	<u>Status</u> Hearing pending <sup>(3)</sup>  <u>Validity Period</u> N/A	<u>Class 9</u>  Application software for cloud computing; application software; artificial intelligence software; cloud computing software; cloud servers; compact discs (CDs), digital video disk (DVDs) and other digital recording media; computer hardware, firmware and software; computer peripherals and accessories; digital recording media; downloadable cloud-based software; downloadable digital books; downloadable media; downloadable multimedia files; software; tax preparation software.  <u>Class 42</u>  IT programming services; advisory services relating to computer software; building and maintaining websites; cloud computing; cloud computing consultancy; computer code conversion for others;



**7. BUSINESS OVERVIEW** *(cont'd)*

<b>No.</b>	<b>Company</b>	<b>Trade Mark</b>	<b>Governing/ Issuing Authority</b>	<b>Trademark Number/ Application Number</b>	<b>Status/ Validity Period</b>	<b>Type of Trademark</b>
						computer database design; computer rental; computer software consulting; computer software rental; computer support services (programming and software installation, repair and maintenance services); computer systems design and analysis; computer systems development; computer systems integration services; computer technology consultancy; computerised data storage; computerised data storage; configuration of computer systems and networks; consultancy services relating to software used in the field of e-commerce; creating and maintaining web sites; design and development of software in the field of mobile applications; design and development of systems for data input, output, processing, display and storage; developing computer programmes for electronic cash register systems; diagnosis of computer software problems; electronic storage of data; hosting of databases; information technology consultancy; off-site data back-up; programming of software for database management; rental of software; research in the field of computer hardware and software; research in the field of telecommunications technology.


**7. BUSINESS OVERVIEW** (cont'd)

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
5.	ACSB		Intellectual Property Corporation of Malaysia	<u>Application Number</u> TM2021034751	<u>Status</u> Hearing pending <sup>(4)</sup>  <u>Validity Period</u> N/A	<u>Class 9</u>  Application software for cloud computing; application software; artificial intelligence software; cloud computing software; CDs; cloud servers; compact discs, DVDs and other digital recording media; computer hardware, firmware and software; computer peripherals and accessories; digital recording media; downloadable cloud-based software; downloadable digital books; downloadable media; downloadable multimedia files; software; tax preparation software.  <u>Class 42</u>  IT programming services; advisory services relating to computer software; building and maintaining websites; cloud computing; cloud computing consultancy; computer code conversion for others; computer database design; computer rental; computer software consulting; computer software rental; computer support services (programming and software installation, repair and maintenance services); computer systems design and analysis; computer systems development; computer systems integration services; computer technology consultancy; computerised data storage; computerised data storage; configuration


**7. BUSINESS OVERVIEW** *(cont'd)*

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
						of computer systems and networks; consultancy services relating to software used in the field of e-commerce; creating and maintaining web sites; design and development of software in the field of mobile applications; design and development of systems for data input, output, processing, display and storage; developing computer programmes for electronic cash register systems; diagnosis of computer software problems; electronic storage of data; hosting of databases; information technology consultancy; off-site data back-up; programming of software for database management; rental of software; research in the field of computer hardware and software; research in the field of telecommunications technology.



## 7. BUSINESS OVERVIEW (cont'd)

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
6.	ACSB		Intellectual Property Corporation of Malaysia	<u>Application Number</u> TM2021034753	<u>Status</u> Hearing pending <sup>(5)</sup>  <u>Validity Period</u> N/A	<u>Class 9</u>  Application software for cloud computing; application software; artificial intelligence software; cloud computing software; cloud servers; compact discs, DVDs and other digital recording media; computer hardware, firmware and software; computer peripherals and accessories; digital recording media; downloadable cloud-based software; downloadable digital books; downloadable media; downloadable multimedia files; software; tax preparation software.  <u>Class 42</u>  IT programming services; advisory services relating to computer software; building and maintaining websites; cloud computing; cloud computing consultancy; computer code conversion for others; computer database design; computer rental; computer software consulting; computer software rental; computer support services (programming and software installation, repair and maintenance services); computer systems design and analysis; computer systems development; computer systems integration services; computer technology consultancy; computerised data storage; computerised data storage; configuration



**7. BUSINESS OVERVIEW** (cont'd)

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
						of computer systems and networks; consultancy services relating to software used in the field of e-commerce; creating and maintaining websites; design and development of software in the field of mobile applications; design and development of systems for data input, output, processing, display and storage; developing computer programmes for electronic cash register systems; diagnosis of computer software problems; electronic storage of data; hosting of databases; information technology consultancy; off-site data back-up; programming of software for database management; rental of software; research in the field of computer hardware and software; research in the field of telecommunications technology.
7.	ACSB		Registrar of Trade Mark Singapore	<u>Trademark Number</u> 40201909963S	<u>Status</u> Registered  <u>Validity Period</u> From 7 May 2019 until 7 May 2029	<u>Class 09</u>  Accounting computer terminals; business programmes for computers; computer programs (downloadable software); computer software; computer software applications, downloadable; computer software downloaded from the internet; computer software for accounting systems; computer software packages; data processing programmes; encoded programmes for computers; magnetic discs bearing computer programmes; optical programme storage apparatus.



## 7. BUSINESS OVERVIEW (cont'd)

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
8.	ACSB		Registrar of Trade Mark Singapore	<u>Trademark Number</u> 40201720851V	<u>Status</u> Registered  <u>Validity Period</u> From 19 October 2017 until 19 October 2027	<u>Class 42</u>  Design and development of computer hardware and software.
9.	ACSB		China National Intellectual Property Administration	<u>Trademark Number</u> 27720422	<u>Status</u> Registered  <u>Validity Period</u> From 21 June 2019 until 20 June 2029	<u>Class 42</u>  计算机编程; 计算机软件设计; 计算机软件更新; 计算机硬件设计和开发咨询; 计算机软件维护; 计算机软件安装; 软件运营服务 (SaaS); 信息技术咨询服务; 电子数据存储; 云计算 (截止)  Computer programming; computer software design; computer software update; computer hardware design and development consulting; computer software maintenance; computer software installation; software operation services (SaaS); information technology consulting services; electronic data storage; cloud computing (end)

## 7. BUSINESS OVERVIEW (cont'd)



No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
10.	ACSB		Intellectual Property Office Minister of Economic Affairs (Taiwan)	<u>Trademark Number</u> 02058762	<u>Status</u> Registered  <u>Validity Period</u> From 16 May 2020 until 15 May 2030	<u>Class 009</u>  Computer programs, recorded; computer operating programs, recorded; computer programs, downloadable; computer software, recorded; computer software applications, downloadable; computer software platforms, recorded or downloadable
11.	ACSB		Ministry of Law and Human Rights (Indonesia)	<u>Trademark Number</u> IDM00777912	<u>Status</u> Registered  <u>Validity Period</u> From 4 December 2017 until 4 December 2027	<u>Class 42</u>  Software-as-a-service; Platform as a service; Computer support services (programming and software installation, repair and maintenance services); Computer support services (computer hardware, software and peripherals advisory and information services); Cloud computing, Computer software engineering; Development of computer software application solutions; Design and development of computer software (for others); Data storage (other than physical storage); Computer software programming services.

**7. BUSINESS OVERVIEW** (cont'd)



No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
12.	ACSB		Ministry of Commerce General Directorate of Trade Support Services Department of Intellectual Property (Cambodia)	<u>Trademark Number</u> KH/72314/19	<u>Status</u> Registered  <u>Validity Period</u> From 2 January 2018 until 2 January 2028	<u>Class 42</u>  Cloud computing; Data storage (other than physical storage); Design and development of computer software (for others); Development of computer software application solutions; Computer software engineering; Computer software programming services; Computer support services (computer hardware, software and peripherals advisory and information services); Computer support services (programming and software installation, repair and maintenance services); Platform as a service; Software-as-a-service.
13.	ACSB		Ministry of Commerce General Directorate of Trade Support Services Department of Intellectual Property (Cambodia)	<u>Trademark Number</u> KH/82828/21	<u>Status</u> Registered  <u>Validity Period</u> From 16 October 2019 until 16 October 2029	<u>Class 9</u>  Computer programs, recorded; computer operating programs, recorded; computer programs, downloadable; computer software, recorded; computer software applications, downloadable; computer software platforms, recorded or downloadable.





**7. BUSINESS OVERVIEW** (cont'd)

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
14.	ACSB		Intellectual Property Office of The Philippines	<u>Trademark Number</u> 4/2019/00016798	<u>Status</u> Registered  <u>Validity Period</u> From 30 March 2020 until 30 March 2030	<u>Class 9</u>  Computer programs, recorded; computer operating programs, recorded; computer software, recorded; computer software applications, downloadable; computer software platforms, recorded or downloadable
15.	ACSB	  AC AUTO COUNT	Intellectual Property Office of The Philippines	<u>Trademark Number</u> 4/2017/00018980	<u>Status</u> Registered  <u>Validity Period</u> From 29 March 2018 until 29 March 2028	<u>Class 42</u>  Cloud Computing; Data storage (other than physical storage); Design and development of computer software (for others); Development of computer software application solutions; Computer software engineering; Computer software programming services; Computer support services (computer hardware, software and peripherals advisory and information services); Computer support services (programming and software installation, repair and maintenance services); Platform as a service; Software-as-a-service; as far as included in Class 42 and not in other classes.

## 7. BUSINESS OVERVIEW (cont'd)

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
16.	ACSB		Department of Intellectual Property (Thailand)	<u>Trademark Number</u> 211115295	<u>Status</u> Registered  <u>Validity Period</u> From 18 November 2019 until 17 November 2029	<u>Class 9</u>  <u>Goods/services list:</u> Applications, downloadable; computer programs, downloadable; computer programs, recorded; computer software; computer software platforms.
17.	ACSB		Department of Intellectual Property (Thailand)	<u>Trademark Number</u> 221118315	<u>Status</u> Registered  <u>Validity Period</u> From 16 June 2022 until 21 March 2031	<u>Class 42</u>  1. electronic data storage on internet services; 2. online data storage services; 3. design of computer software; 4. advisory and consulting services for computer software application solutions; 5. computer engineering; 6. computer software programming services; 7. computer technology consultancy; 8. advice relating to the design of computer hardware; 9. Maintenance for computer software; 10. Computer software development; 11. Updating of computer software; 12. Improving and maintaining software for computer database;

**7. BUSINESS OVERVIEW** (cont'd)

No.	Company	Trade Mark	Governing/ Issuing Authority	Trademark Number/ Application Number	Status/ Validity Period	Type of Trademark
						13. Installation of computer program services; 14. Advisory services for setting up computer system.
18.	ACSB		Ministry of Science and Technology Intellectual Property Office of Vietnam	<u>Trademark Number</u> 413895	<u>Status</u> Registered  <u>Validity Period</u> From 15 October 2019 until 14 October 2029	<u>Class 9</u>  Computer programs, recorded; computer operating programs, recorded; computer programs, downloadable; computer software, recorded; computer software applications, downloadable; computer software platforms, recorded or downloadable.
19.	ACSB		Ministry of Science and Technology Intellectual Property Office of Vietnam	<u>Trademark Number</u> 352432	<u>Status</u> Registered  <u>Validity Period</u> From 4 June 2020 until 22 November 2027	<u>Class 42</u>  Cloud Computing; Data storage (other than physical storage); Design and development of computer software (for others); Development of computer software application solutions; Computer software engineering; Computer software programming services; Computer support services (computer hardware, software and peripherals advisory and information services); Computer support services (programming and software installation, repair and maintenance services); Platform as a service; Software-as-a-service.

## 7. BUSINESS OVERVIEW *(cont'd)*

### Notes:

- (1) Intellectual Property Corporation of Malaysia has issued a Conditional Approval Letter dated 25 April 2022 in relation to filing of registration for such trade mark by ACSB. In relation hereto, Intellectual Property Corporation of Malaysia has imposed a condition whereby registration of such trade mark shall give no right to exclusive use of the word "Autocount". ACSB has on 9 June 2022 applied for the hearing procedures in order to enjoy the exclusive rights in relation to such trade mark and now pending the hearing date to be determined by Intellectual Property Corporation of Malaysia, which has yet to be fixed as at LPD. For clarification purpose, Intellectual Property Corporation of Malaysia has not assigned any specific reason for imposing the aforementioned condition.
- (2) Intellectual Property Corporation of Malaysia has issued a Conditional Approval Letter dated 22 April 2022 in relation to filing of registration for such trade mark by ACSB. In relation hereto, Intellectual Property Corporation of Malaysia has imposed a condition whereby registration of such trade mark shall give no right to exclusive use of the word "Autocount". ACSB has on 9 June 2022 applied for the hearing procedures in order to enjoy the exclusive rights in relation to such trade mark and now pending the hearing date to be determined by Intellectual Property Corporation of Malaysia, which has yet to be fixed as at LPD. For clarification purpose, Intellectual Property Corporation of Malaysia has not assigned any specific reason for imposing the aforementioned condition. Additionally, this registration also expanded the claims on the type of trademark under Class 42 as compared to the Trademark Number 2017009060.
- (3) Intellectual Property Corporation of Malaysia has issued a Provisional Refusal Notice dated 8 July 2022 in relation to filing of registration for such trade mark by ACSB. In relation hereto, Intellectual Property Corporation of Malaysia has cited the reason whereby such trademark is a letter/representation/word that is not expressed/depicted in a special or unique way and not have distinctive features, and hence does not comply with the requirements of Trademarks Act 2019. ACSB has on 1 August 2022 applied for the hearing procedures in relation to the foregoing decision made by Intellectual Property Corporation of Malaysia and now pending the hearing date to be determined by Intellectual Property Corporation of Malaysia, which has yet to be fixed as at LPD.
- (4) Intellectual Property Corporation of Malaysia has issued a Provisional Refusal Notice dated 8 July 2022 in relation to filing of registration for such trade mark by ACSB. In relation hereto, Intellectual Property Corporation of Malaysia has cited the reason whereby such trademark is a letter/representation/word that is not expressed/depicted in a special or unique way and not have distinctive features, in addition, such trade mark is almost identical to an existing registered trade mark and the associated goods/ services thereto, and hence does not comply with the requirements of Trademarks Act 2019. ACSB has on 1 August 2022 applied for the hearing procedures in relation to the foregoing decision made by Intellectual Property Corporation of Malaysia and now pending the hearing date to be determined by Intellectual Property Corporation of Malaysia, which has yet to be fixed as at LPD.

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## **7. BUSINESS OVERVIEW** *(cont'd)*

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- (5) Intellectual Property Corporation of Malaysia has issued a Provisional Refusal Notice dated 8 July 2022 in relation to filing of registration for such trade mark by ACSB. In relation hereto, Intellectual Property Corporation of Malaysia has cited the reason whereby such trademark is a letter/representation/word that is not expressed/depicted in a special or unique way and not have distinctive features, and hence does not comply with the requirements of Trademarks Act 2019. ACSB has on 1 August 2022 applied for the hearing procedures in relation to the foregoing decision made by Intellectual Property Corporation of Malaysia and now pending the hearing date to be determined by Intellectual Property Corporation of Malaysia, which has yet to be fixed as at LPD.

### **7.18 GOVERNING LAWS AND REGULATIONS**

The following is an overview of the regulatory requirements governing our Group which are material to our business operation, which is not intended to be an exhaustive description of all laws and regulations to which our business is subject to:-

#### **Governing laws and regulations relating to Malaysia**

##### **7.18.1 Personal Data Protection Act, 2010 (“PDPA”)**

PDPA is an act to regulate the processing of personal data in commercial transactions to protect personal data of common interest and to ensure information security, network reliability and integrity. Any person or body corporate involved in the processing of personal data must comply with the Personal Data Protection Principles set out in the PDPA. Contravention of the Personal Data Protection Principles shall commit an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 2 years or to both.

Our Group has adopted data processing and protection policies which are in line with the PDPA.

##### **7.18.2 Local Government Act, 1976 (“LGA”)**

LGA is an act to revise and consolidate the laws relating to the local authorities and provides that every local authority shall have the powers to make by-laws conferred upon it by the LGA including, but not limited to, the maintenance of health, safety and well-being of inhabitants of the local authority area. These powers include the issuance of licences and the imposition of any conditions and restrictions on such licences as the local authorities see fit. Any person who contravenes any of the provisions of the LGA and/ or the by-laws of the relevant local authorities shall be liable for an offence and shall on conviction, be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both.

As at LPD, our Group holds and maintains valid business licence issued by the Petaling Jaya City Council and Klang Municipal Council. Please refer to Section 7.19 of this Prospectus for further details and particulars.

**7. BUSINESS OVERVIEW** *(cont'd)***7.18.3 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHAAA")**

EMSHAAA is an act which principally prescribe the minimum standards of housing and nurseries for employees and their dependants, accommodations for employees not accompanied by dependants and centralized accommodations. EMSHAAA provides that no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. Accommodation is defined under the said legislation to mean any permanent or temporary building or structure including any house, hut, shed or roofed enclosure used for the purpose of human habitation and includes centralised accommodation. An employer who provides accommodation without certification with a Certificate for Accommodation commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

As at LPD, our Group holds and maintains valid Certificate for Accommodation issued by the Department of Labour Peninsular Malaysia, Ministry of Human Resources. Please refer to Section 7.19 for further details and particulars.

Governing laws and regulations relating to Singapore

For clarification purpose, our Group had registered with Accounting and Corporate Regulatory Authority (ACRA) and is not required to obtain any special licence or permits to carry out its business activities in Singapore. For avoidance of doubt, our Group do not require a business license to operate in Singapore due to its business nature and activities undertaken.

**7.19 MATERIAL LICENCES, PERMITS AND APPROVALS**

Details of material licences, permits and approvals obtained for our Group's business as at LPD are as follows:

<b>Issuing Authority</b>	<b>Company</b>	<b>Description of approval / license / permit</b>	<b>License / Reference no.</b>	<b>Validity Period</b>	<b>Major conditions imposed</b>	<b>Status of compliance</b>
Petaling Jaya City Council	ACSB	Trade, business and industry licence for B2-3A-01 & B2-3A-02, Level 3A, Block B2, Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara 47301 Petaling Jaya	L2540000628063	<u>Effective Date</u> 15 January 2023  <u>Expiry Date</u> 31 December 2023	Not applicable	-

## 7. BUSINESS OVERVIEW (cont'd)

Issuing Authority	Company	Description of approval / license / permit	License / Reference no.	Validity Period	Major conditions imposed	Status of compliance
Klang Municipal Council	ACSB	Business licence for No. 39 Ground Floor, 2 <sup>nd</sup> Floor & 3 <sup>rd</sup> Floor Jalan Bayu Laut 1/KS09, Kota Bayuemas, 41200 Klang	LL100296723	<u>Effective Date</u> 1 January 2023  <u>Expiry Date</u> 31 December 2023	Not applicable	-
Klang Municipal Council	ACSB	Business licence for No. 39-1, Jalan Bayu Laut 1/KS09, Kota Bayuemas, 41200 Klang	LL100296423	<u>Effective Date</u> 1 January 2023  <u>Expiry Date</u> 31 December 2023	Not applicable	-
Government (represented by the Minister of Finance Malaysia and Minister of International Trade and Industry Malaysia)	ACSB	MSC Malaysia Status Certificate	Certificate Number: 1816	<u>Effective Date</u> 26 September 2007  <u>Expiry Date</u> Not applicable	Not applicable	-

## 7. BUSINESS OVERVIEW *(cont'd)*

Issuing Authority	Company	Description of approval / license / permit	License / Reference no.	Validity Period	Major conditions imposed	Status of compliance
Department of Labour Peninsular Malaysia, Ministry of Human Resources	ACSB	Certificate for Accommodation at A-7-9, Block A, Pacific Place, Jalan PJU 1A/4, Ara Damansara, 47301 Petaling Jaya, Selangor	Certificate Number: AC/11001/2023/0128	<u>Effective Date</u> 26 January 2023  <u>Expiry Date</u> 26 January 2026	Not applicable	-

In the past, our Group has not encountered any difficulties in renewing the licences, permits and approvals, where applicable. In addition, our Group is not highly dependent on any of the licences, permits and approvals. For clarification purpose, there are no material licenses, permits and approvals required by our Group for our business operations in Singapore.

### 7.20 ENVIRONMENTAL MATTERS

As at LPD, there are no environmental issues that may materially affect our Group's business or operations.



## 7. BUSINESS OVERVIEW (cont'd)

### 7.21 MATERIAL PROPERTIES, MACHINERY AND EQUIPMENT

#### 7.21.1 Properties owned by our Group

A summary of the material properties owned by our Group as at LPD are as follows:

Postal Address	Description of property/ Existing use/ Tenure (if any)/ Category of land use	Beneficial owner	Land area/ Built-up area (sq ft)	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 December 2022 (RM'000)
B2-3A-01, Level 3A, Block B2 Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya	<b>Description:</b> 1 unit of commercial office  <b>Existing Use:</b> OASIS Office  <b>Tenure:</b> Freehold  <b>Category of Land Use:</b> Building	ACSB	<b>Land area:</b> Not applicable  <b>Built-up area:</b> 5,993	<b>Date of Purchase:</b> 18 December 2020  <b>Date of CCC:</b> 5 July 2016	Charged to Public Bank Berhad	4,076
B2-3A-02, Level 3A, Block B2 Meritus @ Oasis Corporate Park, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya	<b>Description:</b> 1 unit of commercial office  <b>Existing Use:</b> OASIS Office  <b>Tenure:</b> Freehold  <b>Category of Land Use:</b> Building	ACSB	<b>Land area:</b> Not applicable  <b>Built-up area:</b> 5,635	<b>Date of Purchase:</b> 18 December 2020  <b>Date of CCC:</b> 5 July 2016	Charged to Public Bank Berhad	3,833

**7. BUSINESS OVERVIEW** (cont'd)

Postal Address	Description of property/ Existing use/ Tenure (if any)/ Category of land use	Beneficial owner	Land area/ Built-up area (sq ft)	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 December 2022 (RM'000)
A-7-9, Pacific Place Commercial Centre, Jalan PJU 1A/4, Ara Damansara, 47301, Petaling Jaya, Selangor Darul Ehsan	<b>Description:</b> 1 parcel of apartment  <b>Existing Use:</b> Staff hostel  <b>Tenure:</b> Leasehold valid for 99 years expiring on 4 September 2097  <b>Category of Land Use:</b> Building	ACSB	<b>Land area:</b> Not applicable  <b>Built-up area:</b> 1,325	<b>Date of Purchase:</b> 6 October 2015  <b>Date of CCC:</b> 31 March 2014	Nil	585
No. 39, Jalan Bayu Laut 1/KS09, Kota Bayuemas Klang, 41200 Klang, Selangor	<b>Description:</b> 1 unit of 4 storey shop lot  <b>Existing Use:</b> Branch office of ACSB  <b>Tenure:</b> Freehold  <b>Category of Land Use:</b> Building	ACSB	<b>Land area:</b> 1,647  <b>Built-up area:</b> 6,588	<b>Date of Purchase:</b> 10 June 2022  <b>Date of CCC:</b> 5 March 2018	Nil	1,537

## 7. BUSINESS OVERVIEW *(cont'd)*

### 7.21.2 Properties rented by our Group

A summary of the material properties rented by our Group as at LPD are as follows:

<u>Postal Address</u>	<u>Landlord/ Tenant</u>	<u>Description/ Existing use</u>	<u>Date of CCC or equivalent</u>	<u>Floor area (sq ft)</u>	<u>Period of tenancy</u>	<u>Rental per annum</u>
#05-10A LTC Building B, 12 Arumugam Road, Singapore 409958	<b>Landlord:</b> Teck Chiang Realty Pte. Ltd.  <b>Tenant:</b> ACSPL	5 <sup>th</sup> floor office unit / Office of ACSPL	6 October 1980	603	1 July 2018 to 31 May 2023	SGD20,760.00, equivalent to RM69,338.40, adopting exchange ratio of SGD1:00: RM3.34 as at LPD

### 7.21.3 Material machinery and equipment

Due to the nature of our operations, we do not utilise any key machinery and equipment in undertaking our financial management software business.

## 7.22 DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS

As at LPD, we are not dependent on any contracts, agreements, documents or other arrangements for our business operations.

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## 8. INDEPENDENT MARKET RESEARCH REPORT

SMITH ZANDER INTERNATIONAL SDN BHD 201301028298 (1058128-V)  
15-01, Level 15, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia  
T : +603 2732 7537 W : www.smith-zander.com

# SMITH ZANDER

Date: 22 March 2023

The Board of Directors

**Autocount Dotcom Berhad**  
B2-3A01 & B2-3A02,  
Meritus Tower @ Oasis Corporate Park,  
Oasis Damansara (Pusat Korporat Oasis)  
No. 2, Jalan PJU 1A/2, Ara Damansara,  
47301 Petaling Jaya, Selangor Darul Ehsan

Dear Sir / Madam,

### **Independent Market Research Report on the Financial Management Software Industry ("IMR Report")**

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Autocount Dotcom Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which Autocount Dotcom Berhad and its subsidiaries ("Autocount Group") operate and to offer a clear understanding of the industry dynamics. As Autocount Group is principally involved in the development and distribution of financial management software, the scope of work for this IMR Report will thus address the following areas:

- (i) Financial management software industry in Malaysia;
- (ii) Key industry drivers, risks and challenges of the financial management software industry in Malaysia;
- (iii) Competitive landscape;
- (iv) Financial management software industry in Singapore, Thailand, Indonesia, Vietnam and the Philippines; and
- (v) Outlook and prospects.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and / or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report or otherwise.

For and on behalf of SMITH ZANDER:

  
\_\_\_\_\_  
DENNIS TAN TZE WEN  
MANAGING PARTNER

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**

**SMITH ZANDER**

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The research for this IMR Report was completed on 20 March 2023.

For further information, please contact:

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**About SMITH ZANDER INTERNATIONAL SDN BHD**

*SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.*

**Profile of the signing partner, Dennis Tan Tze Wen**

*Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 25 years of experience in market research and strategy consulting, including over 20 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.*

## 8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)

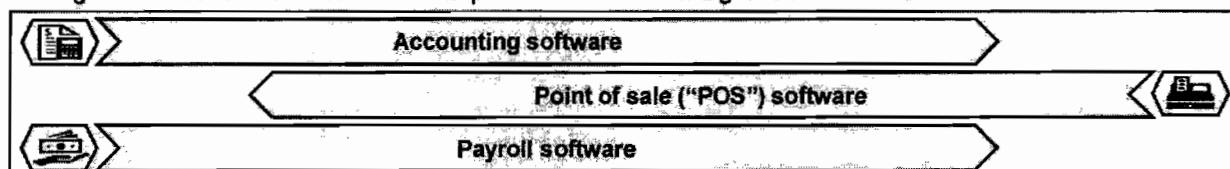
## SMITH ZANDER

## 1 FINANCIAL MANAGEMENT SOFTWARE INDUSTRY IN MALAYSIA

A financial management software is a computer program designed to manage businesses' financial activities such as keeping track of income, expenses, assets and liabilities, as well as managing financial transactions with internal parties (e.g. employees) and external parties (e.g. customers and suppliers). Financial management is one of the most important aspects of managing a business as it involves amongst others, planning, organising, monitoring and controlling the businesses' financial resources, performance and growth. Efficient financial management can be achieved through the use of financial management software, as follows:

- automation of certain basic tasks and fundamental processes related to financial management, including data entry and financial reporting which can otherwise be time-consuming, repetitive and prone to error if done manually.
- increase data accessibility where data entered can be synchronised across multiple modules within the software for accessibility by authorised users.
- convenient and quick generation of reports (e.g. sales summary and payroll summary) with different metrics, which gives business owner(s) and / or management quick insights for decision making.

There are different types of financial management software, each designed to meet the different financial management needs of a business. Examples of financial management software are:



Note:

- The examples listed are not exhaustive.

Source: SMITH ZANDER

► **Accounting software**

Accounting software is commonly used by businesses ranging from small and medium enterprises ("SMEs") to large organisations to facilitate accounting and bookkeeping tasks. A typical accounting software contains numerous accounting functions including general ledger, accounts payable, accounts receivable, sales orders, purchase orders, delivery orders and inventory management. These functions are linked to one another to streamline and automate accounting and bookkeeping tasks including payment, billing, invoicing, account reconciliation and financial reporting.

► **POS software**

POS is the point at which sales of goods / services to customers are made. POS software is part of a POS system which also includes POS hardware such as monitor / tablet, barcode scanner, contactless payment terminal, receipt printer and cash drawer, to process customer payments.

POS software is commonly adopted by businesses such as retailers and food and beverage outlets. POS software can be integrated with accounting software as monetary transactions performed through POS software are required to be reflected in accounting records for financial reporting.

► **Payroll software**

Payroll software digitalises the payroll process and certain human resource related functions. A basic payroll software assists in managing various tasks including the documentation of employee personal information and remuneration package, salary disbursements, reimbursements, leave management as well as time attendance tracking, which are related to accounting and finance especially in calculating salary costs and related expenses. As such, payroll software can also be integrated with accounting software as salaries and related expenses are required to be reflected in accounting records for financial reporting.

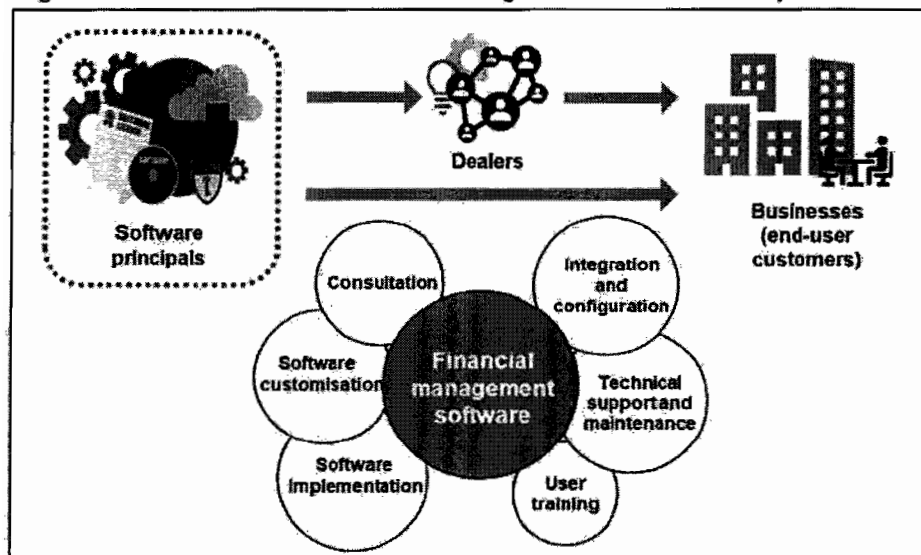
Traditionally, accounting, POS and payroll software were widely available as on-premise software. Over the years, with the advancement of technology, the cloud version of these software have become increasingly common.

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

- **On-premise software:** software that is installed and operated on the user's local server located within the user's premises. Users are required to be present on-site in order to access the software.
- **Cloud software:** software that is installed and operated on external servers, leveraging on cloud computing and storage technology which enables users to access the software anytime from anywhere through internet connection.

**Value chain of the financial management software industry**

A general value chain of the financial management software industry is as follows:



Software principals are the owners of financial management software. Software principals may develop financial management software in-house or outsource the development works to third party software developers. Financial management software is typically sold to end-user customers (i.e. businesses) through dealership distribution models, where software principals leverage on dealers to widen their distribution network and thus, enabling them to increase their market reach.

Note:

- Autocount Group is a software principal in the financial management software industry.

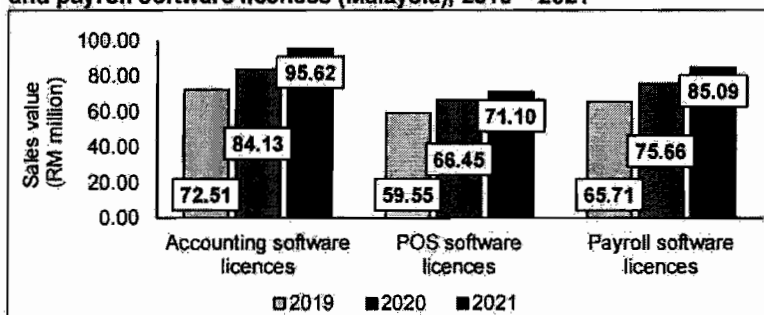
Source: SMITH ZANDER reach.

Software principals may provide associated services such as consultation, software customisation, software implementation, integration and configuration, technical support and maintenance as well as user training directly to the end-user customers, or provide training to the dealers who will provide the associated services to the end-user customers.

Dealers of financial management software are generally information technology ("IT") solution providers who sell the software as a standalone product or to be integrated with other IT solution offerings such as hardware, other types of software and services.

**Industry Performance, Size and Growth**

Sales value of accounting software licences, POS software licences and payroll software licences (Malaysia), 2019 – 2021



Source: SMITH ZANDER

From 2019 to 2021, the sales value of accounting software licences in Malaysia increased from RM72.51 million to RM95.62 million, at a compound annual growth rate ("CAGR") of 14.84%. Over the same period, the sales value of POS software licences in Malaysia increased from RM59.55 million to RM71.10 million, at a CAGR of 9.27%; and the sales value of payroll software licences in Malaysia increased from RM65.71 million to RM85.09 million, at a CAGR of 13.80%.

Despite the COVID-19 pandemic in 2020 and 2021, the financial management software industry in Malaysia, measured in terms of the sales value of accounting software licences, POS software licences and payroll software licences, recorded a year-on-year ("YOY") growth of 16.03%, 11.59% and 15.14% respectively in

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

2020, as well as 13.66%, 7.00% and 12.46% respectively in 2021. The growth in the financial management software industry was attributed to, amongst others, the increasing need for digitalisation from businesses and implementation of initiatives for digital transformation by the Government of Malaysia.

In 2022, SMITH ZANDER estimates the sales value of accounting software licences, POS software licences and payroll software licences in Malaysia to have increased YOY by 14.36% to RM109.35 million, 10.11% to RM78.29 million and 13.56% to RM96.63 million, respectively. In 2023, SMITH ZANDER forecasts the sales value of accounting software licences, POS software licences and payroll software licences in Malaysia to increase YOY by 13.27% to RM123.86 million, 9.08% to RM85.40 million and 12.67% to RM108.87 million, respectively. Please refer to **Key Industry Drivers** below for further information on the drivers of the financial management software industry in Malaysia.

The sales value of accounting software licences, POS software licences and payroll software licences comprises revenue derived from the sales of the respective software licences in Malaysia, including both software developed by local companies in Malaysia and software developed by foreign companies. It does not include the revenue derived from the provision of associated services such as consultation, software customisation, software implementation, integration and configuration, as well as technical support and maintenance.

## 2 KEY INDUSTRY DRIVERS, RISKS AND CHALLENGES OF THE FINANCIAL MANAGEMENT SOFTWARE INDUSTRY IN MALAYSIA

### Key Industry Drivers

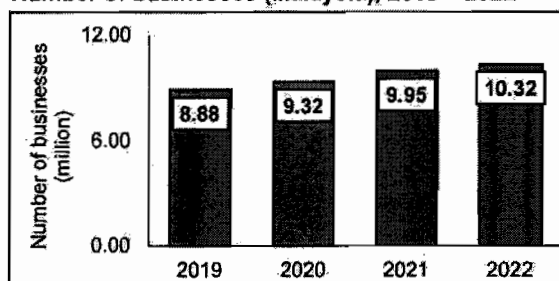
#### ► Growing number of businesses signifies growth potential for the financial management software industry

The number of businesses (i.e. companies, sole proprietorships and partnerships) in Malaysia increased from 8.88 million in 2019 to 10.32 million in 2022, at a CAGR of 5.14%, which indicates the growth potential of the financial management software industry in Malaysia.

Regardless of the size of the business or complexity of the financial management processes involved, most businesses require a form of financial management software to manage their financial resources efficiently.

Further, as businesses grow, the functions, features and modules required in a financial management software increase in tandem with the business needs. As such, businesses may upgrade their financial management software to more advanced versions over time, which can be easily achieved as most financial management software available in the market are scalable according to business needs. This is expected to sustain the demand for financial management software in the long term.

Number of businesses (Malaysia), 2019 – 2022



Source: Companies Commission of Malaysia ("CCM")

#### ► Businesses' need for the automation of financial management processes drives the demand for financial management software

The automation of financial management processes with the use of financial management software allows businesses to, amongst others, save time and increase financial management efficiency. As a result, it enables businesses to focus their time and resources on managing their business operations.

Accounting, POS and payroll software are amongst the common financial management software adopted by businesses, due to the following factors:

- **Accounting software**

Accounting is a necessary function for businesses to record their financial transactions which will be used for financial reporting and decision making.

Financial transactions such as sales, purchases, payments and borrowings have to be recorded in journal entries and posted to ledgers. In addition, financial transactions involve the preparation and



**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

issuance of purchase orders and invoices to suppliers and customers respectively. Financial transactions processes can be repetitive and time-consuming; and even prone to error if done manually and in large volumes. With an accounting software, these processes can be automated which enhances the efficiency of businesses' financial management processes. In addition, accounting software is typically able to perform data analysis to provide businesses with insights of their financial conditions for better and more effective management of their financial resources.

- **POS software**

POS software can automate POS functions such as sales recording and inventory management. Sales recorded in POS software can be automatically posted to accounting software through integration between these two software. In addition, POS software automates inventory management function by notifying retailers when certain stocks are running low for retailers to replenish the stocks on a timely basis. As such, having a POS software is crucial for businesses, especially retailers in facilitating sales and improving operational efficiency.

Further, due to the competitive nature of the retail industry, there is a growing need for retailers to differentiate themselves by providing personalised services and enhanced shopping experience through loyalty rewards. This can be automated through POS software that comes with customer loyalty management function to manage amongst others, member purchases and discounts as well as points collection and redemption.

From 2020 to 2021, the retail industry in Malaysia, measured by the value of retail sales, increased from RM511.01 billion to RM533.56 billion at a YOY of 4.41% amidst the COVID-19 pandemic. In 2022, the retail industry in Malaysia further increased YOY by 23.89% to RM661.05 billion. Along with the increasing popularity and adoption of online shopping, many businesses have ventured into e-commerce by establishing online stores to increase sales and widen customer reach. These businesses may integrate a POS software to their online stores to streamline their business operations, which subsequently is expected to drive the demand for POS software by retailers.

- **Payroll software**

Payroll is an integral part of a business as it involves employee remuneration and the management of employee personal information. A typical payroll software is able to manage payroll tasks and certain human resource related functions, as well as automate fundamental payroll processes. The payroll records in the payroll software can be automatically posted to accounting software for the calculation of staff costs in financial reporting through integration between these software.

Furthermore, the information recorded in payroll software can be used to generate reports that show the overall cost incurred by businesses for employee remuneration. Payroll software with data analysis function can also make use of existing information recorded to, amongst others, provide forecasts for employee remuneration to enable businesses to plan for payroll budget. By adopting payroll software, businesses are able to carry out payroll processes with greater accuracy and speed, which will subsequently enhance the efficiency of their financial management processes.

Despite the outbreak of the COVID-19 pandemic, the financial management software industry continues to grow as more businesses adopt financial management software to undertake or accelerate digitalisation efforts for business sustainability. Moving forward, in order to remain competitive in a technology-driven economy, there is a growing need for businesses to adopt the use of technology including financial management software to become more fast-paced through automation which increases the efficiency in financial management.

► **Continuous technology advancement and changes in business environment drive the demand for financial management software**

The financial management software industry has undergone technology advancement, in tandem with new and more robust technologies introduced in the market such as cloud computing and storage as well as big data analytics. Many software principals have integrated these new technologies into financial management software to improve business mobility (i.e. the ability to access the software from anywhere) and enhance user experience, as follows:

- Cloud computing and storage technology enables the development of cloud software whereby users can access the software anytime from anywhere via internet connection; and

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

- Big data analytics enables the analysis of large and complex data such as customer behaviour data which allows for fast and accurate delivery of insights for business decision making.

As technology continues to evolve and businesses strive to remain competitive, there will be continuous demand from businesses for new or updated financial management software which are more robust and equipped with enhanced functions to assist in realising their business growth plans.

► **Implementation of digital transformation initiatives by the Government of Malaysia drives the financial management software industry**

The Government of Malaysia has introduced initiatives to support business digitalisation efforts which drive the financial management software industry. In the Budget 2020, the Government of Malaysia introduced the SME Digitalisation Grant Scheme to encourage SMEs to adopt digitalisation efforts in their business operations. Through this initiative, the Government of Malaysia will provide a matching grant of 50% whereby the Government of Malaysia will subsidise 50% of the total invoice and up to RM5,000 per company for the subscription of digital services including accounting and taxation, electronic POS system and human resource payroll system. The allocated grants are worth RM500 million which are limited to the first 100,000 SMEs that apply over the course of 5 years.

The latest blueprint introduced to accelerate the growth of the digital economy is known as the Malaysian Digital Economy Blueprint (MyDigital), which was launched on 19 February 2021. The blueprint serves as a foundation for Malaysia's transformation into a "regional digital pulse" by 2030 with some targets listed below:

- Accelerating digitally-powered businesses by having 875,000 micro enterprises and SMEs to adopt e-commerce, attracting local and foreign companies into the country, investing RM70 billion in digitalisation, and increasing the number of start-ups to 5,000; and
- Accelerating a digitally-enabled government by having 100% of government servants possess digital literacy, 80% of end-to-end government services available online, all ministries and agencies to provide cashless payment options and 80% usage of cloud storage across the Government of Malaysia in 2022.

In the Budget 2021, in support of automation and modernisation, the Government of Malaysia allocated funds amounting to RM150 million to businesses, including micro enterprises, SMEs and start-ups that have been operating for at least 6 months under the SME Digitalisation Grant Scheme and the Automation Grant. Further in the Budget 2022, the Government of Malaysia allocated RM200 million with RM50 million dedicated towards Bumiputera micro entrepreneurs in rural areas in the SME Digitalisation Grant Scheme.

In the revised Budget 2023 announced on 24 February 2023, the Government of Malaysia announced several digital transformation initiatives including the allocation of funds for SMEs to support business automation and digitalisation. Amongst the funds provided is the allocation of RM100 million under the SME Digitalisation Grant Scheme to fund matching grants of up to RM5,000 to SMEs that subscribe to business digitalisation software including accounting software, POS software or inventory management software. In addition, RM1 billion will be allocated under Bank Negara Malaysia for the SME Automation and Digitalisation Facility ("ADF") to encourage SMEs to automate processes and digitalise operations. Through the ADF, SMEs can receive financing amount of up to RM3 million with a tenure of up to 10 years at a loan rate of up to 4% per year (including guarantee fee).

These budget allocations will continue to drive businesses to digitalise business processes, including the adoption of financial management software, thereby driving the financial management software industry.

**Key Industry Risks and Challenges**

► **Inability of industry players to adapt to the latest technological development**

Industry players face the risk of not being able to adapt to the latest technological development. Their ability to adapt and enhance their financial management software to remain technologically relevant determines the sustainability of their businesses and their ability to retain and grow their customer base.

For example, industry players that develop and host their cloud financial management software on third party cloud computing platforms must be able to continuously update their software to remain compatible to any changes in technological features adopted by these third party cloud computing platforms. In the event that the industry players fail to keep up with technological developments timely, they may experience

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

a loss of customers, which may in turn adversely impact their business sustainability and financial performance.

► **Dependency on the availability of experienced software developers in the market**

Industry players require software developers that possess certain experience and fundamental skillsets such as the abilities to code in certain programming languages; debug the software if errors are discovered during software testing; and perform coding review. Further, knowledge in financial management is also essential to develop practical and user-friendly features and functions in financial management software.

In the IT industry, these technical skillsets may be difficult to source as experienced personnel with a combination of IT skillset as well as financial management knowledge may not be widely available in the market at competitive salary rates. In the event that industry players are unable to source for suitable talent that meet their requirements timely and in sufficient numbers, they may experience slowdown in software development and face challenges in upkeeping and enhancing their software. Subsequently, this may affect the industry players' competitive edge and eventually impact their business sustainability.

► **Businesses' privacy and security concerns towards financial management software**

A major concern from businesses regarding the use of financial management software is the exposure to cyber security threats such as malware attacks or hacking which pose security risks to their confidential information. The accessibility aspect of financial management software, particularly cloud financial management software via the internet, renders financial management software vulnerable to such threats from hackers, who may mount attacks on the businesses' network to steal confidential information.

In the event that there are security breaches of the financial management software which lead to the leakage of the businesses' confidential information, businesses may lose confidence in the security of financial management software in general. As such, the demand for financial management software may be adversely impacted.

### 3 COMPETITIVE LANDSCAPE

#### Competitive Overview

The financial management software industry in Malaysia is competitive and moderately fragmented. There is a wide selection of financial management software available in the market as these software range in terms of price points and functionalities, and are accessible to end-user customers through various sources including direct from software principals, through appointed local dealers or on online channels. Software principals who offer financial management software in Malaysia comprise local private companies, as well as foreign private and public-listed companies without local presence in Malaysia and may offer their software locally through appointed local dealers. However, some of these local and foreign software principals may focus on offering other types of software while offering accounting software as part of their product offering and thus, are not included in the analysis of competitors of Autocount Group.

Financial management software that emphasises on basic functions is simpler and more affordable, which is primarily targeted at, and used by, SMEs. This type of financial management software focuses on dedicated functions such as accounting, POS and payroll. Examples of these software include the financial management software offered by Autocount Group.

On the other hand, enterprise resource planning ("ERP") solutions are more complex software that integrates financial management functions with other business functions including, amongst others, manufacturing, supply chain, project management, compliance management and risk management, into a single software. Examples of these software include the ERP solutions offered by Oracle, SAP and Workday. ERP is primarily targeted at, and used by, large organisations to handle complex functions and workflows for large numbers of users. Hence, ERP providers are not included in the analysis of competitors of Autocount Group as they have different target customers.

Industry players compete in terms of price and software functions. The barriers to entry are moderate as industry players require expertise in financial management as well as IT to develop their financial management software and enhance software functions. Industry players are also dependent on the availability of experienced software developers that are equipped with a combination of IT skillset as well as financial management knowledge. In addition, industry players require a wide network of dealers to market and

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

distribute their software to end-user customers. To remain competitive in the industry and to have a sustainable business over the long term, it is essential for industry players to build and maintain business relationships with their network of dealers to expand their market reach. However, as there are no industry-specific licences or permits required to become a software principal other than ordinary business licences, existing industry players may also face competition from new market entrants.

**Competitors to Autocount Group**

Autocount Group is a software principal based in Malaysia which is principally involved in the development and distribution of financial management software, comprising accounting software, POS software and payroll software that primarily target SMEs. Autocount Group competes with other software principals which offer financial management software that also target SMEs in Malaysia, comprising software principals with local presence in Malaysia, as well as software principals without local presence in Malaysia and may offer their software locally through appointed local dealers.

For Autocount Group's competitors that are software principals with local presence in Malaysia, the basis for selection are as follows:

- (i) Companies which offer accounting software that mainly target SMEs, as Autocount Group's revenue is mainly derived from the sales of accounting software licences and its target market is SMEs. These companies may or may not offer other types of financial management software; and
- (ii) Companies that recorded more than RM3.00 million in revenue based on their respective latest available financial years.

The competitors to Autocount Group identified based on the basis for selection above are as follows:

Company name	Examples of financial management software offered	Examples of software brands	Latest available financial year	Total revenue (RM million) <sup>a</sup>	Gross profit ("GP") (RM million)	GP margin (%)	Profit after tax ("PAT")/(Loss after tax) ("LAT") (RM million)	PAT/ (LAT) margin (%)
Autocount Group	Accounting, POS and payroll	AutoCount <sup>b</sup>	31 December 2022	38.72	30.95	79.93	13.84	35.75
Access Software Sdn Bhd (part of The Access Group)	Accounting and payroll	Access UBS <sup>c</sup>	30 June 2022 <sup>d</sup>	11.14	10.58	94.97	2.40	21.54
E Stream MSC Sdn Bhd / E Stream Software Sdn Bhd <sup>e</sup>	Accounting, POS and payroll	SQL <sup>b</sup>	30 June 2020 / 31 December 2021	10.92 <sup>e</sup>	8.01 <sup>f</sup>	73.35 <sup>f</sup>	5.41 <sup>f</sup>	49.54 <sup>f</sup>
Smart-Acc Solutions Sdn Bhd	Accounting and POS	Smart New Retail <sup>b</sup>	31 December 2021	6.37	N/A <sup>g</sup>	N/A <sup>g</sup>	0.46	7.22
Asian Business Software Solutions Sdn Bhd (a subsidiary of Asian Business Software Solutions Pte Ltd)	Accounting, POS and payroll	ABSS <sup>h</sup>	31 March 2022	4.96	(0.10)	(2.02)	0.25 <sup>i</sup>	5.04
QNE Software Sdn Bhd	Accounting, POS and payroll	QNE <sup>b</sup>	31 December 2021	3.17	1.74	54.89	0.42	13.25

**Notes:**

- Latest available as at 20 March 2023.
- The list above is not exhaustive.
- <sup>a</sup> May include revenue derived from other businesses that are not related to the sales of financial management software licences, as segmental revenue specifically for the sales of financial management software licences is not publicly available.
- <sup>b</sup> Local brand developed by Malaysian company.
- <sup>c</sup> Foreign brand developed by foreign company and was subsequently acquired by The Access Group.

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)**

## SMITH ZANDER

- <sup>d</sup> The financial statements for the latest available financial year covered a period of 9 months from 1 October 2021 to 30 June 2022.
- <sup>e</sup> E Stream MSC Sdn Bhd and E Stream Software Sdn Bhd which both offer financial management software under the brand of 'SQL', share common directors according to their respective annual reports for the latest available financial years. The total revenue comprises the summation of revenue for E Stream MSC Sdn Bhd and E Stream Software Sdn Bhd.
- <sup>f</sup> Computed based on the summation of respective figures for E Stream MSC Sdn Bhd and E Stream Software Sdn Bhd.
- <sup>g</sup> N/A – Not available as GP is not reported in the latest annual report.
- <sup>h</sup> Foreign brand developed by foreign company and was subsequently acquired by Asian Business Software Solutions Pte Ltd.
- <sup>i</sup> Despite recording a negative GP, a positive PAT was recorded due to contribution from other income. However, the details of other income are not available in the annual report.

Sources: Autocount Group, various companies' websites, CCM, SMITH ZANDER

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**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

Examples of Autocount Group's competitors that are software principals which do not have local presence in Malaysia and may offer their software locally through appointed local dealers, are as follows:

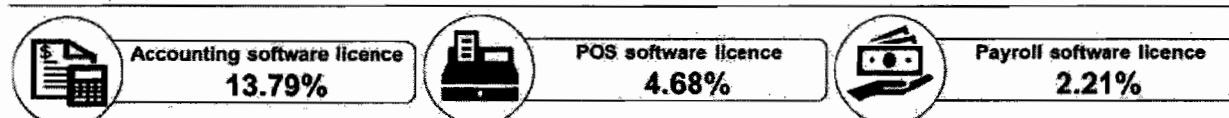
Company name	Examples of financial management software offered	Examples of software brand	Latest available financial year	Total revenue	Segmental revenue	GP	GP margin (%)	PAT/(LAT)	PAT/(LAT) margin (%)
Intuit Inc.	Accounting, POS and payroll	QuickBooks	31 July 2022	USD12.73 billion (RM54.10 billion) <sup>a</sup>	USD6.46 billion (RM27.46 billion) <sup>a,b</sup>	USD10.32 billion (RM43.86 billion) <sup>a</sup>	81.07	USD2.07 billion (RM8.80 billion) <sup>a</sup>	16.26
Xero Limited	Accounting and payroll	Xero	31 March 2022	NZD1.10 billion (RM3.20 billion) <sup>c</sup>	NZD1.05 billion (RM3.05 billion) <sup>c,d</sup>	NZD0.96 billion (RM2.79 billion) <sup>c</sup>	87.27	(NZD0.01 billion) ((RM0.03 billion)) <sup>c</sup>	(0.91)
2ndSite Inc.	Accounting	FreshBooks	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>
Wave Financial Inc. (a subsidiary of H&R Block, Inc.)	Accounting and payroll	Wave	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>
Zoho Corporation Pvt. Ltd.	Accounting and payroll	Zoho	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>	N/A <sup>e</sup>

**Notes:**

- Latest available as at 20 March 2023.
- The list above is not exhaustive.
- The competitors above were identified on the basis that they offer accounting software in the Malaysian market that mainly target SMEs. These companies may or may not offer other types of financial management software. The software developed by these competitors are examples of financial management software which are known and/or used by businesses in Malaysia. The financial information of some of these competitors are not publicly available, hence are not presented in the table above.
- <sup>a</sup> Revenue from USD to RM for the financial year 31 July 2022 was converted based on the average annual exchange rate from August 2021 to July 2022, extracted from published information from Bank Negara Malaysia at USD1.00 = RM4.2501.
- <sup>b</sup> Comprises revenue from small business and self-employed segment, which comprises product revenue and service and other revenue. Product revenue primarily comprises revenue related to delivery of software licences and related updates, including version protection for QuickBooks Desktop subscriptions and desktop payroll products. Service and other revenue primarily comprises revenue derived from QuickBooks Online Accounting, online services, support and services for QuickBooks Desktop subscription and desktop payroll offerings as well as and merchant payment processing services.
- <sup>c</sup> Revenue from NZD to RM for the financial year 31 March 2022 was converted based on the average annual exchange rate from April 2021 to March 2022, extracted from published information from Bank Negara Malaysia at NZD1.00 = RM2.9081.
- <sup>d</sup> Comprises subscription revenue which refers to the recurring monthly fees for subscription to Xero's cloud-based software products.
- <sup>e</sup> N/A – Not available.

Sources: Various companies' websites, SMITH ZANDER

As Autocount Group is also a software principal of POS software and payroll software, Autocount Group also competes with industry players that are not software principals of accounting software but are software principals of POS software such as Panda Software House Sdn Bhd (software principal of Panda ECO System), Vision Source Solutions Sdn Bhd (software principal of VPOS) and Web Bytes Sdn Bhd (software principal of Xilnex), as well as software principals of payroll software such as Payroll Panda Sdn Bhd (software principal of PayrollPanda) and Coastal Hectare Sdn Bhd (software principal of Kakitangan.com), all of which are local brands developed by Malaysian companies.

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER****Market Share**

Sources: Autocount Group, SMITH ZANDER

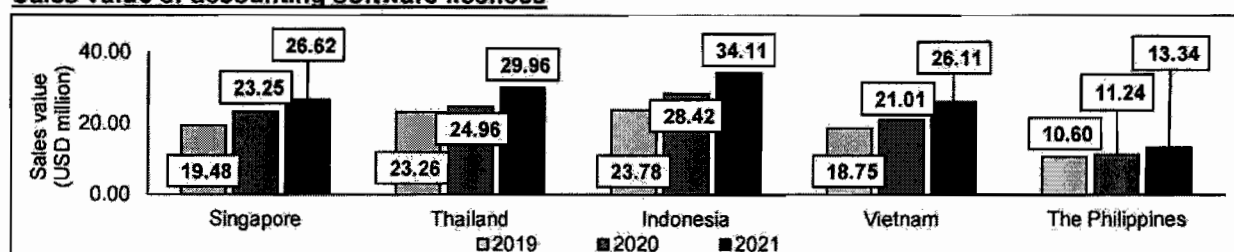
In 2021, Autocount Group captured a market share of 13.79% in accounting software, 4.68% in POS software and 2.21% in payroll software in Malaysia, computed based on its sales of accounting software licences, POS software licences and payroll software licences of RM13.19 million, RM3.33 million and RM1.88 million respectively in Malaysia in the financial year ended 2021, against the sales value of accounting software licences, POS software licences and payroll software licences in Malaysia in 2021, which amounted to RM95.62 million, RM71.10 million and RM85.09 million respectively.

## 4 FINANCIAL MANAGEMENT SOFTWARE INDUSTRY IN SINGAPORE, THAILAND, INDONESIA, VIETNAM AND THE PHILIPPINES

**Industry performance, size and growth**

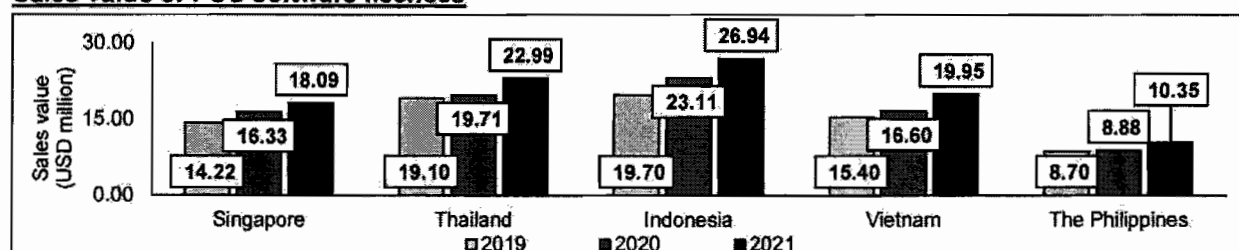
This section will focus on the financial management software industry in Singapore, Thailand, Indonesia, Vietnam and the Philippines as Autocount Group currently operates in Singapore and intends to expand its business to Thailand, Indonesia, Vietnam and the Philippines.

The size of the financial management software industry in Singapore, Thailand, Indonesia, Vietnam and the Philippines from 2019 to 2021, measured in terms of the sales value of accounting software licences, POS software licences and payroll software licences, are as follows:

**Sales value of accounting software licences**

Source: SMITH ZANDER

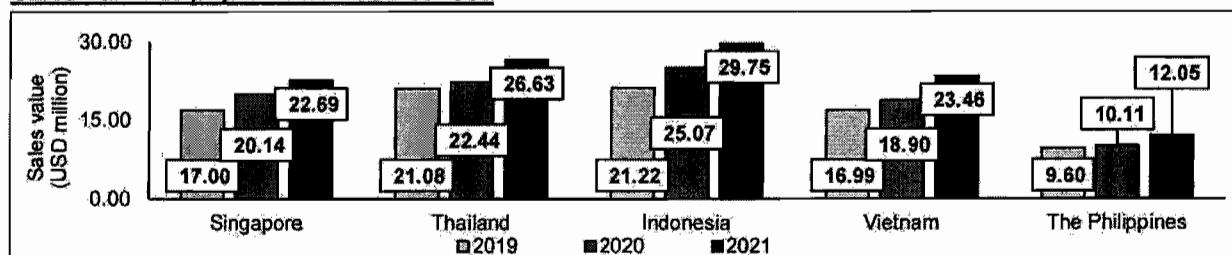
From 2019 to 2021, the sales value of accounting software licences in Singapore, Thailand, Indonesia, Vietnam and the Philippines increased at CAGRs of 16.90%, 13.49%, 19.77%, 18.01% and 12.18% respectively. In 2022, SMITH ZANDER estimates the sales value of accounting software licences to have increased YOY by 15.36% to USD30.71 million in Singapore, 18.12% to USD35.39 million in Thailand, 18.47% to USD40.41 million in Indonesia, 23.40% to USD32.22 million in Vietnam and 17.47% to USD15.67 million in the Philippines. In 2023, SMITH ZANDER forecasts the sales value of accounting software licences to increase YOY by 14.33% to USD35.11 million in Singapore, 18.08% to USD41.79 million in Thailand, 18.36% to USD47.83 million in Indonesia, 22.69% to USD39.53 million in Vietnam and 16.85% to USD18.31 million in the Philippines.

**Sales value of POS software licences**

Source: SMITH ZANDER

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

From 2019 to 2021, the sales value of POS software licences in Singapore, Thailand, Indonesia, Vietnam and the Philippines increased at CAGRs of 12.79%, 9.71%, 16.94%, 13.82% and 9.07% respectively. In 2022, SMITH ZANDER estimates the sales value of POS software licences to have increased YOY by 12.00% to USD20.26 million in Singapore, 15.27% to USD26.50 million in Thailand, 15.33% to USD31.07 million in Indonesia, 19.35% to USD23.81 million in Vietnam and 15.94% to USD12.00 million in the Philippines. In 2023, SMITH ZANDER forecasts the sales value of POS software licences to increase YOY by 10.96% to USD22.48 million in Singapore, 15.21% to USD30.53 million in Thailand, 15.16% to USD35.78 million in Indonesia, 18.44% to USD28.20 million in Vietnam and 15.08% to USD13.81 million in the Philippines.

**Sales value of payroll software licences**

Source: SMITH ZANDER

From 2019 to 2021, the sales value of payroll software licences in Singapore, Thailand, Indonesia, Vietnam and the Philippines increased at CAGRs of 15.53%, 12.40%, 18.41%, 17.51% and 12.04% respectively. In 2022, SMITH ZANDER estimates the sales value of payroll software licences to have increased YOY by 13.27% to USD25.70 million in Singapore, 17.35% to USD31.25 million in Thailand, 17.28% to USD34.89 million in Indonesia, 23.83% to USD29.05 million in Vietnam and 18.09% to USD14.23 million in the Philippines. In 2023, SMITH ZANDER forecasts the sales value of payroll software licences to increase YOY by 12.49% to USD28.91 million in Singapore, 17.25% to USD36.64 million in Thailand, 17.14% to USD40.87 million in Indonesia, 22.93% to USD35.71 million in Vietnam and 17.01% to USD16.65 million in the Philippines.

**Demand drivers**

The growth in the number of businesses in a country drives the demand for financial management software. Further, in order to increase digitalisation efforts among businesses, the governments of Singapore, Thailand, Indonesia, Vietnam and the Philippines have launched various initiatives focusing on digital transformation which may lead to an increase in demand for financial management software. Some of the initiatives introduced by the governments of Singapore, Thailand, Indonesia, Vietnam and the Philippines are as follows:

Country	Government initiatives
Singapore	<ul style="list-style-type: none"> <li>❖ The SMEs Go Digital Programme, which was launched in 2017, aims to accelerate digital transformation of SMEs in Singapore. Among the initiatives launched under the programme are: <ul style="list-style-type: none"> <li>• Start Digital Pack – to provide newly incorporated SMEs or those who have yet to digitalise their businesses with competitively-priced digital solution packages to help them start their digitalisation journey. SMEs can select from 6 categories of packages including accounting and human resource management system (HRMS) and payroll.</li> <li>• Industry Digital Plans – to provide SMEs with step-by-step guide in adopting digital solutions and training programmes to enhance employees' digital skills. Among the sectors targeted by the Industry Digital Plans initiative are accountancy, retail and food services.</li> </ul> </li> </ul>
Thailand	<ul style="list-style-type: none"> <li>❖ The government has allocated THB2.40 billion for the fiscal year 2022 to sustain the execution of 6 key projects under the Thailand Digital Government Development Plan 2023 – 2027. The 6 key projects include a project that helps 3.00 million SMEs to gain access to government electronic services and government projects.</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>❖ In 2017, Bank Indonesia launched a financial accounting mobile application namely SIAPIK which aims to improve the financial literacy of micro, small and medium enterprises ("MSMEs") and facilitate MSMEs' access to financing. SIAPIK enables MSMEs to record their financial transactions and automate the generation of financial statements.</li> </ul>



**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

Country	Government initiatives
Vietnam	<ul style="list-style-type: none"> <li>❖ The National Digital Transformation Programme to 2025, orientation to 2030 aims to accelerate the digital transformation of businesses to improve business efficiency, competitiveness and production. Among the goals that the programme aims to achieve by 2025 are as follows: <ul style="list-style-type: none"> <li>• 70.00% of financial transactions to take place through digital channels;</li> <li>• 70.00% of records at credit institutions to be processed and stored digitally; and</li> <li>• 50.00% of the population to have an online banking account.</li> </ul> </li> <li>❖ In 2021, the Ministry of Finance issued a circular in which businesses are required to issue all invoices electronically effective July 2022 as part of the country's move towards adopting digital accounting.</li> </ul>
The Philippines	<ul style="list-style-type: none"> <li>❖ The Digital Payments Transformation Roadmap 2020 – 2023 sets out the central bank of the Philippines' (Bangko Sentral ng Pilipinas ("BSP")) payment digitalisation plans, which include the digitalisation of 50.00% of the country's retail payments. Through the National Retail Payment System (NRPS) regulatory framework launched by BSP, BSP aims to promote the adoption of digital payment by individuals, businesses and the government.</li> </ul>

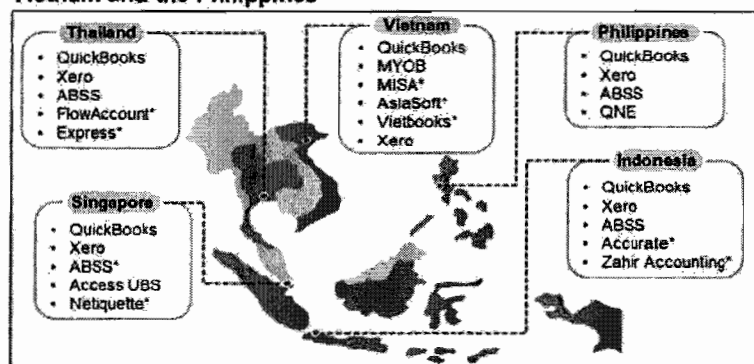
Source: Various government sources

The national initiatives launched by these governments are expected to drive digital transformation by encouraging both the public and private sectors to adopt digital solutions in their operations, including financial management software. Subsequently, this is expected to further drive the growth of the financial management software industry in these countries.

**Competitive landscape**

As Autocount Group's revenue is mainly derived from the sales of accounting software, this section will focus on major brands of accounting software that are available in Singapore, Thailand, Indonesia, Vietnam and the Philippines, against which Autocount Group may compete with.

The software principals of these brands may or may not have local presence in the respective countries and the distribution of these brands are either carried out through the software principals' locally incorporated companies or through appointed local dealers.

**Accounting software available in Singapore, Thailand, Indonesia, Vietnam and the Philippines**

Note:

- \* local brand developed by local company in the respective country.

Source: SMITH ZANDER

**Market share (Singapore)**

In 2021, Autocount Group captured a market share of 5.86% in accounting software and 0.11% in POS software in Singapore, computed based on its sales of accounting software licences and POS software licences of RM6.46 million (USD1.56 million) and RM0.08 million (USD0.02 million) respectively in Singapore in the financial year ended 2021<sup>1</sup>, against the sales value of accounting software licences and POS software licences in Singapore in 2021, which



Sources: Autocount Group, SMITH ZANDER

<sup>1</sup> Revenue from RM to USD for the financial year ended 2021 was converted based on the average annual exchange rate from January 2021 to December 2021, extracted from published information from Bank Negara Malaysia at RM1.00 = USD0.2413.

**8. INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER**

amounted to USD26.62 million and USD18.09 million respectively. Autocount Group does not offer payroll software licences in Singapore, and therefore did not capture any market share for the sales of payroll software licences in Singapore.

**5 OUTLOOK AND PROSPECTS**

From 2019 to 2021, the sales value of accounting software licences, POS software licences and payroll software licences in Malaysia increased at a CAGR of 14.84%, 9.27% and 13.80%, respectively. Despite the COVID-19 pandemic in 2020 and 2021, the financial management software industry in Malaysia, measured in terms of the sales value of accounting software licences, POS software licences and payroll software licences recorded a YOY growth of 16.03%, 11.59% and 15.14% respectively in 2020, as well as 13.66%, 7.00% and 12.46% respectively in 2021. Similar trend was observed in the sales value of accounting software licences, POS software licences and payroll software licences in Singapore, Thailand, Indonesia, Vietnam and the Philippines from 2019 to 2021.

The financial management software industry is expected to continue on its growth trajectory, driven by the growth in number of businesses, continuous businesses' need for the automation of financial management processes, as well as the acceleration of digitalisation efforts for business sustainability along with the continuous technology advancement and changes in business environments in order for businesses to become more fast-paced through automation which increases the efficiency in financial management. The financial management software industry is also expected to be driven by the implementation of initiatives for digital transformation by the governments in Malaysia, Singapore, Thailand, Indonesia, Vietnam and the Philippines.

As such, in 2022, SMITH ZANDER estimates the following growth in the respective financial management software industry in Malaysia, Singapore, Thailand, Indonesia, Vietnam and the Philippines:

- The sales value of accounting software licences to have increased YOY by 14.36% to RM109.35 million in Malaysia, 15.36% to USD30.71 million in Singapore, 18.12% to USD35.39 million in Thailand, 18.47% to USD40.41 million in Indonesia, 23.40% to USD32.22 million in Vietnam and 17.47% to USD15.67 million in the Philippines.
- The sales value of POS software licences to have increased YOY by 10.11% to RM78.29 million in Malaysia, 12.00% to USD20.26 million in Singapore, 15.27% to USD26.50 million in Thailand, 15.33% to USD31.07 million in Indonesia, 19.35% to USD23.81 million in Vietnam and 15.94% to USD12.00 million in the Philippines.
- The sales value of payroll software licences to have increased YOY by 13.56% to RM96.63 million in Malaysia, 13.27% to USD25.70 million in Singapore, 17.35% to USD31.25 million in Thailand, 17.28% to USD34.89 million in Indonesia, 23.83% to USD29.05 million in Vietnam and 18.09% to USD14.23 million in the Philippines.

In 2023, SMITH ZANDER forecasts the following growth in the respective financial management software industry in Malaysia, Singapore, Thailand, Indonesia, Vietnam and the Philippines:

- The sales value of accounting software licences to increase YOY by 13.27% to RM123.86 million in Malaysia, 14.33% to USD35.11 million in Singapore, 18.08% to USD41.79 million in Thailand, 18.36% to USD47.83 million in Indonesia, 22.69% to USD39.53 million in Vietnam and 16.85% to USD18.31 million in the Philippines.
- The sales value of POS software licences to increase YOY by 9.08% to RM85.40 million in Malaysia, 10.96% to USD22.48 million in Singapore, 15.21% to USD30.53 million in Thailand, 15.16% to USD35.78 million in Indonesia, 18.44% to USD28.20 million in Vietnam and 15.08% to USD13.81 million in the Philippines.
- The sales value of payroll software licences to increase YOY by 12.67% to RM108.87 million in Malaysia, 12.49% to USD28.91 million in Singapore, 17.25% to USD36.64 million in Thailand, 17.14% to USD40.87 million in Indonesia, 22.93% to USD35.71 million in Vietnam and 17.01% to USD16.65 million in the Philippines.

## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

### 9.1 Promoters and Substantial Shareholders

#### 9.1.1 Shareholdings

The details of our Promoters and substantial shareholders, and their shareholding in our Company before and after our IPO are as follows:

Name	Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
Promoters and substantial shareholders									
CCP	Malaysian	187,421,964	41.02	-	-	169,357,196	30.76	-	-
CYT	Malaysian	187,421,964	41.02	-	-	169,357,196	30.76	-	-
Substantial shareholders									
Lim Kim Seng	Malaysian	26,615,299	5.83	-	-	24,049,969	4.37	-	-
Ng Boon Thye	Malaysian	26,615,299	5.83	-	-	24,049,969	4.37	-	-

#### Notes:

(1) Based on our issued share capital of 456,915,000 Shares before our IPO.

(2) Based on enlarged issued share capital of 550,500,000 Shares after our IPO.

Save for our Promoters and substantial shareholders above, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, our Promoters and substantial shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between ADB and its shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of ADB.

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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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**9.1.2 Profiles**

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

**(i) Choo Chin Peng**

*Promoter, Specified Shareholder, major shareholder and Executive Director / Chairman*

Choo Chin Peng, a Malaysian, aged 53, is our Promoter, Specified Shareholder, major shareholder and Executive Director/Chairman. He was appointed to our Board on 25 February 2022 and is responsible for overseeing our Group's strategic business planning, products development and operations.

He graduated with Bachelor of Science and Master of Science, both from The Institute of Computer Science and Information Engineering from National Chiao Tung University, Taiwan in 1993 and 1995 respectively.

In 1996, he co-founded Ology Marketing Sdn Bhd with other shareholders including CYT to undertake the business of sale of computer hardware as well as the development and sale of accounting software, where he also assumed the role of a director. He was mainly responsible for the overall business operations and project management as well as the strategic planning. Ology Marketing Sdn Bhd changed its name to Business Component Enterprise Sdn Bhd in 1997.

In 2000, he co-founded BCE Software Sdn Bhd with CYT to focus on the development and sale of accounting software business by assuming all accounting software business activities from Business Component Enterprise Sdn Bhd, where he also assumed the same role. Simultaneously, they ceased their computer hardware business under Business Component Enterprise Sdn Bhd and it was struck off in 2010.

In 2007, CCP and CYT acquired Soft Merit Sdn Bhd, a shelf company, with the intention to assume all business operations of BCE Software Sdn Bhd in preparation to apply for MSC status for the company, where he also assumed the role as the director and was mainly responsible for the overall business operations and project management as well as strategic planning. BCE Software Sdn Bhd was struck off in 2015. Soft Merit Sdn Bhd changed its name to Auto Count Sdn Bhd on 31 January 2007.

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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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**(ii) Choo Yan Tiee**

*Promoter, Specified Shareholder, major shareholder and Executive Director / Managing Director*

Choo Yan Tiee, a Malaysian, aged 53, is our Promoter, Specified Shareholder, major shareholder, Executive Director and Managing Director. He was appointed to our Board on 25 February 2022 and is responsible for the overall strategy and corporate direction of our Group, including sales, marketing initiatives, general management, resources planning and business development.

He graduated with a qualification in Preparatory Programs for Overseas Chinese Students from National Taiwan Normal University, Taiwan in 1990.

He began his career in 1991 as a Sales and Marketing Officer at Bao Lun Trading Limited, a China company involved in the business of timber trading where he was responsible for sales and marketing activities, and left such position in 1995. In 1996, he co-founded Ology Marketing Sdn Bhd with other shareholders including CCP.

In 2000, he co-founded BCE Software Sdn Bhd with CCP.

In 2007, CYT and CCP acquired Soft Merit Sdn Bhd.

CYT assumed the same role in Ology Marketing Sdn Bhd, BCE Software Sdn Bhd and Soft Merit Sdn Bhd whereby he was responsible for the overall strategy and corporate direction of our Group, including sales, marketing initiatives, general management, resources planning and business development.

**(iii) Lim Kim Seng**

*Substantial shareholder and Key Senior Management*

The profile of Lim Kim Seng is set out in Section 9.3.2 of this Prospectus.

**(iv) Ng Boon Thye**

*Substantial shareholder and Key Senior Management*

The profile of Ng Boon Thye is set out in Section 9.3.2 of this Prospectus.

## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

### 9.1.3 Changes in shareholdings

The changes in our Promoters and substantial shareholders' shareholdings since our incorporation on 25 February 2022 are as follows:

Name	As at 25 February 2022 (Incorporation date)				After the Acquisition of ACSB / As at LPD				After our IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
<u>Promoters and substantial shareholders</u>												
CCP	1	50.00	-	-	187,421,964	41.02	-	-	169,357,196	30.76	-	-
CYT	1	50.00	-	-	187,421,964	41.02	-	-	169,357,196	30.76	-	-
<u>Substantial shareholders</u>												
Lim Kim Seng	-	-	-	-	26,615,299	5.83	-	-	24,049,969	4.37	-	-
Ng Boon Thye	-	-	-	-	26,615,299	5.83	-	-	24,049,969	4.37	-	-

#### Notes:

- (1) Based on our issued share capital of 456,915,000 Shares after completion of the Acquisition of the ACSB but before our IPO.
- (2) Based on enlarged issued share capital of 550,500,000 Shares after our IPO.

### 9.1.4 Remuneration and Benefits of Our Promoters and Substantial Shareholders

Save for the aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities to our Group (as disclosed in Sections 9.2.4 and 9.3.4 of this Prospectus), there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

### 9.2 Directors

#### 9.2.1 Shareholdings

The direct and indirect shareholdings of our Directors in our Company before and after our IPO are as follows:

Director	Designation	Nationality	Before our IPO				After our IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
CCP	Executive Director/Chairman	Malaysian	187,421,964	41.02	-	-	169,357,196	30.76	-	-
CYT	Executive Director/Managing Director	Malaysian	187,421,964	41.02	-	-	169,357,196	30.76	-	-
Chin Chee Seng	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Dr. Liew Soung Yue	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Dato' Ng Wan Peng	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-

#### Notes:

(1) Based on our issued share capital of 456,915,000 Shares before our IPO.

(2) Based on enlarged issued share capital of 550,500,000 Shares after our IPO.

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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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**9.2.2 Profiles**

The profiles of our Directors, Choo Yan Tiee and Choo Chin Peng who are also our Promoters and substantial shareholders are disclosed in Section 9.1.2 of this Prospectus.

The profiles of our other Directors are as follows:

**(i) Dato' Ng Wan Peng**

*Independent Non-Executive Director*

Dato' Ng Wan Peng, a Malaysian, aged 60 is our Independent Non-Executive Director. She was appointed to our Board on 6 April 2022 and is the Chairman of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nomination Committee.

She graduated with a Bachelor of Computer Science from Universiti Sains Malaysia, Malaysia in 1988.

She began her career in 1989 as a Systems Engineer with Uniphone Sdn Bhd, a firm which developed ICT solutions for government, education, manufacturing, and utilities sectors where she was responsible for developing, managing and monitoring ICT solutions for the company's client. She left Uniphone Sdn Bhd and joined Sapura Advanced Systems Sdn Bhd in 1991. She was firstly appointed as Senior Systems Engineers and subsequently promoted to Project Manager and Program Manager. Her scope of work includes (i) led and drove the successful implementation of large-scale ICT projects (ii) managed a project team to deliver ICT projects; and (iii) led and developed ICT solution. In 1998, she left Sapura Advanced Systems Sdn Bhd and joined MDEC (formerly known as Multimedia Development Corporation). During her 22 years up until December 2020 at MDEC, she held various senior leadership roles such as Senior Manager in the Regulation Department where she led and drove the successful implementation of key digitalisation initiatives under MSC flagship applications; Vice President in Capacity Development Division where she led and drove the successful development of key digital enablers such as talent development, industry capability development, legal and regulatory, cybercities, infostructure and technology policy research; and Chief Operating Officer where she led and drove the successful implementation of the company's vision and strategy and provided oversight and guidance to all business units to ensure all initiatives/programmes planned and executed are aligned to the company's strategy goals. In addition, she also formulated policies and standard of procedures to drive effective decision making and execution.

Since February 2021, she joined Big Bad Wolf Ventures Sdn Bhd, a company which is engaged in retail and wholesale business in Malaysia and abroad as President, where she is tasked to lead and drive the group's technology and digital transformation to achieve the group's business expansion.

Further, she also holds directorships as independent and non-executive director in several public listed companies, such as Securemetric Berhad, Fraser & Neave Holdings Berhad and Iris Corporation Berhad.



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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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**(ii) Dr. Liew Soung Yue**

*Independent Non-Executive Director*

Dr. Liew Soung Yue, a Malaysian, aged 53, is our Independent Non-Executive Director. He was appointed to our Board on 6 April 2022 and is the Chairman of our Nomination Committee and a member of our Audit and Risk Management Committee and Remuneration Committee.

He holds a Doctor of Philosophy (Information Engineering), which he was conferred by The Chinese University of Hong Kong, Hong Kong in 1999.

In 1999, he was appointed as an Assistant Professor in the Department of Information Engineering, The Chinese University of Hong Kong, where he was responsible for lecturing students, conducting research and publishing its results, advising undergraduate and postgraduate students, and left the same position in 2000. Throughout the years from 2000 until 2003, he was appointed as a Postdoctoral Research Associate for the Department of Electrical Engineering, Polytechnic University, Brooklyn, New York and the Department of Information Engineering, The Chinese University of Hong Kong, where he was responsible for assisting the universities' research projects, preparing research reports, analysing research methods, and collecting information and related studies to support the research claims.

In 2003, he was appointed as an Assistant professor by Universiti Tunku Abdul Rahman where he was responsible for lecturing students, conducting research and publishing its results, advising undergraduate and graduate students, and was promoted as the Associate Professor in 2006 till now, where he is responsible for lecturing students, leading research projects as a principal investigator, conducting research and publishing its results, advising undergraduate and graduate students, etc. In 2009, he was further appointed as the Dean of the Faculty of Information and Communication Technology at Universiti Tunku Abdul Rahman, a position he holds to-date, where he has additional responsibilities for leading the development and implementation of policies and procedures relating to teaching programmes and overseeing the management and operation of the faculty in charge.

**(iii) Chin Chee Seng**

*Independent Non-Executive Director*

Chin Chee Seng, a Malaysian, aged 52 is our Independent Non-Executive Director. He was appointed to our Board on 6 April 2022 and served as Chairman of our Audit and Risk Management Committee and a member of our Nomination Committee and Remuneration Committee.

He completed his Association of Chartered Certified Accountants Qualification exams in Malaysia in 1998.

He is currently the Managing Partner of CCS & CO PLT. He is an Approved Company Auditor, Licensed Tax Agent, and Chartered Accountant of the MIA, as well as a Fellow Member of the Association of Chartered Certified Accountants and the Chartered Tax Institute of Malaysia, as well as ASEAN Chartered Professional Accountant.

## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

He has over 25 years of experience in the financial and corporate sectors. His primary competence areas are audit, management accounting, financial planning, corporate consultancy, transfer pricing, human resources, and taxation.

He has provided training/facilitated tax workshops in Malaysia, where he spoke on topics such as GST, SST, income tax, transfer pricing, and labour law.

He began his professional career in 1995 as an Audit Semi-Senior at S.K. Tee & Co, a public accounting firm where he was responsible for supporting the Audit-Senior in all phases of ongoing projects and engagement management for multiple clients. In 1996, he left S.K. Tee & Co to work as an Accounts Executive for Revenue Management Services Sdn Bhd, a Malaysian accounting firm where he was responsible to manage cash-flow statements, budgeting and tax planning of clients in order to maximize profits. His next position was Audit Supervisor at Skrastin Lim, a public accounting firm, which he joined in 1999 after leaving Revenue Management Services Sdn Bhd where he was mainly responsible to supervise audit planning and fieldwork and communicate findings and recommendations to senior management. In 2000, he left Skrastin Lim to work as a Manager for C.F.Looi & Co, a public firm where he was mainly responsible for planning, executing, and managing audit assignments; performing financial, operational, and process audits; and compiling audit reports. Following that, he left C.F.Looi & Co. in 2004 and established his own accounting firm, CCS & CO, which is involved in providing accounting, tax, audit and assurance services, which has continued operation until the present day. For clarification purpose, CCS & CO PLT was registered on 29 December 2022 and with effect from such date, CCS & CO, a conventional partnership, was converted to a limited liability partnership.

### 9.2.3 Principal directorships and business activities of our Directors outside our Group for the past 5 years

Save as disclosed below, as at LPD, none of our Directors have any principal business activities performed outside our Group (including principal directorships in the past 5 years preceding LPD):

#### (i) CCP

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Bright Natureland Sdn Bhd	Agriculture and rural development affairs	Shareholder	-	-	45.00	-
Deep Root Realty Sdn Bhd	Investment holdings with interest in property	Director/Shareholder	20 July 2015	-	50.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Great Vista Development Sdn Bhd	Housing development	Director/Shareholder	10 March 2015	-	30.00	-
Hektar Serimas Sdn Bhd	Wholesale of a variety of goods without any particular specialisation	Director/Shareholder	26 October 2015	-	20.00	-
TH Agriculture Sdn Bhd	Agricultural business of farmer and dealer in oil palm, durian and rubber	Director/Shareholder	3 November 2015	-	37.50	-
Yangtze Realty Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate - non-residential buildings	Director/Shareholder	8 April 2016	-	40.00	-
U Setia Sepadu Sdn Bhd (M)	Wholesale of a variety of goods without any particular of specialisation and buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings	Shareholder	-	-	25.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company		Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
						Direct (%)	Indirect (%)
<u>Past involvement</u>							
EMS Energy Management (M) Sdn Bhd	General trading	Director	-	Struck off (Struck off date: 27 December 2018)	-	-	
Green Env Resources Sdn Bhd	Dormant <sup>(1)</sup>	Director/Shareholder	5 November 2009	Struck off (Struck off date: 20 October 2022)	10.00	-	
SJ Prospect Sdn Bhd	Investment holdings with interest in property	Shareholder	-	Struck off (Struck off date: 1 September 2022)	50.00	-	
SYYS (M) Sdn Bhd	Training provider	Director/Shareholder	15 October 2015	Dissolved company (Dissolved date: 9 January 2020)	14.29	-	

**Note:**

- Green Env Resources Sdn Bhd was previously a holding company for an agricultural land. Since the disposal of such agricultural land, the said company remains dormant until and as of the LPD.

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

(ii) CYT

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Adstury Sdn Bhd	Housing developers, wholesale of a variety of goods without any particular specialisation, buying, selling, renting and operating of self-owned or leased real estate land	Director/Shareholder	11 March 2016	-	60.00	-
Akoya Secrets Sdn Bhd	Other retail sale in non-specialised stores, wholesale of perfumeries, cosmetics, soap and toiletries, import of perfumeries, cosmetics, soap and toiletries	Shareholder	-	-	20.00	-
Bright Natureland Sdn Bhd	Agriculture and rural development affairs	Director/Shareholder	20 October 2016	-	20.00	-
Deep Root Realty Sdn Bhd	Investment holdings with interest in property	Director/Shareholder	20 July 2015	-	50.00	-
Great Vista Development Sdn Bhd	Housing development	Director/Shareholder	10 March 2015	-	30.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Hektar Serimas Sdn Bhd	Wholesale of a variety of goods without any particular specialisation	Director/Shareholder	26 October 2015	-	20.00	-
Hope Stemcell Bhd	Administrative health care services; investment advisory services; activities of holding companies	Shareholder	-	-	10.55	-
PEK Construction Bhd	General contractor	Shareholder	-	-	50.00	-
TH Agriculture Bhd	Agricultural activities for crops production on a fee or contract basis	Director/Shareholder	3 November 2015	-	37.50	-
TK Development Bhd	Real estate activities with own or leased property and buying, selling, renting and operating of self-owned or leased real estate – land	Shareholder	-	-	50.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
U Setia Sepadu (M) Sdn Bhd	Wholesale of a variety of goods without any particular of specialisation and buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings	Shareholder	-	-	25.00	-
Yangtze Realty Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate-non-residential building	Director/Shareholder	8 April 2016	-	40.00	-
Vista Mayang Development Sdn Bhd	Housing development	Shareholder	-	-	30.00	-
<b><u>Past involvement</u></b>						
Biogend Sdn Bhd	Administrative health care services	Director/ Shareholder	28 April 2022	5 August 2022	30.00	-
Emerald Pavilion Sdn Bhd	Massage and foot reflexology services	Director	18 November 2009	Struck off (Struck off date: 23 May 2018)	-	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Green Env Resources Sdn Bhd	Dormant <sup>(1)</sup>	Director/Shareholder	5 November 2009	Struck off (Struck off date: 20 October 2022)	10.00	-
SJ Prospect Sdn Bhd	Investment holdings with interest in property	Shareholder	-	Struck off (Struck off date: 1 September 2022)	50.00	-
SYYS (M) Sdn Bhd	Training provider	Director/Shareholder	15 October 2015	Dissolved company (Dissolved date: 9 January 2020)	14.29	-

**Note:**

- Green Env Resources Sdn Bhd was previously a holding company for an agricultural land. Since the disposal of such agricultural land, the said company remains dormant until and as of the LPD.

**(iii) Dato' Ng Wan Peng**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Fraser & Neave Holdings Bhd	Investment holding <sup>(1)</sup> .	Independent and non-executive director	17 January 2022	-	-	-



**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
GEM Asiapark Sdn Bhd	Property holding and letting of properties	Shareholder	-	-	20.00	-
Securemetric Berhad	Investment holding <sup>(2)</sup> .	Independent and non-executive director	28 May 2021	-	-	-
Digital Penang Sdn Bhd	To draw up the Penang state digital transformation master plan, to evaluate digital & technology-related plans, to act as technical advisor to Penang state government on digital & technology-related projects, to do all things as are incidental or conducive or are in the opinion of the company.	Director	4 January 2022	-	-	-
Iris Berhad	Technology consulting, and the implementation of trusted identification, payment and transportation and sustainable development	Independent and non-executive director	1 February 2022	-	-	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Hong Leong Assurance Berhad	Underwriting of life insurance business	Director	1 June 2021	-	-	-
Wonderbucks Berhad	Investment holding <sup>(3)</sup>	Shareholder	-	-	0.16	-
Nanomalaysia Berhad	Developing and promoting nanotechnology as a new source of national economic growth; providing and maintaining a nanotechnology centre and other related infrastructure	Director	13 April 2022	-	-	-

**Past involvement**

Fraser & Neave Holdings Bhd	Investment holding <sup>(1)</sup>	Alternate Director	30 July 2021	17 January 2022	-	-
Meitech Development Sdn Bhd	Investment holding company <sup>(4)</sup>	Director	7 November 2008	28 February 2021	-	-

**Notes:**

(1) Fraser & Neave Holding Bhd is a company listed on Bursa Securities' Main Market and the group involved in food and beverage business.

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

- (2) Securemetric Berhad is a company listed on Bursa Securities' Main Market and the group offer digital security solutions.
- (3) Wonderbucks Berhad is principally involved in business of operating co-broking platform.
- (4) Meitech Development Sdn Bhd is a company set up by MDEC to hold the shareholding interest in other subsidiaries of MDEC.

**(iv) Dr. Liew Soung Yue**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
I Culture Berhad	Restaurants, activities of holding companies, operation of museum of all kinds	Shareholder	-	-	0.10	-

**(v) Chin Chee Seng**

Company			Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
							Direct (%)	Indirect (%)
<u>Present involvement</u>								
Alan Chin & Associates	Firm of auditors	Partner	28 September 2004	-	50.00	-		
Apex Alliance Tax Consultancy Sdn Bhd	Provision of tax and other related services	Director/Shareholder	19 January 2005	-	50.00	-		
CCS & CO PLT <sup>(1)</sup>	Firm of auditors	Partner	20 April 2004	-	50.00	-		

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
CCS Corporate Advisory Sdn Bhd	Human resource consultancy services; Other management consultancy activities non specific; Business management consultancy services	Director/Shareholder	26 May 2022	-	100.00	-
CCS Risk Advisory Sdn Bhd	Business management consultancy services; other management consultancy activities; human resource consultancy services	Director/Shareholder	30 September 2020	-	100.00	-
CCS Tax Consultancy Sdn Bhd	To act as tax agents to provide professional tax consultation services to all general public, businesses and all types of companies	Director/Shareholder	13 December 2004	-	100.00	-
CHHS Realty Sdn Bhd	Investment holdings with interest in property	Director/Shareholder	1 June 2016	-	23.53	-
GST Tax Consultancy Sdn Bhd	Organise, conduct courses, seminar and training and tax consultant services	Director/Shareholder	5 April 2005	-	100.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
LKK Tax Services Sdn Bhd	To act as tax agents to provide professional tax consultation services to all general public, business and all types of companies	Director/Shareholder	11 December 2004	-	50.00	-
<b><u>Past involvement</u></b>						
AC Success Consultants Sdn Bhd	Provide professional tax consultation services	Director/ Shareholder	9 September 2009	13 January 2021	1.00	-
Smart Tax Consultants Sdn Bhd	Tax agents and professional tax consultation services	Director/Shareholder	20 February 2006	31 December 2021	50.00	-
SYYS (M) Sdn Bhd	Training provider	Director	15 October 2015	Dissolved company (Dissolved date: 9 January 2020)	-	-
Wanconnect Tax Services Sdn Bhd	Accounting, bookkeeping, auditing activities; tax consultancy and property investment	Director	19 July 2019	15 October 2020	-	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)****Note:**

1. CCS & CO PLT was registered on 29 December 2022 and with effect from such date, CCS & CO, a conventional partnership, was converted to a limited liability partnership.

The involvement of our Executive Directors in other directorships or business are not expected to affect their contributions to our Group as they are principally involved in our Group's day-to-day operations. Our Executive Directors are passive investors in other businesses. Their involvement in other directorships or businesses do not require significant amount of time since our Executive Directors are not actively involved in the day-to-day operations in any business activities outside our Group, and hence does not affect their abilities to perform their executive roles and responsibilities to our Group as well as their contribution to our Group.

The involvement of our Independent Non-Executive Directors in other directorships or business outside our Group will not affect their contribution to our Group as they do not act in any executive capacity and are not involved in the day-to-day operations of our Group.

**9.2.4 Directors' remunerations and material benefits-in-kind**

The details of the remuneration and material benefits in-kind paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 2022 and FYE 2023 are as follows:

**(i) FYE 2022**

<b>Name</b>	<b>Fees</b>	<b>Salary</b>	<b>Bonus</b>	<b>Allowances</b>	<b><sup>(1)</sup> Statutory contributions</b>	<b>Benefits in-kind</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
CCP	-	<sup>(2)</sup> 513	<sup>(2)</sup> 247	-	63	31	854
CYT	-	488	244	-	89	32	853
Dato' Ng Wan Peng	-	-	-	-	-	-	-
Dr. Liew Sounng Yue	-	-	-	-	-	-	-
Chin Chee Seng	-	-	-	-	-	-	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**
**Note:**

- (1) Includes employer's contribution to Employees Provident Fund, Social Security Organisation and employment insurance system.
- (2) Comprising fees, salary, bonus, allowances, statutory contributions, benefits in-kind (whichever applicable) paid by ACSPL. For clarification, ACSPL is not required to contribute to any Singapore statutory body for CCP, as CCP is a Malaysian.

**(ii) Proposed for the FYE 2023**

Name	Fees	Salary	Bonus	Allowances	<sup>(1)</sup> Statutory contributions	Benefits in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CCP	-	<sup>(2)</sup> 520	<sup>(2)</sup> 297	2	75	31	925
CYT	-	488	281	2	92	32	895
Dato' Ng Wan Peng	<sup>(3)</sup> 39	-	-	2	-	-	41
Dr. Liew Soun Yue	<sup>(3)</sup> 39	-	-	2	-	-	41
Chin Chee Seng	<sup>(3)</sup> 39	-	-	2	-	-	41

**Notes:**

- (1) Includes employer's contribution to Employees Provident Fund, Social Security Organisation and employment insurance system.
- (2) Comprising fees, salary, bonus, allowances, statutory contributions, benefits in-kind (whichever applicable) paid/ payable by ACSPL, adopting exchange ratio of SGD1.00 : RM3.34 as of LPD. For clarification, ACSPL is not required to contribute to any Singapore statutory body for CCP, as CCP is a Malaysian.
- (3) On pro-rata basis based on their respective appointment dates, subject to monthly fees of RM3,500.

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

## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

### 9.3 Key Senior Management

#### 9.3.1 Shareholdings

The direct and indirect shareholdings of our Key Senior Management in our Company before and after our IPO are as follows:

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %
Key Senior Management	Designation								
Ng Boon Thye	Sales and Marketing Director	26,615,299	5.83	-	-	24,049,969	4.37	-	-
Lim Kim Seng	Software Development Director	26,615,299	5.83	-	-	24,049,969	4.37	-	-
Tan Wee Kong	Chief Financial Officer	-	-	-	-	-	-	-	-

#### Notes:

- (1) Based on our issued share capital of 456,915,000 Shares before our IPO.
- (2) Based on enlarged issued share capital of 550,500,000 Shares after our IPO.



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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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**9.3.2 Profile**

The profiles of our Group's Key Senior Management are as follows:

**(i) Ng Boon Thye**

*Sales and Marketing Director*

Ng Boon Thye, Malaysian, aged 45, is our Sales and Marketing Director. He is responsible for leading and managing matters pertaining to our Group's project execution and management, allocation of project resources, and monitoring progress of each project.

He graduated with a degree of Bachelor of Science in Computing from University of Portsmouth, United Kingdom in 2000.

He began his career in 2000 at Geotextiles (M) Sdn Bhd and held the position of Information Technology Executive where he was responsible for maintaining office server, hardware and software system. He left Geotextiles (M) Sdn Bhd in 2002 and co-founded a company, i.e. TM Century Solutions Sdn Bhd with Lim Kim Seng and other shareholders in 2002. TM Century Solutions Sdn Bhd is principally involved in the business of trading of computer hardware and software and to provide computer consultancy services. He was responsible for sales and marketing activities and to facilitate the operation activities in TM Century Solutions Sdn Bhd. TM Century Solutions Sdn Bhd had ceased operations in 2016 since Ng Boon Thye and Lim Kim Seng decided to focus their career with our Group.

He joined our Group as Sales and Marketing Director in 2016

**(ii) Lim Kim Seng**

*Software Development Director*

Lim Kim Seng, Malaysian, aged 45, is our Software Development Director. He is responsible to lead and facilitate the research and development activities of our Group for new products, to develop and enhance existing products and services as offered by our Group and the maintenance of the information security system implemented by our Group.

He graduated with a Higher Diploma in Business Information Technology from Asia Pacific Institute of Information Technology, Malaysia in 1999.

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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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He began his career in 2000 at Body Fashion (M) Sdn Bhd and held the position of VB Analyst Programmer which responsible for analysis duties in the development and implementation of information systems and applications. He left Body Fashion (M) Sdn Bhd in 2003 and joined PJ Development Management Services Sdn Bhd as C# Analyst Programmer which responsible for system design and application development works. He subsequently left PJ Development Management Services Sdn Bhd and joined NKK Technology Sdn Bhd as Senior C# Developer in 2005 of which such position was held for a period of 6 months and he was responsible for overseeing the design and implementation of programs and applications offered by such company.

It's also worth noting that in 2002, he co-founded a company, i.e. TM Century Solutions Sdn Bhd together with Ng Boon Thye and other shareholders. He was responsible for providing consultancy services regarding products and services offered by TM Century Solutions Sdn Bhd.

He joined our Group as Software Development Director in 2016.

**(iii) Tan Wee Kong**

*Chief Financial Officer*

Tan Wee Kong, Malaysian, aged 48, is our Chief Financial Officer. He is responsible for overseeing all finance related matters of our Group.

He graduated with a Bachelor of Commerce (Accounting) from Nelson Polytechnic, New Zealand in 1998. He has been a member of the Association of Chartered Certified Accountants since 2004 and the member of Malaysian Institute of Accountants since 2005.

He began his career as a real estate negotiator at Klang Realty from 1998 to 2001. For the period of 2001 until 2003, he held the role of Audit Senior at Messrs Thiang & Co, an audit firm. He then joined Courts Mammoth Bhd as Internal Audit Executive in 2004 and left the position in 2005. In 2005, he joined Group Associated (C&L) Sdn Bhd as Finance and Administrative Manager which supervises and maintains financial and administrative records of such company and left the position in 2008. For the period of 2008 until 2012, he held the position of Finance Manager which responsible for budget planning and offering financial advice to the board of directors in Welcome Air-Tech (Malaysia) Sdn Bhd. In 2012, he held the position of Managing Director in My Green Home Sdn Bhd to oversee the operation and business activities of such company and left the position in 2018. In addition, he has also set up his own accountancy practice, namely Wee Kong & Associates in 2011, which had ceased operations since 21 June 2022 upon the smooth transitioning of the remaining clients, to allow Tan Wee Kong to focus his career with our Group.

He joined our Group as Chief Financial Officer in 2018.

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**
**9.3.3 Principal directorships and business activities of our Key Senior Management outside our Group for the past 5 years**

Save as disclosed below, as at LPD, none of our Key Senior Management have any principal business activities performed outside our Group (including principal directorships in the past 5 years preceding LPD):

**(i) Ng Boon Thye**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Akoya Angel PLT	Activities of holding companies/ investment holding entity to hold shares in Akoya Secrets Sdn Bhd	Partner	27 December 2021	-	9.80	-
Delish Bakery (Setia Alam) Sdn Bhd	Manufacture of bread, cakes and other bakery products	Shareholder	-	-	13.00	-
Novate Solutions Sdn Bhd	Supplying of computer hardware and software, providing computer consultancy and programming services <sup>(2)</sup>	Director/Shareholder	26 February 2008	-	46.25	-
Rising Star Domain (PJ) Sdn Bhd	Investment holding <sup>(3)</sup>	Shareholder	-	-	*	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
TH Agriculture Sdn Bhd	Agricultural business of farmer & dealer in oil palm, durian and rubber	Director/ Shareholder	3 November 2015	-	12.50	-
TM Century Solutions Sdn Bhd	Trader & dealer of computers, computers hardware and software, computer consultancy services <sup>(4)</sup>	Director/ Shareholder	26 December 2002	-	40.00	-
Yangtze Realty Sdn Bhd	Buying, selling, renting and operating of self-owned or lease real estate- non-residential building	Director/ Shareholder	8 April 2016	-	10.00	-
<b><u>Past involvement</u></b>						
Q-Family (M) Sdn Bhd	Trading in customised caricature miniature figurine and other gift items and providing IT services	Director/ Shareholder	9 April 2008	Struck off (Struck off date: 24 April 2019)	16.50	-
SYYS (M) Sdn Bhd	Training provider	Director/Shareholder	15 October 2015	Dissolved company (Dissolved date: 9 January 2020)	14.29	-

\* Less than 0.01%

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**
**Notes:**

- (1) Akoya Secrets Sdn Bhd is principally involved in other retail sale in non-specialised stores (non-specific); wholesale of perfumeries, cosmetics, soap and toiletries; import of perfumeries, cosmetics, soap and toiletries.
- (2) Novate Solutions Sdn Bhd is principally involved in the business of system integration, networking security, selling phone system and selling Microsoft office licenses, which are materially different from the business undertaken by our Group. For information, Novate Solutions Sdn Bhd operates independently and Ng Boon Thye is not involved in the day-to-day operations of Novate Solutions Sdn Bhd.
- (3) Rising Star Domain (PJ) Sdn Bhd is principally involved in the pawnshop business.
- (4) For clarification purpose, TM Century Solutions Sdn Bhd ceased operations in 2016 since Lim Kim Seng and Ng Boon Thye decided to focus their career with our Group after joining our Group in 2016.

**(ii) Lim Kim Seng**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Akoya Angel PLT	Activities of holding companies/ investment holding entity to hold shares in Akoya Secrets Sdn Bhd	Partner	27 December 2021	-	9.80	-
Delish Bakery (Setia Alam) Sdn Bhd	Manufacture of bread, cakes and other bakery products	Shareholder	-	-	13.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Novate Solutions Sdn Bhd	Supplying of computer hardware and software, providing computer consultancy and programming services <sup>(2)</sup>	Shareholder	-	-	13.75	-
Rising Star Domain (PJ) Sdn Bhd	Investment holding <sup>(3)</sup>	Shareholder	-	-	*	-
TH Agriculture Sdn Bhd	Agricultural business of farmer & dealer in oil palm, durian and rubber	Director/Shareholder	3 November 2015	-	12.50	-
TM Century Solutions Sdn Bhd	Trader & dealer of computers, computers hardware and software, computer consultancy services <sup>(4)</sup>	Director/Shareholder	26 December 2002	-	40.00	-
Yangtze Realty Sdn Bhd	Buying, selling, renting and operating of self-owned or lease real estate- non-residential building	Director/ Shareholder	8 April 2016	-	10.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Past involvement</u>						
Q-Family (M) Sdn Bhd	Trading in customised caricature miniature figurine and other gift items and providing IT services	Shareholder	-	Struck off (Struck off date: 24 April 2019)	16.50	-

\* Less than 0.01%

**Notes:**

- (1) Akoya Secrets Sdn Bhd is principally involved in other retail sale in non-specialised stores (non-specific); wholesale of perfumeries, cosmetics, soap and toiletries; import of perfumeries, cosmetics, soap and toiletries.
- (2) For clarification purpose, Novate Solutions Sdn Bhd is principally involved in the business of system integration, networking security, selling phone system and selling Microsoft office licenses, which are materially different from the business undertaken by our Group. For information, Novate Solutions Sdn Bhd operates independently and Lim Kim Seng is not involved in the day-to-day operations of Novate Solutions Sdn Bhd.
- (3) Rising Star Domain (PJ) Sdn Bhd is principally involved in the pawnshop business.
- (4) For clarification purpose, TM Century Solutions Sdn Bhd ceased operations in 2016 since Lim Kim Seng and Ng Boon Thye decided to focus their career with our Group after joining our Group in 2016.

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*
**(iii) Tan Wee Kong**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Present involvement</u>						
Adstury Sdn Bhd	Housing developers, wholesale of a variety of goods without any particular specialisation, buying, selling, renting and operating of self-owned or leased real estate land	Shareholder	-	-	*	-
Akoya Secrets Sdn Bhd	Other retail sale in non-specialised stores (non-specific); wholesale of perfumeries, cosmetics, soap and toiletries; import of perfumeries, cosmetics, soap and toiletries	Shareholder	-	-	45.00	-
Hope Good Health Sdn Bhd	General medical services	Director	8 May 2019	-	-	-
Hope Lifescience Sdn Bhd	Current good manufacturing practice facility (CGMP facility) for manufacturing of cell therapy products in pharmaceutical and cosmetic use	Director	3 December 2020	-	-	-



**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Hope Stemcell Sdn Bhd	Administrative health care services; investment advisory services; activities of holding companies	Director	11 March 2019	-	-	<sup>(1)</sup> 7.00
My Golden Bear Sdn Bhd	Providing management services	Director/ Shareholder	8 June 2012	-	100.00	-
My Green Home Sdn Bhd	Housing developer	Shareholder	-	-	23.75	-
Pek Construction Sdn Bhd	General contractor	Director/ Shareholder	28 June 2022	-	50.00	-
TK Development Sdn Bhd	Real estate activities with own or leased property and buying, selling, renting and operating of self-owned or leased real estate – land	Shareholder	-	-	50.00	-
Vista Mayang Development Sdn Bhd	Housing development	Shareholder	-	-	10.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
<u>Past involvement</u>						
Adstury Sdn Bhd	Housing developers, wholesale of a variety of goods without any particular specialisation, buying, selling, renting and operating of self-owned or leased real estate land	Director	14 February 2014	20 June 2022	-	-
Akoya Secrets Sdn Bhd	Other retail sale in non-specialised stores non-specific; wholesale of perfumeries, cosmetics, soap and toiletries; import of perfumeries, cosmetics, soap and toiletries	Director	25 June 2020	20 June 2022	-	-
Beyond Accounting Consultancy Sdn Bhd	Other business support service activities non-specific secretarial support services, business management consultancy services	Director	11 March 2022	20 June 2022	-	-
Captainkey Sdn Bhd	Housing development and locksmith services	Director/ Shareholder	4 December 2015	20 June 2022	50.00	-
Ganda Gembira Development Sdn Bhd	Housing development	Director	18 July 2014	20 June 2022	-	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Han Secrets Sdn Bhd	Manufacture of other pharmaceuticals, medicinal chemical and botanical products non-specific	Director	19 September 2018	18 January 2019	-	-
Hope Lifescience Sdn Bhd	Current good manufacturing practice facility (CGMP facility) for manufacturing of cell therapy products in pharmaceutical and cosmetic use	Director	2 May 2019	22 July 2019	-	-
Hope Secrets Sdn Bhd	Other retail sale in non-specialised stores non-specific; wholesale of perfumeries, cosmetics, soap and toiletries	Director	22 July 2029	20 June 2022	-	-
My Green Home Sdn Bhd	Housing developer	Director	9 August 2010	20 June 2022	-	-
My Green Hometown Sdn Bhd	Provide locksmithing services, dealers general hardwares	Director/ Shareholder	25 July 2014	1 June 2022	20.00	-

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
My Green Land Sdn Bhd	Real estate activities with own or leased property non-specific	Director	6 January 2021	20 June 2022	-	-
Nichio Automotive Sdn Bhd	Wholesale and retail sale of all kinds of parts, components, supplies, tools and accessories for motor vehicles	Director/ Shareholder	28 March 2017	Dissolved company (Dissolved date: 18 April 2018)	80.00	-
Pek Construction Sdn Bhd	General contractor	Director	1 November 2019	20 June 2022	-	-
Perth Property Development Sdn Bhd	Housing developer	Director/ Shareholder	5 January 2016	20 June 2022	50.00	-
Vista Mayang Development Sdn Bhd	Housing development	Director	28 April 2014	20 June 2022	-	-

\* Less than 0.01%

**Note:**

- (1) Tan Wee Kong is indirect shareholder of Hope Stemcell Sdn Bhd via his 7% indirect equity interest held by his wholly owned company, My Golden Bear Sdn Bhd.

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)***9.3.4 Key Senior Management's remunerations and material benefits-in-kind**

The details of the remuneration and material benefits in-kind paid and proposed to be paid to our Key Senior Management for services rendered to our Group in all capacities for the FYE 2022 and FYE 2023 are as follows:

**(i) FYE 2022**

<b>Name</b>	<b>(1) Remuneration</b>	<b>Benefits-in-kind</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ng Boon Thye	300 - 350	0 - 50	300 - 350
Lim Kim Seng	250 - 300	0 - 50	250 - 300
Tan Wee Kong	250 - 300	0 - 50	250 - 300

**Note:**

- (1) Includes salaries, bonus, allowances and statutory contribution such as employer's contribution to Employees Provident Fund, Social Security Organisation and employment insurance system.

**(ii) Proposed for the FYE 2023**

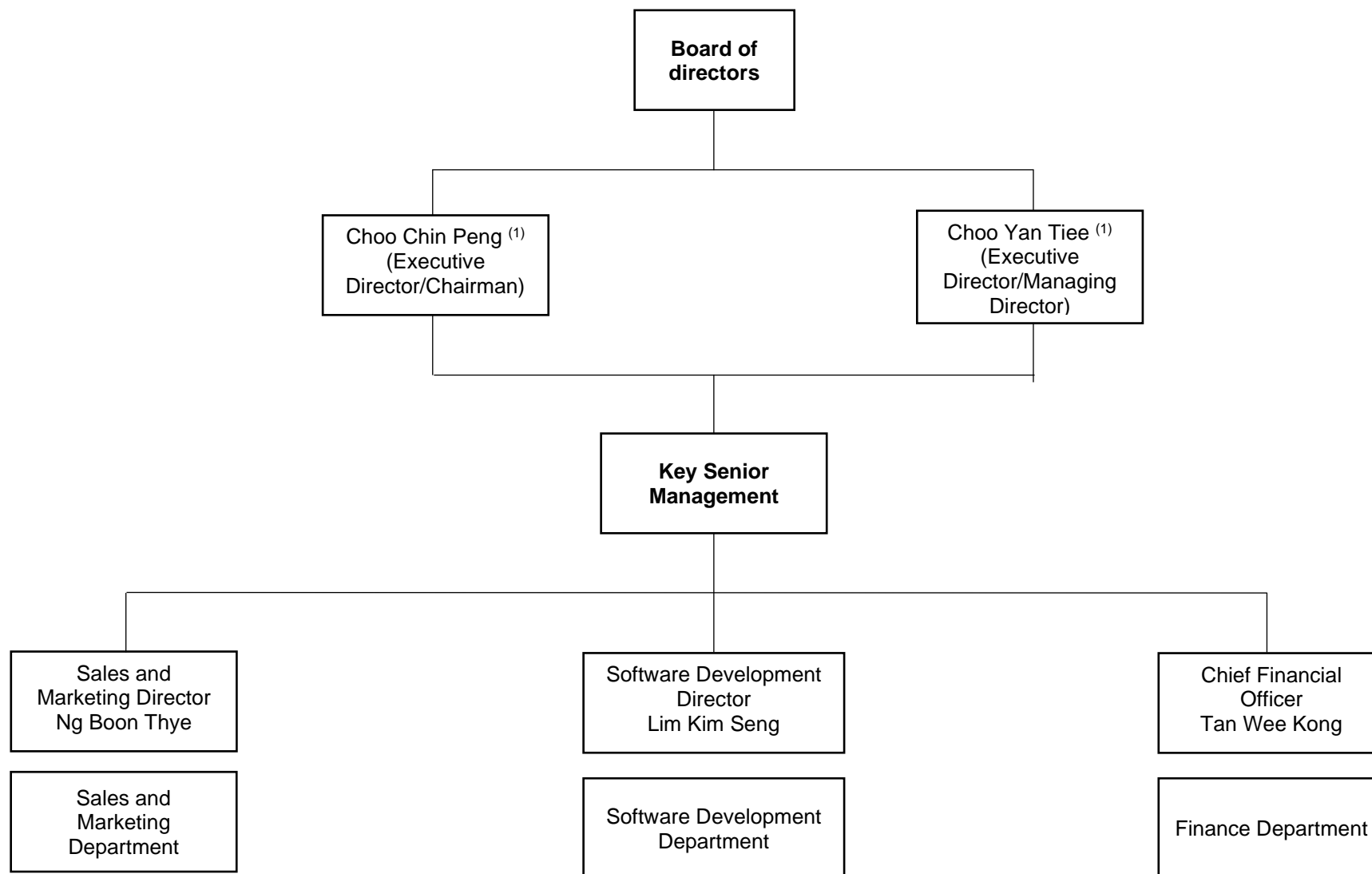
<b>Name</b>	<b>(1) Remuneration</b>	<b>Benefits-in-kind</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ng Boon Thye	300 - 350	0 - 50	300 - 350
Lim Kim Seng	250 - 300	0 - 50	300 - 350
Tan Wee Kong	250 - 300	0 - 50	300 - 350

**Note:**

- (1) Includes salaries, bonus, allowances and statutory contribution such as employer's contribution to Employees Provident Fund, Social Security Organisation and employment insurance system.

**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

**9.4 Management Reporting Structure**



## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

### Note:

- (1) For clarification purpose, Choo Chin Peng and Choo Yan Tiee jointly make decision and report to the board of directors, none of them reports to one another.

### 9.5 Board Practices

Our Board takes note of the recommendations under the MCCG which came into effect on 28 April 2021, which include amongst others, that the board should comprise at least 30.00% female members. As at the date of this Prospectus, our Board comprises 1 female out of 5 members, which represents 20.00% of our Board

As such, we have initiated the process of identifying suitable female candidates to be appointed as our director(s) to ensure that the above recommendation under the MCCG will be complied within 24 months after our Listing.

#### 9.5.1 Board

As at LPD, the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office
CCP	Executive Director / Chairman	25 February 2022	Subject to retirement by rotation at our first annual general meeting (" <b>AGM</b> ")	Less than 2 years
CYT	Executive Director / Managing Director	25 February 2022	Subject to retirement by rotation at our first AGM	Less than 2 years
Chin Chee Seng	Independent Non-Executive Director	6 April 2022	Subject to retirement by rotation at our first AGM	Less than 1 year
Dr. Liew Soung Yue	Independent Non-Executive Director	6 April 2022	Subject to retirement by rotation at our first AGM	Less than 1 year

## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office
Dato' Ng Wan Peng	Independent Non-Executive Director	6 April 2022	Subject to retirement by rotation at our first AGM	Less than 1 year

In accordance with our Company's Constitution, an election of Directors shall take place each year at the annual general meeting of our Company where 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election PROVIDED ALWAYS that Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A Director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

### 9.5.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 26 September 2022 and its members are appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship
Chin Chee Seng	Chairman	Independent Non-Executive Director
Dato' Ng Wan Peng	Member	Independent Non-Executive Director
Dr. Liew Soung Yue	Member	Independent Non-Executive Director

The main functions of the Audit and Risk Management Committee include:

- (i) to review, assess and monitor the performance, suitability, objectivity and independence of the internal and external auditors;
- (ii) to consider any matters concerning the appointment and re-appointment, the audit fee and any questions of resignation or dismissal of external auditors, and further ensure the suitability, objectivity and independence of external auditors;
- (iii) to review with the external auditors:
  - (a) their audit plan, scope and nature of the audit of our Group;
  - (b) their evaluation and findings of the system of internal controls;



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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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- (c) their audit reports;
  - (d) the management letter and management's response with regard to problems and reservations arising from their audits; and
  - (e) any other matters that the external auditors may wish to discuss (in the absence of management where necessary);
- (iv) to review the assistance given by the management and employees of our Group to the external auditors;
- (v) to review and assess the adequacy of the scope, functions, competency and resources of the internal audit functions of which the internal auditors should reports directly to the Audit and Risk Management Committee. The internal auditors must be an independent, objective assurance and must have the relevant qualification and be responsible for providing assurance to the Audit and Risk Management Committee that internal control is operating effectively;
- (vi) to review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
- (vii) to review the adequacy and effectiveness of our Group's internal control systems and risk management framework as evaluated, identified and reported by our management, internal or external auditors as well as to review the appropriate and timely corrective actions undertaken to ratify the same;
- (viii) to review the quarterly and year-end financial statements of our Group, before the approval by our Board, focusing particularly on:
  - (a) any changes in or implementation of major accounting policy changes;
  - (b) significant matters highlighted including financial reporting issues, significant judgement made by management, significant unusual events or transactions, and how these matters are addressed; and
  - (c) compliance with accounting standards and other legal requirements;
- (ix) to review any related party transactions and conflicts of interest situations that may arise within our Company or Group including any transactions, procedures or course of conduct that raises questions of management integrity;
- (x) to review any letter of resignation from the external auditors of our Company;
- (xi) to review whether there is reason (supported by grounds) to believe that our Company's external auditors is not suitable for re-appointment;

## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

- (xii) to recommend the nomination of a person or persons as external auditors; and
- (xiii) to carry out such other functions or assignments as may be delegated by our Board from time to time.

### 9.5.3 Nomination Committee

Our Nomination Committee was established on 26 September 2022 and its members are appointed by our Board. Our Nomination Committee comprises the following members:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dr. Liew Soung Yue	Chairman	Independent Non-Executive Director
Dato' Ng Wan Peng	Member	Independent Non-Executive Director
Chin Chee Seng	Member	Independent Non-Executive Director

The main functions of the Nomination Committee include:

- (i) to consider and recommend to our Board suitable candidates for appointment as Directors of our Company. In making a recommendation to our Board on the candidates for directorship, the Nomination Committee should consider the candidates':
  - (a) skills, knowledge, expertise and experience;
  - (b) professionalism;
  - (c) integrity; and
  - (d) in the case of candidates for the position of Independent Non-Executive Director, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities / functions as expected from Independent Non-Executive Director s;
- (ii) to annually review, or as required, the correct mix of skills, business and professional experiences including diversity in terms of gender, ethnicity and age that should be added to our Board, and to ensure that all our Directors undergo appropriate introduction and training programmes;

## 9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

- (iii) to appraise each individual Director including Independent Non-Executive Director(s) as well as the Executive Director(s) in terms of his experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of our Company. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented;
- (iv) to examine the ability of each Director to contribute to the effective decision-making process of our Board and ensure that our Board is functioning actively, efficiently and effectively in all its decision making;
- (v) to review annually, the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether such Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference;
- (vi) to assess the effectiveness of our Board and the Committees as a whole;
- (vii) to review and assess the independence of the Independent Non-Executive Directors of our Company;
- (viii) to recommend our Board concerning the re-election/re-appointment of Director to our Board pursuant to our Company's Constitution; and
- (ix) to carry out such other functions or assignments as may be delegated by our Board from time to time.

### 9.5.4 Remuneration Committee

Our Remuneration Committee was established on 26 September 2022 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Ng Wan Peng	Chairman	Independent Non-Executive Director
Dr. Liew Soung Yue	Member	Independent Non-Executive Director
Chin Chee Seng	Member	Independent Non-Executive Director

The main functions of the Remuneration Committee include:

- (i) to review and recommend to our Board the appropriate remuneration packages for the Independent Non-Executive Director(s) as well as the Executive Director(s) of our Company, with or without other independent professional advice or other outside advice;
- (ii) to formulate policies, guidelines and set criteria for remuneration packages for the Directors of our Company;

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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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- (iii) to ensure that the Directors are fairly and appropriately remunerated according to the industry, general market sentiments or conditions;
- (iv) to determine the composition of the various types of components of remuneration such as basic salary, bonus and other benefits in kind for the Executive Directors and Key Senior Management of our Company;
- (v) to ensure all necessary actions are taken expediently by our Board to offer appropriate rewards, benefits, compensation and remuneration and to ensure that the levels of remuneration are sufficiently attractive to retain Directors and structuring the remuneration packages to link rewards to the individual performance;
- (vi) to ensure that all remuneration packages and benefits given to the Directors are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and our Board from time to time;
- (vii) to attend to any other function that may be delegated by our Board which would be beneficial to our Company and ensure the effective discharge of the Committee's duties and responsibilities; and
- (viii) to carry out such other functions or assignments as may be delegated by our Board from time to time.

**9.6 Service Agreements**

As at LPD, none of our Directors and/or Key Senior Management have any existing or proposed service agreement with our Group.

**9.7 Declarations by Each Promoters, Directors and Key Senior Management**

None of our Promoters, Directors and Key Senior Management is or was involved in any of the following events, whether within or outside Malaysia:

- (i) a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he was a partner, or any corporation of which he was a director or member of key senior management in the last 10 years;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged or convicted in a criminal proceeding, or is a named subject of a pending criminal proceeding in the last 10 years;
- (iv) any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market in the last 10 years;

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**9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(cont'd)*

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- (v) the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market in the last 10 years;
- (vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body, temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) the subject of any current investigation or disciplinary proceeding, or has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency in the last 10 years; or
- (viii) any unsatisfied judgment against such person.

**9.8 Relationships and/or Associations**

There are no family relationships or associations between our Promoters, substantial shareholder, Directors and Key Senior Management.

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## 10. RELATED PARTY TRANSACTIONS

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Pursuant to the Listing Requirements, a “**related party transaction**” is a transaction entered into by a listed corporation or its subsidiaries, which involves the interest, direct or indirect, of a related party. A “**related party**” is defined as:

- (i) a director, having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company, or a chief executive of the listed corporation, its subsidiary or holding company;
- (ii) a major shareholder and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or its subsidiaries or holding company and has or had an interest or interests in 1 or more voting shares in a corporation and the nominal amount of that share on the aggregate of the nominal amounts of those shares is:
  - (a) 10.00% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or
  - (b) 5.00% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) person connected with such director or major shareholder.

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## 10. RELATED PARTY TRANSACTIONS (cont'd)

### 10.1 Related Party Transactions

Save as disclosed below, our Directors have confirmed that there are no other material related party transactions that we had entered into with related parties in respect of the FYE 2019, FYE 2020, FYE 2021, FYE 2022 and up to LPD:

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions				
					FYE 2019	FYE 2020	FYE 2021	FYE 2022	1 January 2023 and up to LPD
					RM'000	RM'000	RM'000	RM'000	RM'000
1.	<b><u>Acquisition of our Oasis Office by ACSB from Yangtze Realty Sdn Bhd</u></b>								
	ACSB	<u>Providing party</u> Yangtze Realty Sdn. Bhd.	CCP and CYT are common directors and major shareholders of Yangtze Realty Sdn. Bhd.	Acquisition of our OASIS Office.	-	-	8,140 (Being 101.65% of our Group's NA)	-	-
		<u>Receiving party</u> ACSB	CCP is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Chairman, and he is also the director of ACSB.	This property was acquired by ACSB for our own use. Further details of the property are set out in Section 7.21.1 of this Prospectus.					
			CYT is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Managing Director, and he is also the director of ACSB.	The acquisition price was based on the prevailing market value.					

**10. RELATED PARTY TRANSACTIONS** (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions				
					FYE 2019	FYE 2020	FYE 2021	FYE 2022	1 January 2023 and up to LPD
					RM'000	RM'000	RM'000	RM'000	RM'000
<b>2.</b>	<b>Rental of our OASIS Office by ACSB from Yangtze Realty Sdn Bhd</b>								
	ACSB	<u>Providing party</u> Yangtze Realty Sdn. Bhd.	Yangtze Realty Sdn. Bhd. as the landlord, and ACSB as the tenant.  CCP is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Chairman, and he is also the director of ACSB.  CYT is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Managing Director, and he is also the director of ACSB.  CCP and CYT are common directors and major shareholders of Yangtze Realty Sdn. Bhd.	Rental of our OASIS Office.  This tenancy arrangement ended on 31 July 2021 upon acquisition by ACSB of our OASIS Office from Yangtze Realty Sdn. Bhd.	502 (Being 12.00% of our Group's PAT)	546 (Being 9.55% of our Group's PAT)	364 (Being 3.63% of our Group's PAT)	-	-



**10. RELATED PARTY TRANSACTIONS** (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions					
					FYE 2019	FYE 2020	FYE 2021	FYE 2022	1 January 2023and up to LPD	
					RM'000	RM'000	RM'000	RM'000	RM'000	
3.	<b><u>Supply of IT hardware products by AQ Technology Services to ACSB</u></b>									
	ACSB	<u>Providing party</u> AQ Technology Services	AQ Technology Services is the supplier, and ACSB is the customer.  CCP is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Chairman and he is also the director of ACSB.  AQ Technology Services is a sole proprietorship owned by Choo Chin Guan, who is CCP's brother.	Supply of IT hardware products.	67 (Being 1.39% of our Group's cost of sales)	-	-	-	-	-
		<u>Receiving party</u> ACSB								
4.	<b><u>Sale of AutoCount software by ACSPL to AMCL</u></b>									
	ACSPL	<u>Providing party</u> ACSPL	AMCL was a wholly-owned subsidiary of ACSPL until 12 May 2022.	Sale of AutoCount software.	23 (Being 0.12% of our Group's revenue)	-	-	-	-	-
		<u>Receiving party</u> AMCL	AMCL is not part of the listing group.							

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**10. RELATED PARTY TRANSACTIONS** *(cont'd)*

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Our Directors are of the view that all the above related party transactions were transacted on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and were not detrimental to our non-interested shareholders based on market price for comparable products/raw materials.

Our Directors also confirm that there are no other related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus. In addition, our Directors confirm that all the related party transactions as stated above will not subsist after our Listing.

After our Listing and in accordance with the Listing Requirements, we may be required to seek our shareholders' approval each time we enter into material related party transactions. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous to each other.

After our Listing, the Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year.

**10.2 Transactions Entered into that are Unusual in Their Nature or Conditions**

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which our Group were a party in respect of the FYE 2019, FYE 2020, FYE 2021, FYE 2022 and up to LPD.

## 10. RELATED PARTY TRANSACTIONS (cont'd)

### 10.3 Loans and Financial Assistance Made to or for the Benefit of Related Parties

Save as disclosed below, our Directors have confirmed that there are no other material loans and/or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of the related parties for the FYE 2019, FYE 2020, FYE 2021, FYE 2022 and up to LPD:

					Outstanding Amount				
No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE 2019	FYE 2020	FYE 2021	FYE 2022	1 January 2023 and up to LPD
					RM'000	RM'000	RM'000	RM'000	RM'000
1.	ACSB	Deep Root Realty Sdn. Bhd.	Deep Root Realty Sdn. Bhd. as the borrower securing banking facilities of Term Loan – 1 – Biz Power Flexi & Term Loan – 2 – Biz Power Flexi from RHB Bank Berhad; and ACSB as corporate guarantor for such facilities.	Extension of corporate guarantee(s)	2,898	2,898	2,898	-	(1)-
			CCP is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Chairman, and he is also the director of ACSB.						
			CYT is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Managing Director, and he is also the director of ACSB.						
			CCP and CYT are common directors and major shareholders of ACSB and Deep Root Realty Sdn. Bhd.						

**10. RELATED PARTY TRANSACTIONS** (cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Outstanding Amount				
					FYE 2019	FYE 2020	FYE 2021	FYE 2022	1 January 2023 and up to LPD
					RM'000	RM'000	RM'000	RM'000	RM'000
2.	ACSB	Yangtze Realty Sdn. Bhd.	Yangtze Realty Sdn. Bhd. as the borrower securing Term Equity Financing-i to part finance the purchase of OASIS Office from Public Islamic Bank Berhad; and ACSB as corporate guarantor for such facilities.	Extension of corporate guarantee(s)	5,682	5,653	(2)-	-	-
			CCP is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Chairman, and he is also the director of ACSB.						
			CYT is our Promoter, Specified Shareholder, major shareholder, Non-Independent Executive Director and Managing Director, and he is also the director of ACSB.						
			CCP and CYT are common directors and major shareholders of ACSB and Yangtze Realty Sdn. Bhd.						

**Notes:**

- (1) RHB Bank Berhad had vide its letter dated 20 June 2022 discharged ACSB from all liabilities whatsoever arising from the said corporate guarantee(s) as extended with immediate effect.
- (2) Yangtze Realty Sdn. Bhd. had fully settled the said banking facilities in FYE 2021.

**10. RELATED PARTY TRANSACTIONS (cont'd)**

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

**10.4 Guarantees**

As at LPD, CCP and CYT have given their joint and several personal guarantees for the banking facilities amounting to RM5.5 million pursuant to the facilities agreements dated 28 July 2021 entered between ACSB and Public Bank Berhad ("**PBB**"), which are as follows:

No.	Company	Guarantor	Financial Institution	Facility/ Purpose	Amount Guaranteed	Outstanding Amount as at LPD
					RM'000	RM'000
1.	ACSB	CCP and CYT	PBB	To finance the purchase of a unit of commercial office known as Parcel No. B2-3A01 within Level No. 3A of Block No. B2 in a development known as Meritus @ Oasis Corporate Park held under Master Title GRN 317343, Lot 92087, Mukim Damansara, District of Petaling, State of Selangor, bearing the assessment address B2-3A01, Meritus Tower @ Oasis Corporate Park, Oasis Damansara (Pusat Korporat Oasis) No. 2, Jalan PJU 1A/2, Ara Damansara, 47301, Petaling Jaya, Selangor Darul Ehsan.	2,850	2,018
2.	ACSB	CCP and CYT	PBB	To finance the purchase of a unit of commercial office known as Parcel No. B2-3A02 within Level No. 3A of Block No. B2 in a development known as Meritus @ Oasis Corporate Park held under Master Title GRN 317343, Lot 92087, Mukim Damansara, District of Petaling, State of Selangor, bearing the assessment address B2-3A02, Meritus Tower @ Oasis Corporate Park, Oasis Damansara (Pusat Korporat Oasis) No. 2, Jalan PJU 1A/2, Ara Damansara, 47301, Petaling Jaya, Selangor Darul Ehsan.	2,650	1,841

ACSB had, on 29 December 2021, written to PBB for the removal of the abovementioned joint and several personal guarantees by CCP and CYT ("**PBB's Consent Request Letters**"). PBB had, on 13 April 2022, granted ACSB its consent in respect of the PBB's Consent Request Letters to release the joint and several personal guarantees by CCP and CYT and replace them with the corporate guarantee of ADB upon the Listing.

## **10. RELATED PARTY TRANSACTIONS (cont'd)**

### **10.5 Monitoring and Oversight of Related Party Transactions and Conflict of Interest**

#### **10.5.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interest situations that may arise within our Group including any transactions, procedures or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflict of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

#### **10.5.2 Our Group's policy on related party transactions and conflict of interest**

It is the policy of our Group that all related party transactions and conflict of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interests in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

In addition, in line with the Malaysian Code on Corporate Governance and the Corporate Governance Guide, our Directors are required to make an annual disclosure of any related party transactions and conflict of interest with our Group and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflict of interest. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

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## **11. CONFLICT OF INTEREST**

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### **11.1 Interest in Similar Business of our Group**

As at LPD, none of our Directors and/or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group.

Moving forward, our Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations and review our Group's current and future related party transactions and ensure that such transactions will be carried out on an arm's length basis and on commercial terms in the best interest of our Group. Our Group will also seek such relevant shareholders' approval where required. We will also make disclosures in our annual report of the aggregate value of any recurrent related party transactions to be entered into by us (where required) based on the nature of the transactions made, names of the related parties involved and their relationship with our Group. Please refer to Section 10.5.2 of this Prospectus for further details of our monitoring and oversight policy on conflicts of interest.

### **11.2 Declarations by Our Advisers**

#### **(i) Declaration by Malacca Securities**

Malacca Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as our Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing.

#### **(ii) Declaration by Julius Leonie Chai**

Julius Leonie Chai has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in relation to our Listing.

#### **(iii) Declaration by Baker Tilly Monteiro Heng PLT**

Baker Tilly Monteiro Heng PLT has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to our Listing.

#### **(iv) Declaration by Smith Zander**

Smith Zander has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to our Listing.

#### **(v) Declaration by MIH**

MIH has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Issuing House and Share Registrar to our Group in relation to our Listing.

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## 12. FINANCIAL INFORMATION

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### 12.1 Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position



Baker Tilly Monteiro Heng PLT  
(LLP0019411-LCA)  
Chartered Accountants (AF 0117)  
Baker Tilly Tower  
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22 March 2023

The Board of Directors  
**Autocount Dotcom Berhad**  
B2-3A-01, Level 3A, Block B2,  
Meritus @ Oasis Corporate Park,  
No.2, Jalan PJU 1A/2, Ara Damansara,  
47301 Petaling Jaya, Selangor.

Dear Sirs,

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#### **AUTOCOUNT DOTCOM BERHAD ("ADB" or the "Company") AND ITS SUBSIDIARIES**

#### **REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 INCLUDED IN A PROSPECTUS**

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We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of ADB and its subsidiaries, namely Auto Count Sdn. Bhd., Autocount (S) Pte. Ltd., Autocount On The Go Sdn. Bhd. and Autocount Software Sdn. Bhd. (the "Group") for which the directors of ADB are solely responsible. The pro forma consolidated statements of financial position consist of the pro forma consolidated statements of financial position as at 31 December 2022 together with the accompanying notes thereon, as set out in the accompanying statement, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of ADB have compiled the pro forma consolidated statements of financial position are as described in Note 2 to the pro forma consolidated statements of financial position and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The pro forma consolidated statements of financial position of the Group has been compiled by the directors of ADB, for illustrative purposes only, for inclusion in the prospectus of ADB ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of ADB on the ACE Market of Bursa Malaysia Securities Berhad ("Listing"), after making certain assumptions and such adjustments to show the effects on the consolidated financial position of the Group as at 31 December 2022 adjusted for the public issue and utilisation of proceeds as described in Notes 1.2.1 and 3.2.1 respectively.



## 12. FINANCIAL INFORMATION (cont'd)



### **AUTOCOUNT DOTCOM BERHAD AND ITS SUBSIDIARIES**

Reporting Accountants' Report on the Compilation of the  
Pro Forma Consolidated Statements of Financial Position  
as at 31 December 2022 Included in a Prospectus

As part of this process, information about the Group pro forma consolidated statements of financial positions had been extracted by the directors of ADB from the audited financial statements of the ADB Group.

The audited financial statements of the Group for the financial year ended ("FYE") 31 December 2022 were reported by us to its members without any modification.

#### ***Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position***

The directors of ADB are responsible for compiling the pro forma consolidated statements 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 Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, 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 Control 1 (ISQC 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 consolidated statements of financial position has been compiled, in all material respects, by the directors of ADB based on the Applicable Criteria.

**12. FINANCIAL INFORMATION (cont'd)****AUTOCOUNT DOTCOM BERHAD AND ITS SUBSIDIARIES**

Reporting Accountants' Report on the Compilation of the  
Pro Forma Consolidated Statements of Financial Position  
as at 31 December 2022 Included in a Prospectus

**Reporting Accountants' Responsibilities (continued)**

We conducted our engagement in accordance with *International Standard on Assurance Engagements 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 ADB have compiled, in all material respects, the pro forma consolidated statements 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 consolidated statements 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 consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group 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.

A reasonable assurance engagement to report on whether the pro forma consolidated statements 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 ADB in the compilation of the pro forma consolidated statements of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to listing scheme as described in Note 1.2 to the pro forma consolidated statements of financial position, and to obtain sufficient appropriate evidence about whether:

- (a) the pro forma consolidated statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma consolidated statements of financial position, based on the audited financial statements of the Group for the FYE 31 December 2022, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited financial statements for the FYE 31 December 2022; and
- (b) each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position of the Group is appropriate for the purpose of preparing the pro forma consolidated statements of financial position.

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

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

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

**12. FINANCIAL INFORMATION** (cont'd)



**AUTOCOUNT DOTCOM BERHAD AND ITS SUBSIDIARIES**

Reporting Accountants' Report on the Compilation of the  
Pro Forma Consolidated Statements of Financial Position  
as at 31 December 2022 Included in a Prospectus

**Opinion**

In our opinion:

- (a) the pro forma consolidated statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma consolidated statements of financial position, based on the audited financial statements of the Group for the FYE 31 December 2022, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited financial statements for the FYE 31 December 2022; and
- (b) each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position of the Group is appropriate for the purpose of preparing the pro forma consolidated statements of financial position.

**Other Matters**

This report has been prepared for inclusion in the Prospectus in connection with the Listing. 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,

A handwritten signature in black ink, appearing to be "Baker Tilly Monteiro Heng".

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

A handwritten signature in black ink, appearing to be "Dato' Lock Peng Kuan".

Dato' Lock Peng Kuan  
No. 02819/10/2024 J  
Chartered Accountant

**12. FINANCIAL INFORMATION (cont'd)****AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. INTRODUCTION**

The pro forma consolidated statements of financial position of Autocount Dotcom Berhad (“ADB” or the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has been compiled by the directors of ADB, for illustrative purposes only, for inclusion in the prospectus of ADB in connection with the listing of and quotation for the entire enlarged issued share capital of ADB on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”)(“Listing”).

- 1.1 ADB is undertaking a listing of and quotation for its entire enlarged issued share capital of RM38,890,559 comprising 550,500,000 new ordinary shares in ADB (“Shares”) on the ACE Market of Bursa Securities. The Listing comprises the following:

**1.2 Listing Scheme****1.2.1 Public issue**

The Public Issue of 93,585,000 new Shares, representing approximately 17.00% of the enlarged issued share capital, at an issue price of RM0.33 per new Share, is subject to the terms and conditions of the Prospectus and will be allocated and allotted in the following manner:

- (i) 27,525,000 new Shares available for application by the Malaysian public by way of balloting;
- (ii) 11,010,000 new Shares available for application by eligible employees and business associates (including persons who have contributed to the success of the Group); and
- (iii) 55,050,000 new Shares available for application by selected investors.

(Collectively hereinafter referred as “Public Issue”).

**1.2.2 Offer for Sale**

Offer for Sale of 44,040,000 existing Shares by way of private placement to selected investors, at an issue price of RM0.33 per share.

**1.3 Listing**

Admission to the official list and the listing of and quotation for the entire enlarged issued share capital of ADB of RM38,890,559 comprising 550,500,000 Shares on the ACE Market of Bursa Securities.



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**12. FINANCIAL INFORMATION (cont'd)**

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**AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES**

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**2. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

- 2.1 The pro forma consolidated statements of financial position has been prepared to illustrate the pro forma consolidated financial position of the Group as at 31 December 2022, adjusted for the Listing Scheme as described in Notes 1.2 and 3.2.1, respectively.
- 2.2 The audited financial statements of the Group for the financial year under review were reported by the auditors to their respective members without any modifications.
- 2.3 The pro forma consolidated statements of financial position of the Group have 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 the Group and does not purport to predict the future financial position and results of the Group.
- 2.4 The pro forma consolidated statements of financial position of the Group has been properly prepared on the basis set out in the accompanying notes to the pro forma consolidated statements of financial position based on the audited financial statements of the Group for the FYE 31 December 2022, which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.



**12. FINANCIAL INFORMATION (cont'd)****AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP**

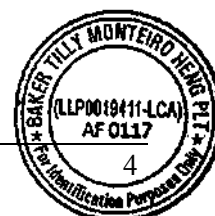
- 3.1 The pro forma consolidated statements of financial position of the Group as set out below, for which the directors of ADB are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2022, had the Public Issue as described in Note 1.2.1 and the utilisation of proceeds as described in Note 3.2.1 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	<b>Audited Consolidated Statement of Financial Position as at 31 December 2022 RM'000</b>	<b>Pro Forma I After the Public Issue and the Offer for Sale RM'000</b>	<b>Pro Forma II After Pro Forma I and the Utilisation of Proceeds RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11,665	11,665	11,665
Intangible assets	1,706	1,706	1,706
Deferred tax assets	707	707	707
<b>Total non-current assets</b>	<b>14,078</b>	<b>14,078</b>	<b>14,078</b>
<b>Current assets</b>			
Trade and other receivables	479	479	479
Contract assets	136	136	136
Cash and short-term deposits	22,609	53,492	51,209
<b>Total current assets</b>	<b>23,224</b>	<b>54,107</b>	<b>51,824</b>
<b>TOTAL ASSETS</b>	<b>37,302</b>	<b>68,185</b>	<b>65,902</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	8,008	38,891	38,503
Translation reserves	101	101	101
Merger reserves	(7,506)	(7,506)	(7,506)
Retained earnings	21,060	21,060	19,165
<b>TOTAL EQUITY</b>	<b>21,663</b>	<b>52,546</b>	<b>50,263</b>



**12. FINANCIAL INFORMATION (cont'd)****AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)****3.1 (Continued)**

	<b>Audited Consolidated Statement of Financial Position as at 31 December 2022 RM'000</b>	<b>Pro Forma I After the Public Issue and the Offer for Sale RM'000</b>	<b>Pro Forma II After Pro Forma I and the Utilisation of Proceeds RM'000</b>
<b>Non-current liabilities</b>			
Loans and borrowings	4,510	4,510	4,510
Deferred tax liabilities	6	6	6
<b>Total non-current liabilities</b>	<b>4,516</b>	<b>4,516</b>	<b>4,516</b>
<b>Current liabilities</b>			
Loans and borrowings	466	466	466
Current tax liabilities	1,376	1,376	1,376
Trade and other payables	4,693	4,693	4,693
Contract liabilities	4,588	4,588	4,588
<b>Total current liabilities</b>	<b>11,123</b>	<b>11,123</b>	<b>11,123</b>
<b>TOTAL LIABILITIES</b>	<b>15,639</b>	<b>15,639</b>	<b>15,639</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>37,302</b>	<b>68,185</b>	<b>65,902</b>
Number of ordinary shares assumed to be in issue ('000)	456,915	550,500	550,500
Net assets ("NA")^ (RM'000)	21,663	52,546	50,263
NA per ordinary share (RM)	0.05	0.10	0.09
^ attributable to owners of ADB			



**12. FINANCIAL INFORMATION (cont'd)****AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

3.2 Notes to the pro forma consolidated statements of financial position are as follows:

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

Details of utilisation	RM'000	%	Time frame for utilisation from the date of listing
<b>Not reflected in pro forma consolidated statements of financial position</b>			
Regional expansion to capture growth opportunities <sup>(1)</sup>	17,352	56.19	Within 36 months
Strengthening research and development ("R&D") to expand existing products' features <sup>(1)</sup>	5,208	16.86	Within 24 months
Working capital	4,423	14.32	Within 24 months
<b>Reflected in pro forma consolidated statements of financial position</b>			
Estimated listing expenses	3,900	12.63	Within 1 month
<b>Gross proceeds</b>	<b>30,883</b>	<b>100.00</b>	

(1) As at the latest practicable date, the Company has yet to enter into any contractual binding agreement or issue any purchase order in relation to the proceeds earmarked for regional expansion and strengthening R&D to expand existing products' features. Accordingly, the utilisation of proceeds earmarked for regional expansion and strengthening R&D to expand existing products' features are not reflected in the pro forma consolidated statements of financial position.





**12. FINANCIAL INFORMATION** (cont'd)**AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)****3.2 (Continued)**

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

**(a) Pro Forma I**

Pro Forma I incorporates the cumulative effects of the Public Issue and Offer for Sale as described in Notes 1.2.1 and 1.2.2, respectively.

The Public Issue will have the following impact on the pro forma consolidated statements of financial position of the Group as at 31 December 2022:

	<b>Increase</b>	
	<b>Effects on</b>	<b>Effects on</b>
	<b>Total Assets</b>	<b>Equity</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and short-term deposits	30,883	-
Share capital	-	30,883
	30,883	30,883

The Offer for Sale will not have an impact to the pro forma consolidated statements of financial position.



**12. FINANCIAL INFORMATION (cont'd)****AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (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 utilisation of proceeds from the Public Issue of RM30.88 million after netting off RM3.90 million of estimated listing expenses. The remaining proceeds expected from the Public Issue of RM26.98 million will be used in the manner as described in Note 3.2.1.

The proceeds arising from the Public Issue earmarked for regional expansion, strengthening R&D to expand existing products' features and working capital of RM26.98 million will be included in the Cash and Short-Term Deposits Account.

As at 31 December 2022, out of the RM3.90 million listing expenses, RM1.62 million has already been incurred and charged to the Retained Earnings Account. Out of the remaining estimated listing expense to be incurred of RM2.28 million, RM1.89 million will be charged to Retained Earnings Account and RM0.39 million is recognised in Share Capital Account as this is directly attributable expenses relating to the new issuance of shares.

The utilisation of proceeds will have the following impact on the pro forma consolidated statements of financial position of the Group as at 31 December 2022:

	<b>Decrease</b>	
	<b>Effects on Total Assets RM'000</b>	<b>Effects on Total Equity RM'000</b>
Cash and short-term deposits	(2,283)	-
Share capital	-	(388)
Retained earnings	-	(1,895)
	<u>(2,283)</u>	<u>(2,283)</u>



**12. FINANCIAL INFORMATION (cont'd)****AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)****3.2 (Continued)****3.2.3 Movement in share capital and reserves are as follows:**

	<b>Share capital RM'000</b>	<b>Translation reserve RM'000</b>	<b>Merger reserve RM'000</b>	<b>Retained earnings RM'000</b>
Audited statement of financial position of ADB as at 31 December 2022	8,008	101	(7,506)	21,060
Arising from the Public Issue and the Offer for Sale	30,883	-	-	-
Per Pro Forma I	38,891	101	(7,506)	21,060
Arising from the Utilisation of Proceeds	(388)	-	-	(1,895)
Per Pro Forma II	38,503	101	(7,506)	19,165

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

	<b>RM'000</b>
Audited statement of financial position of ADB as at 31 December 2022	22,609
Arising from the Public Issue and the Offer for Sale	30,883
Per Pro Forma I	53,492
Arising from the Utilisation of Proceeds	(2,283)
Per Pro Forma II	51,209



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**12. FINANCIAL INFORMATION** *(cont'd)*

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**AUTOCOUNT DOTCOM AND ITS SUBSIDIARIES**

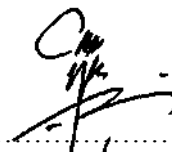
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**APPROVAL BY BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors of Autocount Dotcom Berhad in accordance with a resolution dated **22 MAR 2023**



.....  
**Choo Chin Peng**  
Director



.....  
**Choo Yan Tiee**  
Director



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## **12. FINANCIAL INFORMATION**

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### **12.2 HISTORICAL FINANCIAL INFORMATION**

Our historical financial information throughout the Financial Years Under Review has been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

Our Company was incorporated on 25 February 2022 as an investment holding company. All companies acquired by our Company pursuant to the Acquisition of ACSB and Acquisition of ASSB, which were completed on 20 June 2022 and 9 May 2022, respectively, have been under the common control of our Promoters throughout the Financial Years Under Review and are regarded as continuing entities.

The historical financial information of our Group for the Financial Years Under Review comprises the following:

- (i) The combined statements of financial position as at 31 December 2019, 31 December 2020 and 31 December 2021, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for FYE 2019, FYE 2020 and FYE 2021. The combined financial statements of our Group for FYE 2019, FYE 2020 and FYE 2021 have been prepared in a manner as all companies acquired by our Company pursuant to the Acquisition of ACSB and Acquisition of ASSB have been under the common control of our Promoters throughout FYE 2019, FYE 2020 and FYE 2021 and are regarded as continuing entities; and
- (ii) The consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for FYE 2022. The consolidated financial statements of our Group for FYE 2022 have been prepared based on the audited consolidated financial statements of ADB for FYE 2022 and in a manner as all companies acquired by our Company pursuant to the Acquisition of ACSB and Acquisition of ASSB under the common control of our Promoters throughout FYE 2022 and are regarded as continuing entities.

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**12. FINANCIAL INFORMATION (cont'd)****12.2.1 Combined/consolidated statements of comprehensive income**

The following table sets out a summary of our combined/consolidated statements of comprehensive income for the Financial Years Under Review, which have been extracted from the Accountants' Report as set out in Section 13 of this Prospectus. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Section 12.3 and Section 13 of this Prospectus.

	<b>Audited</b>			
	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	18,891	19,638	29,483	38,717
Cost of sales	(4,830)	(4,793)	(5,904)	(7,769)
<b>GP</b>	<b>14,061</b>	<b>14,845</b>	<b>23,579</b>	<b>30,948</b>
Other income	180	328	495	877
Administrative expenses	(3,731)	(3,226)	(4,933)	(6,070)
Selling and distribution expenses	(3,682)	(3,856)	(4,618)	(6,760)
Other operating expenses	(1,168)	(1,096)	(890)	(595)
<b>Operating profit</b>	<b>5,660</b>	<b>6,995</b>	<b>13,633</b>	<b>18,400</b>
Finance costs	(145)	(105)	(86)	(189)
<b>PBT</b>	<b>5,515</b>	<b>6,890</b>	<b>13,547</b>	<b>18,211</b>
Income tax expense	(1,332)	(1,174)	(3,517)	(4,370)
<b>PAT</b>	<b>4,183</b>	<b>5,716</b>	<b>10,030</b>	<b>13,841</b>
<b>Other comprehensive income</b>				
Exchange differences on translation of foreign operations	17	(2)	(1)	114
<b>Other comprehensive income for the financial year</b>	<b>17</b>	<b>(2)</b>	<b>(1)</b>	<b>114</b>
<b>Total comprehensive income for the financial year</b>	<b>4,200</b>	<b>5,714</b>	<b>10,029</b>	<b>13,955</b>
EBIT <sup>(1)</sup>	5,608	6,855	13,555	18,250
EBITDA <sup>(1)</sup>	6,846	7,968	14,490	18,950
GP margin (%) <sup>(2)</sup>	74.43	75.59	79.97	79.93
PBT margin (%) <sup>(3)</sup>	29.19	35.09	45.95	47.04
PAT margin (%) <sup>(4)</sup>	22.14	29.11	34.02	35.75
Effective tax rate (%) <sup>(5)</sup>	24.15	17.04	25.96	24.00
Basic/diluted EPS (sen) <sup>(6)</sup>	0.76	1.04	1.82	2.51

## 12. FINANCIAL INFORMATION (cont'd)

### Notes:

- (1) EBIT and EBITDA are calculated as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
PAT	4,183	5,716	10,030	13,841
Less:				
Interest income	(52)	(140)	(78)	(150)
Add:				
Finance costs	145	105	86	189
Income tax expense	1,332	1,174	3,517	4,370
<b>EBIT</b>	<b>5,608</b>	<b>6,855</b>	<b>13,555</b>	<b>18,250</b>
Add:				
Depreciation and amortisation	1,238	1,113	935	700
<b>EBITDA</b>	<b>6,846</b>	<b>7,968</b>	<b>14,490</b>	<b>18,950</b>

- (2) GP margin is calculated based on GP over revenue.
- (3) PBT margin is calculated based on PBT over revenue.
- (4) PAT margin is calculated based on PAT over revenue.
- (5) Effective tax rate is calculated based on tax expenses divided by PBT.
- (6) Basic and diluted EPS of our Group is calculated based on PAT attributable to owners of our Company over our enlarged issued Shares of 550,500,000 Shares upon Listing. There are no potential dilutive securities in issue during the respective Financial Years Under Review.

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## 12. FINANCIAL INFORMATION (cont'd)

### 12.2.2 Combined/consolidated statements of financial position

The following table sets out the combined/consolidated statements of financial position of our Group as at 31 December 2019, 2020, 2021 and 2022, which have been extracted from the Accountants' Report as set out in Section 13 of this Prospectus. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Section 12.3 and Section 13 of this Prospectus.

	Audited			
	As at 31 December			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets</b>				
Property, plant and equipment	2,241	2,064	9,957	11,665
Right-of-use assets	1,978	1,262	7	-
Intangible assets	-	459	1,190	1,706
Deferred tax assets	-	567	632	707
Other investment <sup>(1)</sup>	-	-	-	-
<b>Total non-current assets</b>	<b>4,219</b>	<b>4,352</b>	<b>11,786</b>	<b>14,078</b>
<b>Current assets</b>				
Trade receivables	1,277	2,895	3,330	219
Other receivables	331	2,782	436	260
Contract assets	80	74	120	136
Cash and short-term deposits	10,751	15,623	24,846	22,609
<b>Total current assets</b>	<b>12,439</b>	<b>21,374</b>	<b>28,732</b>	<b>23,224</b>
<b>Total assets</b>	<b>16,658</b>	<b>25,726</b>	<b>40,518</b>	<b>37,302</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to owners of the Company</b>				
Invested equity/share capital	802	802	802	8,008
Translation reserves	(10)	(12)	(13)	101
Merger reserves <sup>(2)</sup>	-	-	-	(7,506)
Retained earnings	9,533	15,249	7,219	21,060
<b>Total equity</b>	<b>10,325</b>	<b>16,039</b>	<b>8,008</b>	<b>21,663</b>
<b>Non-current liabilities</b>				
Loans and borrowings	12	-	4,963	4,510
Lease liabilities	1,176	606	-	-
Deferred tax liabilities	134	8	7	6
<b>Total non-current liabilities</b>	<b>1,322</b>	<b>614</b>	<b>4,970</b>	<b>4,516</b>
<b>Current liabilities</b>				
Loans and borrowings	144	41	475	466
Lease liabilities	576	569	7	-
Current tax liabilities	38	737	1,501	1,376
Other payables <sup>(3)</sup>	2,253	2,799	20,470	4,693
Contract liabilities <sup>(4)</sup>	2,000	4,927	5,087	4,588
<b>Total current liabilities</b>	<b>5,011</b>	<b>9,073</b>	<b>27,540</b>	<b>11,123</b>
<b>Total liabilities</b>	<b>6,333</b>	<b>9,687</b>	<b>32,510</b>	<b>15,639</b>
<b>Total equity and liabilities</b>	<b>16,658</b>	<b>25,726</b>	<b>40,518</b>	<b>37,302</b>



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**12. FINANCIAL INFORMATION** *(cont'd)*

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**Notes:**

- (1) Other investment comprises the investment in a former subsidiary of ACSPL, i.e., AMCL, in which its investment cost had been fully impaired. The said investment was subsequently disposed of in May 2022.
- (2) Merger reserve arise from the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of our Group's subsidiaries upon consolidation under the merger accounting principle.
- (3) Other payables increased by RM17.68 million or 633.69% to RM20.47 million as at 31 December 2021, mainly due to dividends payable of RM16.0 million, which was subsequently paid during FYE 2022.
- (4) Contract liabilities comprise mainly the following:
  - (i) Technical support and maintenance services through a service agreement for a pre-agreed duration as well as the subscription fees for our AutoCount Cloud Accounting, AutoCount Cloud Payroll and our extended cloud-native application (i.e., AOTG) for the pre-agreed subscription periods. Our Group has received the consideration or has billed our customers. Contract liabilities will be captured where the duration of the service agreement is not met; and
  - (ii) The advanced billings are issued to our customers for submission to BSN for purchasing our financial management software under the SME Business Digitalisation Grant. The said amounts will be recognised as revenue once the SME Business Digitalisation Grant is approved and released by BSN.

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**12. FINANCIAL INFORMATION (cont'd)****12.2.3 Combined/consolidated statements of cash flows**

The following table sets out the combined/consolidated statements of cash flows of our Group for the Financial Years Under Review, which have been extracted from the Accountants' Report as set out in Section 13 of this Prospectus. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Section 12.3 and Section 13 of this Prospectus.

	Audited			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
<b>Cash flow from operating activities</b>				
PBT	5,515	6,890	13,547	18,211
Adjustments for:				
Impairment loss on amount due from a former subsidiary of ACSPL, i.e., AMCL	74	-	-	26
Waiver of debts	-	-	-	11
Depreciation of right-of-use assets	746	744	472	7
Depreciation of property, plant and equipment	492	369	434	606
Gain on disposal of property, plant and equipment	-	(24)	-	-
Gain on disposal of a former subsidiary of ACSPL, i.e., AMCL	-	-	-	(217)
Gain arising from termination of lease	-	-	(112)	-
Amortisation of intangible assets	-	-	29	87
Finance costs	145	105	86	189
Finance income	(52)	(140)	(78)	(150)
Property, plant and equipment written off	-	-	-	2
Net unrealised foreign exchange loss/(gain)	-	60	(167)	(364)
Operating profit before changes in working capital	6,920	8,004	14,211	18,408
Changes in working capital:				
Trade and other receivables	(385)	(1,530)	(628)	3,260
Contract assets	(80)	6	(46)	(16)
Other payables	(98)	542	2,025	454
Contract liabilities	481	2,927	160	(498)
Net cash generated from operations	6,838	9,949	15,722	21,608
Income tax paid	(2,032)	(1,167)	(2,818)	(4,578)
<b>Net cash from operating activities</b>	<b>4,806</b>	<b>8,782</b>	<b>12,904</b>	<b>17,030</b>
<b>Cash flow used in investing activities</b>				
Purchase of property, plant and equipment	(52)	(2,747)	(5,716)	(2,314)
Proceeds from disposal of property, plant and equipment	-	39	-	-
Proceeds from disposal of a former subsidiary of ACSPL, i.e., AMCL	-	-	-	217
Cash outflows for the acquisition of subsidiaries	-	-	-	(305)
Development of intangible assets	-	(459)	(760)	(603)
Interests received	52	140	78	150
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(3,027)</b>	<b>(6,398)</b>	<b>(2,855)</b>

**12. FINANCIAL INFORMATION** *(cont'd)*

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
<b>Cash flow (used in)/from financing activities</b>				
Proceeds from issuance of ordinary shares	2	-	-	*
Drawdown of term loans	-	-	5,500	-
Repayment of term loans	-	-	(62)	(462)
Repayment of finance lease liabilities	(151)	(115)	(41)	-
Payments for lease liabilities	(450)	(605)	(345)	(7)
Interests paid	(145)	(105)	(86)	(189)
Net change in amount owing to related parties	(42)	4	(65)	-
Net change in amount owing to directors	-	-	(289)	(226)
Dividends paid	-	-	(2,060)	(16,000)
<b>Net cash (used in)/from financing activities</b>	<b>(786)</b>	<b>(821)</b>	<b>2,552</b>	<b>(16,884)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,020</b>	<b>4,934</b>	<b>9,058</b>	<b>(2,709)</b>
<b>Cash and cash equivalents at the beginning of financial year</b>	<b>6,714</b>	<b>10,751</b>	<b>15,623</b>	<b>24,846</b>
Effects of exchange rate changes on cash and cash equivalents	17	(62)	165	472
<b>Cash and cash equivalents at the end of the financial year</b>	<b>10,751</b>	<b>15,623</b>	<b>24,846</b>	<b>22,609</b>

\* RM2

## **12. FINANCIAL INFORMATION** *(cont'd)*

### **12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and segmental analysis of our combined/consolidated financial statements for the Financial Years Under Review should be read with the Accountants' Report included in Section 13 of this Prospectus.

#### **12.3.1 Overview of our operations**

##### **(i) Principal activities**

We are principally involved in the development and distribution of financial management software comprising accounting, POS and payroll under our "AutoCount" brand. Our range of AutoCount software is comprehensive as they are designed to support a wide range of fundamental finance and accounting functions of a business.

All our AutoCount software are developed in-house and distributed as off-the-shelf software to end-user customers through our network of Authorised Dealers and directly through our internal sales and marketing team. This allows us to focus our resources on continuous enhancement of our existing software and development of new software to cater to changing digitalisation needs of businesses and companies. We also provide technical support and maintenance services to our Authorised Dealers as part of our service offerings to them, and to our direct end-user customers upon request.

Our AutoCount software are distributed to our Authorised Dealers for sale to businesses and companies in the form of software licenses. Please refer to Section 7.2.2 of this Prospectus for further details on the distribution modes of our software licences. Our network Authorised Dealers comprises mostly software solution providers who are involved in the provision of software solutions using our AutoCount software as one or several of the modules of their software solutions. There are also circumstances where we sell our AutoCount Software directly to businesses and companies upon request by these end-user customers approach. In the FYE 2019 to FYE 2022, our sales of financial management software to our Authorised Dealers accounted for 59.10%, 60.91%, 59.15% and 66.04% of our Group's total revenue respectively, and our direct sales of financial management software to businesses and companies accounted for 19.67%, 20.74%, 26.06% and 21.98% of our Group's total revenue respectively.

Our core business activities are as follows:

##### **(a) Distribution of financial management software**

There are 2 distribution modes of software licenses for our software, i.e., perpetual license for all on-premise software, and subscription license for all cloud-native software, with details as follows:

###### **(1) Perpetual license for all on-premise software**

Software licenses for all our on-premise AutoCount software (i.e., AutoCount Accounting and AutoCount POS) are sold on one-off basis whereby end-user customers (including end-user customers who purchase our software through our Authorised Dealers) will purchase the software licenses upfront and will be granted with perpetual access to the software. As these end-user customers continue and/or expand their business, they may upgrade their software edition to access more comprehensive functions, and/or request for additional user licenses (for AutoCount Accounting) and/or POS counter/outlet (for AutoCount POS). Revenue is recognised at a point in time when control of the products has been transferred.

**12. FINANCIAL INFORMATION** *(cont'd)***(2) Subscription license (Saas model)**

Software licences for all our cloud-native AutoCount software are sold on a fixed term subscription basis. AutoCount Cloud Accounting is sold on a monthly, quarterly, half-yearly and yearly subscription basis; AutoCount Cloud Payroll is sold on a monthly and yearly subscription basis; and our extended cloud-native application (i.e., AOTG) is sold on a half-yearly and yearly subscription basis. For clarification, our AutoCount OneSales did not record any revenue for the Financial Years Under Review as it was only recently launched in February 2023. The subscription model of our cloud-native AutoCount software provides our Group with recurring revenue as the end-user customers continue to use our software. Further, as these end-user customers expand their business, they may upgrade their subscription plan to access more comprehensive functions, and/or purchase additional modules and plug-ins from our Group for integration to our software to enhance functions. Further, they may request for additional user access (for AutoCount Cloud Accounting and AutoCount Cloud Payroll) and/or additional employee headcount (for AutoCount Cloud Payroll). Revenue is recognised proportionately over the subscription plan period.

**(b) Technical support and maintenance services.**

Our Group's direct end-user customers (i.e., customers to whom we sell financial management software directly without going through our Authorised Dealers) can engage us for our technical support and maintenance services on an annual and renewable basis. Our technical support and maintenance services are provided to assist customers in updating and maintaining our AutoCount on-premise software, whereby complementary software revisions for our on-premise software are made available for these customers, and we will install the software revisions remotely from our office or be present at their premises to assist in installing the software revisions. Further, we will also assist our customers in resolving or troubleshooting technical issues during the service durations. Revenue is recognised proportionately over the contract period.

In addition to the revenue from our core business activities, our Group has other miscellaneous revenue, mainly from the resale of computer hardware (i.e. POS hardware such as cash drawer, bar code scanners, receipt printers and display panels, computer networking and server and peripherals), third party storage and remote access software license fees (i.e. SQL runtime license on Microsoft SQL server and AppAnywhere license), and the sale of training materials to our educational institution partners for their accounting software course using our AutoCount Accounting software. The resale of computer hardware and third party software license fees are provided to our customers upon request as part of our installation of AutoCount software. Revenue is recognised at a point in time when control of the products has been transferred and/or services rendered to our customers.

For further details, please refer to Section 7.2 of this Prospectus for our Group's detailed business overview.

**(ii) Cost of sales**

Our cost of sales comprises purchase costs, staff costs, and other expenses, and details are as follows:

**(a) Purchase costs**

Our purchase costs comprise mainly costs for purchasing hardware and software.

## **12. FINANCIAL INFORMATION** *(cont'd)*

Our purchase costs represent 9.65%, 10.58%, 8.37% and 13.48% of our cost of sales for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

### **(b) Staff costs**

Our staff costs mainly comprise salaries, contributions for employees' provident funds, and other related benefits for our education and training department, software development department, and customer support department.

Staff costs constituted the largest portion of our cost of sales, representing 84.26%, 79.80%, 65.94% and 72.29% of our cost of sales for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

### **(c) Other expenses**

Our other expenses comprise mainly outsourcing expenses for implementation, upkeeping and/or maintenance services and localisation for our software, outsourcing fees paid to dealers for installation, training and maintenance services for our customers, license and subscription fees for our domains and software, depreciation for right-of-use assets, and amortisation of development costs for our AutoCount Cloud Accounting software.

Our other expenses represent 6.09%, 9.62%, 25.69% and 14.23% of our cost of sales for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

### **(iii) Other income**

Other income comprises mainly unrealised and realised foreign exchange gain, gain arising from termination of lease, government grant received for developing a Singapore Government's software system, interest income, government subsidies, rental concession income and gain on disposal of a former subsidiary of ACSPL, i.e., AMCL.

Our Group received government subsidies from the Singapore Government under various schemes/incentives implemented during the COVID-19 pandemic, i.e. Jobs Support Scheme and Jobs Growth Incentive.

### **(iv) Selling and distribution expenses**

Selling and distribution expenses mainly comprise of advertisement expenses, commissions to dealers, dealers conference expenses, staff costs for our sales and marketing department and licensing department, marketing expenses, depreciation on right-of-use assets, and travelling and accommodation expenses.

### **(v) General and administrative expenses**

Administrative expenses comprise mainly directors' remuneration, staff costs, legal and professional fees, impairment loss on amount due from a former subsidiary of ACSPL, i.e., AMCL, repair and maintenance costs, and gifts and donations.

### **(vi) Other operating expenses**

Other operating expenses comprise mainly depreciation of property, plant and equipment, depreciation of right-of-use assets, and realised and unrealised foreign exchange loss.

### **(vii) Finance costs**

Finance costs comprise term loan interests, lease liabilities interests, and finance lease liabilities interests.

## **12. FINANCIAL INFORMATION** *(cont'd)*

### **(viii) Recent developments**

There were no significant events subsequent to our audited consolidated financial statements for FYE 2022 and up to LPD, that has occurred, which may have a material effect on the financial position and results of ADB Group.

### **(ix) Exceptional and extraordinary items and audit qualifications**

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

### **(x) Significant factors affecting our business**

Section 5 of this Prospectus details the risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:

#### **(a) Our ownership rights may be infringed and/or we may inadvertently infringe on third party's ownership rights**

As all our AutoCount software are developed in-house by our Group, we retain the ownership rights of our software. However, there can be no assurance that the ownership rights will adequately protect our software against any infringement by third parties. Further, in the development of our software, including all on-going and future enhancements and modifications, there are possibilities that we could inadvertently infringe ownership rights held by third party(s). This would result in the risk of the third party challenging our Group's ownership rights or taking legal action against us.

There is no assurance that any of the above incidents will be resolved in our favour. In the event that we are unsuccessful in pursuing any action against third party infringers, or a third party has successfully established that we have infringed its ownership rights, we may suffer significant loss arising from financial penalties and/or litigation costs. We may also be exposed to other risks such as adverse reputation and/or being prevented from selling any of our applications which may impact our range of offerings and financial performance.

Since inception, our Group has not encountered any issues relating to the infringement of our ownership rights, nor as far as management is aware, have we inadvertently infringed on third parties' ownership rights.

#### **(b) Exposure to foreign exchange transaction risks which may impact the profitability of our Group**

We are exposed to foreign exchange transaction risk which mainly arised from our revenue exposure to SGD, which constituted 15.18%, 20.07%, 24.19% and 18.72% of our total revenue in the Financial Years Under Review, respectively. We currently do not have a formal policy with respect to our foreign exchange transactions, and we do not hedge our exposure to fluctuations in foreign currency exchange rates. As such, we are subject to foreign exchange fluctuation risk for our revenue and purchases denominated in foreign currencies in which we transact, especially the SGD. Please refer to Section 12.12(i) of this Prospectus for further details on our revenue and purchases by currencies, as well as our gains and losses from foreign exchange fluctuations from the Financial Years Under Review. Moving forward, we intend to expand to other Southeast Asia countries, including Thailand, Indonesia, Philippines and Vietnam. As such, our exposure to foreign exchange risk is expected to increase.

## 12. FINANCIAL INFORMATION *(cont'd)*

**(c) Our investments in R&D may not yield returns and may not positively contribute to our business operations**

Our Group recognises the increasing demand for technology application and infrastructure solutions in all industries. Hence, our R&D activities focus on developing and enhancing our suite of financial management software, comprising accounting software, POS software and payroll software. As part of our continuous effort in improving our range of financial management software, we actively engage in R&D activities to expand the functions and enhance the features of our AutoCount software.

Despite the commitments and efforts placed into R&D, there is no assurance that our R&D activities will yield results and develop software which suits the digitalisation needs of all businesses and companies that can substantially improve our financial performance. Further, if the enhancement of our existing software and development of any new software in the future are not able to be completed in a timely manner, it could result in the loss of opportunities available in the market.

**(d) We are affected by the availability of experienced talent in the market**

In the IT industry, the technical skillset may be difficult to source as experienced personnel with a combination of IT skillset as well as accounting and/or financial knowledge may not be widely available in the market at competitive salary rates. Even if we manage to hire suitable talents equipped with IT skillset as well as accounting and/or financial knowledge, there can be no assurance that we will be able to retain them for a long duration at competitive salary rates. If we are unable to source for suitable talent that meets our Group's requirements timely and in sufficient numbers, we may experience a slowdown in software development and face challenges in upkeeping and enhancing our software. Thus, our financial performance may be adversely affected. Our profitability may be adversely affected if we are required to incur overly high salary costs to hire and retain talents to support our business operations.

**(e) We face risks of not adapting quickly to the latest digitalisation needs of businesses and companies as well as the latest technological development**

The IT industry undergoes continuous and rapid technological developments, with increasing levels of complexity and capabilities to digitalise business operations.

Our ability to adapt to these changes and requirements by developing new software or enhancing our existing software to meet the digitalisation needs of businesses and companies will determine the sustainability of our business. There can be no assurance that we would have sufficient resources to successfully and accurately capture the latest digitalisation needs of end-user customers and thereafter develop new software or enhance our software by adopting relevant features and functions in our software on a timely and cost-effective manner. As such, any failure to meet the requirements by businesses and companies for business digitalisation may have a negative impact on our business and financial performance as well as our ability to retain our existing dealers and recruit new dealers.



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**12. FINANCIAL INFORMATION** *(cont'd)*

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We also face the risk of not adapting to the latest technological development. Our ability to adapt and enhance our AutoCount software to remain technologically relevant determines the sustainability of our business and our ability to retain existing users and attract new dealers. In the event that we fail to keep up with technological developments which are applicable to our business in a timely manner, we may experience a loss of a substantial number of dealers in a short period of time, which may in turn adversely impact our Group's business sustainability and financial performance.

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**12. FINANCIAL INFORMATION** (cont'd)**12.3.2 Review of our results of operations****(i) Revenue****Analysis of revenue by business segment and software**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution of financial management software</b>								
<b>AutoCount Accounting</b>								
- On-premise	12,783	67.67	13,274	67.59	19,779	67.09	26,121	67.47
- Cloud	-	-	-	-	60	0.20	614	1.58
Sub-total	<b>12,783</b>	<b>67.67</b>	<b>13,274</b>	<b>67.59</b>	<b>19,839</b>	<b>67.29</b>	<b>26,735</b>	<b>69.05</b>
<b>AutoCount POS</b>								
- On-premise	1,908	10.10	2,120	10.80	3,408	11.56	4,403	11.37
	<b>1,908</b>	<b>10.10</b>	<b>2,120</b>	<b>10.80</b>	<b>3,408</b>	<b>11.56</b>	<b>4,403</b>	<b>11.37</b>
<b>AutoCount Payroll</b>								
- On-premise	139	0.74	100	0.51	83	0.28	72	0.19
- Cloud	50	0.26	541	2.75	1,793	6.08	2,869	7.41
	<b>189</b>	<b>1.00</b>	<b>641</b>	<b>3.26</b>	<b>1,876</b>	<b>6.36</b>	<b>2,941</b>	<b>7.60</b>
<b>Sub-total</b>	<b>14,880</b>	<b>78.77</b>	<b>16,035</b>	<b>81.65</b>	<b>25,123</b>	<b>85.21</b>	<b>34,079</b>	<b>88.02</b>
<b>Technical support and maintenance</b>	<b>3,285</b>	<b>17.39</b>	<b>3,054</b>	<b>15.55</b>	<b>3,544</b>	<b>12.02</b>	<b>3,596</b>	<b>9.29</b>
<b>Others<sup>(1)</sup></b>	<b>726</b>	<b>3.84</b>	<b>549</b>	<b>2.80</b>	<b>816</b>	<b>2.77</b>	<b>1,042</b>	<b>2.69</b>
	<b>18,891</b>	<b>100.00</b>	<b>19,638</b>	<b>100.00</b>	<b>29,483</b>	<b>100.00</b>	<b>38,717</b>	<b>100.00</b>

**Note:**

- (1) Comprises mainly income from the resale of computer hardware, third party software license fees, and the sale of training materials to our educational institution partners for their accounting software course, which used our AutoCount Accounting software.

**12. FINANCIAL INFORMATION** (cont'd)**Analysis of revenue by geographical location**

The classification of our revenue by geographical market is based on the locations of our customers.

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Local</b>								
Malaysia	15,708	83.15	15,431	78.58	22,141	75.10	31,224	80.65
<b>Overseas</b>								
Singapore	2,867	15.18	3,940	20.06	7,132	24.19	7,246	18.72
Others <sup>(1)</sup>	316	1.67	267	1.36	210	0.71	247	0.63
	3,183	16.85	4,207	21.42	7,342	24.90	7,493	19.35
	<b>18,891</b>	<b>100.00</b>	<b>19,638</b>	<b>100.00</b>	<b>29,483</b>	<b>100.00</b>	<b>38,717</b>	<b>100.00</b>

**Note:**

(1) Comprise revenue derived from Indonesia, Brunei, Myanmar, Hong Kong, Vietnam and Australia.

**Analysis of revenue by dealers and end-user customers**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution of financial management software</b>								
Dealers	11,165	59.10	11,962	60.91	17,441	59.15	25,569	66.04
End-user customers	3,715	19.67	4,073	20.74	7,682	26.06	8,510	21.98
	<b>14,880</b>	<b>78.77</b>	<b>16,035</b>	<b>81.65</b>	<b>25,123</b>	<b>85.21</b>	<b>34,079</b>	<b>88.02</b>
<b>Technical support, maintenance and others</b>								
Dealers	191	1.01	296	1.51	294	1.00	606	1.57
End-user customers	3,820	20.22	3,307	16.84	4,066	13.79	4,032	10.41
	<b>4,011</b>	<b>21.23</b>	<b>3,603</b>	<b>18.35</b>	<b>4,360</b>	<b>14.79</b>	<b>4,638</b>	<b>11.98</b>
	<b>18,891</b>	<b>100.00</b>	<b>19,638</b>	<b>100.00</b>	<b>29,483</b>	<b>100.00</b>	<b>38,717</b>	<b>100.00</b>

**12. FINANCIAL INFORMATION** (cont'd)**Analysis of revenue by type of licenses sold**

Distribution of financial management software			Audited							
			FYE 2019		FYE 2020		FYE 2021		FYE 2022	
			RM'000	%	RM'000	%	RM'000	%	RM'000	%
Perpetual licence			14,578	97.97	15,258	95.15	22,673	90.25	30,064	88.22
Subscription licence			252	1.69	746	4.65	2,434	9.69	3,998	11.73
Other <sup>(1)</sup>			50	0.34	31	0.20	16	0.06	17	0.05
			14,880	100.00	16,035	100.00	25,123	100.00	34,079	100.00

**Note:**

(1) Comprises registration fees from our dealers for authorising them to sell our AutoCount Cloud Payroll software.

**Comparison between FYE 2019 and FYE 2020**

The distribution of financial management software segment was our primary revenue contributor, which recorded RM16.03 million or 81.65% of our total revenue for FYE 2020 (FYE 2019: RM14.88 million or 78.77%).

The sales of our AutoCount Accounting and AutoCount POS software were our main revenue contributors from the distribution of financial management software segment, which collectively recorded RM15.39 million or 78.39% of our total revenue for FYE 2020 (FYE 2019: RM14.69 million or 77.77%).

The Malaysia market was our main revenue contributor, which recorded RM15.43 million or 78.58% of our total revenue for FYE 2020 (FYE 2019: RM15.71 million or 83.15%).

Our revenue increased by RM0.75 million or 3.97%, to RM19.64 million for FYE 2020 (FYE 2019: RM18.89 million), mainly contributed by higher revenue recorded for our distribution of financial management software segment, which increased by RM1.15 million or 7.73%, to RM16.03 million for FYE 2020 (FYE 2019: RM14.88 million).

The increase was primarily attributable to higher demand for our AutoCount software from the Singapore market. Since the establishment of our Group's office in Singapore in 2017, our Group has continuously worked towards increasing the awareness and acceptance of our AutoCount software in the Singapore market. Amongst the initiatives undertaken by our Group includes continuous localisation of our AutoCount software, including with Singapore Government agencies (i.e., for services such as Form-CS, XBRL, Annual-return, e-Invoicing) and marketing collaboration with Singapore Government agencies.

**12. FINANCIAL INFORMATION** (*cont'd*)

In April 2020, our AutoCount Accounting software became eligible for the Productivity Solutions Grant rolled out by Infocomm Media Development Authority of Singapore, which caters to promote financial support for companies' readiness to adopt IT solutions and improve productivity, for the annual period from 9 April 2020 to 8 April 2021, and was subsequently extended to 8 April 2022. We submitted the renewal application in February 2022 and successfully renewed for the annual period from 14 July 2022 to 13 July 2023. In view of our continuous effort, as stated above, our Group was able to capitalise on the grant to increase our revenue contribution for accounting software from the Singapore market. In addition, our AutoCount version 2.0 accounting system, which allowed users to work from home, has also contributed to the increase in revenue for FYE 2020.

The above increase was offset partially by the lower revenue recorded for the Malaysia market for FYE 2020, which decreased by RM0.28 million or 1.78%, to RM15.43 million for FYE 2020 (FYE 2019: RM15.71 million), mainly attributable to the imposition of the first MCO by the Malaysian Government during FYE 2020.

***Distribution of financial management software***

Our revenue from the distribution of financial management software segment increased by RM1.15 million or 7.73%, to RM16.03 million for FYE 2020 (FYE 2019: RM14.88 million), mainly attributable to higher revenue from the following products:

- (a) There were higher demand for our on-premise accounting software's Premium edition and the upgrading services for our accounting software for FYE 2020, which collectively recorded an increase in revenue by RM1.04 million or 55.32%, to RM2.92 million for FYE 2020 (FYE 2019: RM1.88 million). Such increase was mainly attributable to higher demand for our on-premise accounting software's Premium edition from the Singapore market, which increased by RM1.04 million to RM1.44 million for FYE 2020 (FYE 2019: RM0.40 million), due to continuous awareness and localisation of our AutoCount software, as well as the Productivity Solutions Grant rolled out by Infocomm Media Development Authority of Singapore explained above, which recorded an increase in revenue by RM1.07 million or 43.67%, to RM3.52 million for FYE 2020 (FYE 2019: RM2.45 million). In addition, our AutoCount version 2.0 accounting system, which allowed users to work from home, has also contributed to the increase in revenue. Our AutoCount version 2.0 Accounting system contributed RM1.80 million or 45.69% of the total revenue from Singapore (FYE 2019: RM0.17 million or 5.92%). The said increase was offset by lower demand for our on-premise accounting software from the Malaysian market due to the Malaysian Government's imposition of the first MCO during FYE 2020, which decreased by RM0.54 million or 5.37%, to RM9.51 million for FYE 2020 (FYE 2019: RM10.05 million). The decrease in Malaysia market was mainly attributed to our on-premise accounting software's Premium, Account Plus and Pro editions and customisation services which collectively recorded a lower revenue of RM0.95 million, offset partially by the improved revenue from upgrading services for our accounting software of RM0.49 million. Despite revenue from AutoCount Accounting software increasing for FYE 2020, the number of accounting software main package perpetual licences sold during FYE 2020 decreased to 3,685 perpetual licences during FYE 2020 (FYE 2019: 4,532 perpetual licences). The promotional activities for selling our accounting software, i.e. Express Plus Edition, at a discounted price during the last quarter of FYE 2019 had resulted in higher perpetual licences sold for our accounting software in FYE 2019. The number of perpetual licences for Express Plus Edition decreased from 1,796 perpetual licences for FYE 2019 to 1,272 perpetual licences for FYE 2020. We sold 308 subscription licences for AOTG main package during FYE 2020 (FYE 2019: 204 subscription licences);

## 12. FINANCIAL INFORMATION *(cont'd)*

- (b) Our revenue from the sale of our on-premise POS software increased by RM0.21 million or 10.99%, to RM2.12 million for FYE 2020 (FYE 2019: RM1.91 million), mainly contributed by higher demand for our POS standard software and additional modules, which collectively improved by RM0.19 million or 39.58%, to RM0.67 million for FYE 2020 (FYE 2019: RM0.48 million). Such increase was primarily due to higher demand for our on-premise POS software resultant from our continuous efforts in enhancing our on-premise POS software as well as promotional activities during FYE 2020. We sold 594 AutoCount POS software main package perpetual licences during FYE 2020 (FYE 2019: 525 perpetual premise licences); and
- (c) Our AutoCount Cloud Payroll software recorded revenue increase by RM0.49 million or 980.00%, to RM0.54 million for FYE 2020 (FYE 2019: RM0.05 million), mainly contributed by the demand for our payroll premium subscription plan, which registered revenue of RM0.46 million for FYE 2020 (FYE 2019: RM0.05 million). The said increase was primarily attributable to the 863 new subscription licences sold for our AutoCount Cloud Payroll software during FYE 2020 after launching in May 2019 and the expiry of the one year free subscription period for new subscriptions before 31 December 2019. Our AutoCount Cloud Payroll software revenue for FYE 2019 comprised one-off registration fees from our dealers for authorising them to sell our AutoCount Cloud Payroll software. Our dealer's one-off registration fee only applies to AutoCount Cloud Payroll software's new dealer.

### **Technical support and maintenance**

Revenue from the technical support and maintenance segment recorded a decrease of RM0.22 million or 6.71%, to RM3.06 million for FYE 2020 (FYE 2019: RM3.28 million). Such a decrease was mainly due to the imposition of MCO by the Malaysian Government which caused the non-renewal of technical and maintenance services contracts by customers as well as the delay in the renewal of the contract by customers. 97 contracts with a total value of RM0.13 million were subsequently renewed during FYE 2021, contributing to total revenue of RM0.11 million for FYE 2021.

### **Others**

Other revenue decreased by RM0.18 million or 24.66% to RM0.55 million for FYE 2020 (FYE 2019: RM0.73 million), mainly attributable to the following:-

- (a) Revenue from the sale of training materials to our educational institution partners for their accounting software course, which used our AutoCount Accounting software, decreased by RM0.14 million or 51.85%, to RM0.13 million for FYE 2020 (FYE 2019: RM0.27 million), mainly due to imposition of MCO by the Malaysian Government which resulted in lesser physical training materials being sold and our Group has provided free electronic copies to our educational institution partners during FYE 2020; and
- (b) Lesser orders received during FYE 2020 had resulted in the lower revenue from the computer hardware resold during FYE 2020, which decreased by RM0.12 million or 75.00%, to RM0.04 million for FYE 2020 (FYE 2019: RM0.16 million).

The abovementioned decreases were offset by the higher revenue from the Microsoft SQL runtime license fees, which increased by RM0.09 million or 32.14% to RM0.37 million for FYE 2020 (FYE 2019: RM0.28 million), mainly due to increasing demand from our customers for more database storage.

**12. FINANCIAL INFORMATION** *(cont'd)***Comparison between FYE 2020 and FYE 2021**

The distribution of financial management software segment has remained our largest revenue contributor, which recorded RM25.12 million or 85.21% of our total revenue for FYE 2021 (FYE 2020: RM16.03 million or 81.65%).

Our accounting and POS software revenue continued as our main revenue contributors from the distribution of financial management software segment, collectively recording RM23.24 million or 78.85% of our total revenue for FYE 2021 (FYE 2020: RM15.39 million or 78.39%).

The Malaysia market has remained our primary revenue contributor and recorded RM22.14 million or 75.10% of our total revenue for FYE 2021 (FYE 2020: RM15.43 million or 78.58%).

Our revenue grew further by RM9.84 million or 50.10%, to RM29.48 million for FYE 2021 (FYE 2020: RM19.64 million), mainly contributed by higher revenue recorded for our distribution of financial management software segment, which increased by RM9.09 million or 56.71%, to RM25.12 million for FYE 2021 (FYE 2020: RM16.03 million). Such increase was primarily attributable to the following:

- (a) Our revenue from the overseas market has continued growing by RM3.13 million or 74.35%, to RM7.34 million for FYE 2021 (FYE 2020: RM4.21 million), mainly contributed by further growth in revenue from Singapore, which increased by RM3.19 million or 80.96%, to RM7.13 million for FYE 2021 (FYE 2020: RM3.94 million). Such an increase was mainly due to higher demand for our on-premise accounting software, which recorded an improved revenue of RM2.94 million or 83.52%, to RM6.46 million for FYE 2021 (FYE 2020: RM3.52 million). In March 2021, our Group completed a Seamless Filing Pilot Project, which enabled our Group's AutoCount Accounting software to localise with the Inland Revenue Authority of Singapore and Accounting and Corporate Regulatory Authority of Singapore (i.e., for services such as seamless filing of Form C-S, Simplified XBRL financial statements and annual return). We have received a grant from the Singapore authorities, and RM0.08 million was received during FYE 2021 and classified under other income. The revenue contribution for our Group's AutoCount Accounting software from the Singapore market continued to increase due to continuous marketing collaboration with Singapore Government agencies which enabled us to be eligible for the Productivity Solutions Grant rolled out by Infocomm Media Development Authority of Singapore for the full financial year during FYE 2021 compared to 9 months for FYE 2020, as well as increased familiarity and awareness of AutoCount Accounting software by more Singapore enterprises and companies applying for the said grant for subscription of our Group's AutoCount Accounting software.
- (b) Our revenue from the Malaysia market grew by RM6.71 million or 43.49%, to RM22.14 million for FYE 2021 (FYE 2020: RM15.43 million), mainly due to higher revenue from the sales of our on-premise accounting software by RM3.62 million or 38.07%, to RM13.13 million for FYE 2021 (FYE 2020: RM9.51 million). Such an increase resulted from upgrading AutoCount Accounting software to the latest version 2.0 due to the end-of-life for version 1.9 by March 2023 and the increase in demand due to the resumption of business operations resulting from further relaxation of the Malaysian Government's movement controls.

## 12. FINANCIAL INFORMATION *(cont'd)*

### ***Distribution of financial management software***

Our revenue from the distribution of financial management software segment continued to grow by RM9.09 million or 56.71%, to RM25.12 million for FYE 2021 (FYE 2020: RM16.03 million), mainly due to higher revenue from the following software:

- (a) Higher demand for our on-premise accounting software, particularly for Basic, PRO and Premium editions, the upgrading services for our accounting software, the additional user fees, additional modules and also the plug-in, which have collectively contributed to our revenue increase by RM6.34 million or 52.61%, to RM18.39 million for FYE 2021 (FYE 2020: RM12.05 million). Such an increase was mainly due to the reasons explained in Notes (a) and (b) above. We sold 4,554 AutoCount Accounting software main package perpetual licences and 457 subscription licences for AOTG main package during FYE 2021 (FYE 2020: 3,685 perpetual licences and 308 subscription licences);
- (b) Our revenue from selling on-premise POS software grew by RM1.29 million or 60.85%, to RM3.41 million for FYE 2021 (FYE 2020: RM2.12 million). Such increase was mainly attributable to higher demand for our POS Standard software and AutoCount Retail POS software, which have collectively recorded our revenue increased by RM1.01 million or 64.33%, to RM2.58 million for FYE 2021 (FYE 2020: RM1.57 million). Such increase resulted from our continuous efforts in enhancing our on-premise POS software and activities to promote our AutoCount Retail POS software during FYE 2021. We sold 913 AutoCount POS software main package perpetual licences during FYE 2021 (FYE 2020: 594 perpetual licences); and
- (c) Our AutoCount Cloud Payroll software grew further by RM1.26 million or 233.33%, to RM1.80 million for FYE 2021 (FYE 2020: RM0.54 million), mainly contributed by higher demand for our payroll premium subscription plan, which improved by RM1.06 million or 230.43%, to RM1.52 million for FYE 2021 (FYE 2020: RM0.46 million), primarily attributable to the sale of 1,610 new subscription licences for our AutoCount Cloud Payroll software (FYE 2020: 863 subscription licences) during FYE 2021.

We officially launched AutoCount Cloud Accounting, a native cloud-based AutoCount Accounting software, in September 2021, which recorded revenue of RM0.06 million for FYE 2021. We sold 311 subscription licences for FYE 2021.

### ***Technical support and maintenance***

Our revenue from the technical support and maintenance segment recorded an increase of RM0.48 million or 15.69%, to RM3.54 million for FYE 2021 (FYE 2020: RM3.06 million). The said increase was mainly due to the higher demand for our financial management software from the end-user customers, which increased in tandem with the said revenue growth. Our Group only provides technical support and maintenance services to our end-user customers.



## 12. FINANCIAL INFORMATION *(cont'd)*

### ***Others***

Our other revenue increased by RM0.27 million or 49.09%, to RM0.82 million for FYE 2021 (FYE 2020: RM0.55 million), mainly attributable to the following:

- (a) Revenue from the sale of training materials to our educational institution partners for their accounting software course, which used our AutoCount Accounting software, increased by RM0.03 million or 23.08%, to RM0.16 million for FYE 2021 (FYE 2020: RM0.13 million), mainly due to increase in demand for physical training materials as our educational institution partners have resumed their physical training;
- (b) There was more computer hardware resold during FYE 2021, which increased by RM0.20 million or 500.00%, to RM0.24 million for FYE 2021 (FYE 2020: RM0.04 million), mainly due to more orders received from our customers during FYE 2021; and
- (c) Our Group received higher revenue for the Microsoft SQL runtime license fees during FYE 2021, which recorded an increase of RM0.04 million or 10.81%, to RM0.41 million for FYE 2021 (FYE 2020: RM0.37 million), mainly due to increasing demand from our customers for more database storage.

### **Comparison between FYE 2021 and FYE 2022**

The distribution of financial management software segment was our primary revenue contributor, which recorded RM34.08 million or 88.02% of our total revenue for FYE 2022 (FYE 2021: RM25.12 million or 85.21%).

The sales of our AutoCount Accounting and AutoCount POS software were our main revenue contributors from the distribution of financial management software segment, which collectively recorded RM31.14 million or 80.42% of our total revenue for FYE 2022 (FYE 2021: RM23.24 million or 78.85%).

Malaysia market was our main revenue contributor, which recorded RM31.22 million or 80.65% of our total revenue for FYE 2022 (FYE 2021: RM22.14 million or 75.10%).

Our revenue grew further by RM9.24 million or 31.34%, to RM38.72 million for FYE 2022 (FYE 2021: RM29.48 million), mainly contributed by higher revenue recorded for our distribution of financial management software segment, which increased by RM8.96 million or 35.67%, to RM34.08 million for FYE 2022 (FYE 2021: RM25.12 million). Such an increase was primarily attributable to our revenue from Malaysia further increasing by RM9.08 million or 41.01%, to RM31.22 million for FYE 2022 (FYE 2021: RM22.14 million). The increase in revenue from the Malaysia market was mainly due to the following:

- (i) Higher revenue from our on-premise accounting software by RM6.39 million or 48.67%, to RM19.52 million for FYE 2022 (FYE 2021: RM13.13 million), primarily resulting from the upgrades for our AutoCount Accounting software to the latest version 2.0 due to the end-of-life for version 1.9 by March 2023, the increased demand for our on-premise accounting software Account Plus, additional user fees and additional modules;

## 12. FINANCIAL INFORMATION *(cont'd)*

- (ii) The resumption of business operations resulting from further relaxation of the Malaysian Government's movement controls has also contributed to the increased demand for our AutoCount Cloud Accounting software, AutoCount Cloud Payroll software and POS software during FYE 2022, which collectively increased by RM2.65 million or 51.16%, to RM7.83 million for FYE 2022 (FYE 2021: RM5.18 million).

### **Distribution of financial management software**

Our revenue from the distribution of financial management software segment increased by RM8.96 million or 35.67%, to RM34.08 million for FYE 2022 (FYE 2021: RM25.12 million), mainly attributable to higher revenue from the following products:

- (i) Higher demand for our on-premise accounting software, particularly for the upgrading services for our accounting software, have resulted in our revenue increasing by RM5.88 million or 356.36%, to RM7.53 million for FYE 2022 (FYE 2021: RM1.65 million), mainly due to the reasons explained in Note (i) above. In addition, increased demand from the additional user fees and additional modules also contributed to the increase in revenue of RM0.32 million for FYE 2022. We sold 5,028 perpetual licences for AutoCount Accounting software main package and 369 subscription licences for AOTG main package during FYE 2022 (FYE 2021: 4,554 perpetual licences and 457 subscription licences);
- (ii) Since the official launch of our AutoCount Cloud Accounting software in September 2021, we recorded revenue of RM0.62 million for FYE 2022, resulting from activities to promote our AutoCount Cloud Accounting software during FYE 2022. We sold 1,390 subscription licences for our AutoCount Cloud Accounting software during FYE 2022 (FYE 2021: 311 subscription licences);
- (iii) Our revenue from selling on-premise POS software grew by RM0.99 million or 29.03%, to RM4.40 million for FYE 2022 (FYE 2021: RM3.41 million). Such increase was mainly attributable to upgrading services for our POS software and higher demands for our AutoCount Retail POS software, which collectively recorded increased revenue by RM0.79 million or 40.93%, to RM2.72 million for FYE 2022 (FYE 2021: RM1.93 million). The said increase was due to the activities to promote our AutoCount POS software during FYE 2022 and higher demand for our POS system resulting from further relaxation of the Malaysian Government's movement. We sold 1,138 AutoCount POS software main package perpetual licences during FYE 2022 (FYE 2021: 913 perpetual licences); and
- (iv) Our revenue from selling AutoCount Cloud Payroll software grew further by RM1.07 million or 59.44%, to RM2.87 million for FYE 2022 (FYE 2021: RM1.80 million), mainly contributed by higher demand for our payroll basic subscription plan and payroll premium subscription plan, which improved by RM0.94 million or 60.26%, to RM2.50 million for FYE 2022 (FYE 2021: RM1.56 million). We sold 2,276 subscription licences for our AutoCount Cloud Payroll software main packages during FYE 2022 (FYE 2021: 1,610 subscription licences).

### **Technical support and maintenance**

Our technical support and maintenance segment's revenue recorded a marginal increase of RM0.06 million or 1.69%, to RM3.60 million for FYE 2022 (FYE 2021: RM3.54 million).

**12. FINANCIAL INFORMATION** (cont'd)**Others**

Our other revenue increased by RM0.22 million or 26.83%, to RM1.04 million for FYE 2022 (FYE 2021: RM0.82 million), mainly attributable to higher demand from selling the Microsoft SQL runtime license fees during FYE 2022, which recorded an increase of RM0.28 million or 68.29% to RM0.69 million for FYE 2022 (FYE 2021: RM0.41million), mainly due to increasing demand from our customers for more database storage.

The above increase was offset partially by lower revenue from computer hardware resold during FYE 2022 due to lesser demand, which decreased by RM0.06 million or 25.00%, to RM0.18 million for FYE 2022 (FYE 2021: RM0.24 million).

**(ii) Cost of sales, GP and GP margin****Analysis of cost of sales by cost component**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchase costs	466	9.65	507	10.58	494	8.37	1,047	13.48
Staff costs	4,070	84.26	3,825	79.80	3,893	65.94	5,616	72.29
Other expenses <sup>(1)</sup>	294	6.09	461	9.62	1,517	25.69	1,106	14.23
	<b>4,830</b>	<b>100.00</b>	<b>4,793</b>	<b>100.00</b>	<b>5,904</b>	<b>100.00</b>	<b>7,769</b>	<b>100.00</b>

**Note:**

- (1) Comprise mainly outsourcing expenses for implementation, upkeeping and maintenance services and localisation for our software, outsourcing fees paid to dealers to provide our customers implementation, customisation and/or training services in relation to software sold under the SME Business Digitalisation Grant, license and subscription fees for our domains and software, depreciation for right-of-use assets, and amortisation of development costs for our AutoCount Cloud Accounting software.

**12. FINANCIAL INFORMATION** (cont'd)**Analysis of cost of sales by business segment and software**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution of financial management software</b>								
<b>AutoCount Accounting</b>								
- On-premise	1,918	39.71	1,791	37.37	2,031	34.40	2,263	29.13
- Cloud	-	-	-	-	47	0.80	1,024	13.18
	<b>1,918</b>	<b>39.71</b>	<b>1,791</b>	<b>37.37</b>	<b>2,078</b>	<b>35.20</b>	<b>3,287</b>	<b>42.31</b>
<b>AutoCount POS</b>								
- On-premise	534	11.06	480	10.01	749	12.69	229	2.95
	<b>534</b>	<b>11.06</b>	<b>480</b>	<b>10.01</b>	<b>749</b>	<b>12.69</b>	<b>229</b>	<b>2.95</b>
<b>AutoCount Payroll</b>								
- On-premise <sup>(1)</sup>	-	-	-	-	-	-	-	-
- Cloud	518	10.72	635	13.25	810	13.71	1,257	16.18
	<b>518</b>	<b>10.72</b>	<b>635</b>	<b>13.25</b>	<b>810</b>	<b>13.71</b>	<b>1,257</b>	<b>16.18</b>
<b>Sub-total</b>	<b>2,970</b>	<b>61.49</b>	<b>2,906</b>	<b>60.63</b>	<b>3,637</b>	<b>61.60</b>	<b>4,773</b>	<b>61.44</b>
<b>Technical support and maintenance</b>	<b>1,540</b>	<b>31.88</b>	<b>1,592</b>	<b>33.22</b>	<b>1,822</b>	<b>30.86</b>	<b>2,334</b>	<b>30.04</b>
<b>Others<sup>(2)</sup></b>	<b>320</b>	<b>6.63</b>	<b>295</b>	<b>6.15</b>	<b>445</b>	<b>7.54</b>	<b>662</b>	<b>8.52</b>
	<b>4,830</b>	<b>100.00</b>	<b>4,793</b>	<b>100.00</b>	<b>5,904</b>	<b>100.00</b>	<b>7,769</b>	<b>100.00</b>

**Notes:**

- (1) No cost of sales was incurred for AutoCount on-premise payroll software during the Financial Years Under Review, as our Group had ceased to continue to enhance this software and instead focused our resources on improving the features of AutoCount Cloud Payroll software.
- (2) Others comprise mainly costs for the purchase of hardware and software, license and subscription fees, outsourced fees to dealers, outsourced fees to third party and education and training expenses.

**12. FINANCIAL INFORMATION** (cont'd)**Analysis of cost of sales by dealers and end-user customers**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution of financial management software<sup>(1)</sup></b>								
Dealers	2,265	46.89	2,218	46.28	2,710	45.90	2,755	35.46
End-user customers	705	14.60	688	14.35	927	15.70	2,018	25.98
	<b>2,970</b>	<b>61.49</b>	<b>2,906</b>	<b>60.63</b>	<b>3,637</b>	<b>61.60</b>	<b>4,773</b>	<b>61.44</b>
<b>Technical support, maintenance and others<sup>(2)</sup></b>								
Dealers	487	10.08	656	13.69	669	11.35	1,070	13.77
End-user customers	1,373	28.43	1,231	25.68	1,598	27.05	1,926	24.79
	<b>1,860</b>	<b>38.51</b>	<b>1,887</b>	<b>39.37</b>	<b>2,267</b>	<b>38.40</b>	<b>2,996</b>	<b>38.56</b>
	<b>4,830</b>	<b>100.00</b>	<b>4,793</b>	<b>100.00</b>	<b>5,904</b>	<b>100.00</b>	<b>7,769</b>	<b>100.00</b>

**Notes:**

- (1) Cost of sales for the distribution of financial management software segment allocated to dealers and end-user customers based on the number of licences sold for our on-premise and cloud software during the respective financial years.
- (2) Cost of sales for technical, maintenance and others segment allocated to dealers and end-user customers are based on the expenses directly incurred for the dealers and end-user customers and the allocation of staffs to dealers and end-user customers.

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**12. FINANCIAL INFORMATION** (cont'd)**Analysis of GP and GP margin by business segment and software**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution of financial management software</b>								
<b>AutoCount Accounting</b>								
- On-premise	10,865	85.00	11,483	86.51	17,748	89.73	23,858	91.34
- Cloud	-	-	-	-	13	21.67	(410)	(66.78)
	<b>10,865</b>	<b>85.00</b>	<b>11,483</b>	<b>86.51</b>	<b>17,761</b>	<b>89.53</b>	<b>23,448</b>	<b>87.71</b>
<b>AutoCount POS</b>								
- On-premise	1,374	72.01	1,640	77.36	2,659	78.02	4,174	94.80
	<b>1,374</b>	<b>72.01</b>	<b>1,640</b>	<b>77.36</b>	<b>2,659</b>	<b>78.02</b>	<b>4,174</b>	<b>94.80</b>
<b>AutoCount Payroll</b>								
- On-premise <sup>(1)</sup>	139	100.00	100	100.00	83	100.00	72	100.00
- Cloud	(468)	(936.00)	(94)	(17.38)	983	54.82	1,612	56.19
	<b>(329)</b>	<b>(174.07)</b>	<b>6</b>	<b>0.94</b>	<b>1,066</b>	<b>56.82</b>	<b>1,684</b>	<b>57.26</b>
<b>Sub-total</b>	<b>11,910</b>	<b>80.04</b>	<b>13,129</b>	<b>81.88</b>	<b>21,486</b>	<b>85.52</b>	<b>29,306</b>	<b>85.99</b>
<b>Technical support and maintenance</b>	<b>1,745</b>	<b>53.12</b>	<b>1,462</b>	<b>47.87</b>	<b>1,722</b>	<b>48.59</b>	<b>1,262</b>	<b>35.09</b>
<b>Others</b>	<b>406</b>	<b>55.92</b>	<b>254</b>	<b>46.27</b>	<b>371</b>	<b>45.47</b>	<b>380</b>	<b>36.47</b>
	<b>14,061</b>	<b>74.43</b>	<b>14,845</b>	<b>75.59</b>	<b>23,579</b>	<b>79.97</b>	<b>30,948</b>	<b>79.93</b>

**Note:**

- (1) Our on-premise payroll software has recorded a 100.00% GP margin during the Financial Years Under Review as our Group had ceased to incur further costs to enhance this software and instead focused our resources on improving the features of AutoCount Cloud Payroll software.

**12. FINANCIAL INFORMATION** (cont'd)**Analysis of GP and GP margin by dealers and end-user customers**

		Audited							
		FYE 2019		FYE 2020		FYE 2021		FYE 2022	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Distribution of financial management software</b>									
Dealers		8,900	79.71	9,744	81.46	14,731	84.46	22,814	89.23
End-user customers		3,010	81.02	3,385	83.11	6,755	87.93	6,492	76.29
<b>Sub-total</b>		<b>11,910</b>	<b>80.04</b>	<b>13,129</b>	<b>81.88</b>	<b>21,486</b>	<b>85.52</b>	<b>29,306</b>	<b>85.99</b>
<b>Technical support, maintenance and others</b>									
Dealers		(296)	<sup>(1)</sup> N/A	(360)	<sup>(1)</sup> N/A	(375)	<sup>(1)</sup> N/A	(463)	<sup>(1)</sup> N/A
End-user customers		2,447	64.06	2,076	62.78	2,468	60.70	2,105	52.21
<b>Sub-total</b>		<b>2,151</b>	<b>53.63</b>	<b>1,716</b>	<b>47.63</b>	<b>2,093</b>	<b>48.00</b>	<b>1,642</b>	<b>35.40</b>
<b>Total</b>		<b>14,061</b>	<b>74.43</b>	<b>14,845</b>	<b>75.59</b>	<b>23,579</b>	<b>79.97</b>	<b>30,948</b>	<b>79.93</b>

**Note:**

- (1) Not applicable as our Group do not charge dealers for technical support and maintenance. The revenue from dealers under the technical support, maintenance and others segments relate to training and sales of third party storage and remote access software license fees (i.e. SQL runtime license on Microsoft SQL server and AppAnywhere license).

**12. FINANCIAL INFORMATION** *(cont'd)***Comparison between FYE 2019 and FYE 2020**

Our cost of sales decreased marginally by RM0.04 million or 0.83%, to RM4.79 million for FYE 2020 (FYE 2019: RM4.83 million), which was not in line with our revenue growth of 3.97%. Such decrease was mainly attributable to lower staff costs resulting from the capitalisation of staff costs for developing the AutoCount Cloud Accounting software of RM0.46 million during FYE 2020. The said decrease was offset partially by the outsource fee paid to our dealers of RM0.25 million (FYE 2019: RM Nil) to provide our customers with implementation, customisation and/or training services in relation to software sold under the SME Business Digitisation Grant.

Our GP increased by RM0.79 million or 5.62%, to RM14.85 million for FYE 2020 (FYE 2019: RM14.06 million) due to our revenue growth. Our GP margin improved to 75.59% for FYE 2020 (FYE 2019: 74.43%), mainly attributable to the main component of our cost of sales, i.e., staff costs, which decreased by RM0.25 million or 6.14%, due to the capitalisation of staff costs incurred for developing AutoCount Cloud Accounting software, resulting in the fluctuation in the cost of sales which was not in line with our revenue growth. Hence, our distribution of financial management software segment GP increased by RM1.21 million or 10.16%, to RM13.12 million for FYE 2020 (FYE 2019: RM11.91 million) and the GP margin improved to 81.88% for FYE 2020 (FYE 2019: 80.04%).

Our POS software recorded an improved GP of RM1.64 million for FYE 2020 (FYE 2019: RM1.38 million), an increase of RM0.26 million or 18.84%, despite revenue from the POS software rising by 10.99%. Such improvement in GP was mainly attributable to a major component of cost of sales comprising of staff costs, which are fixed in nature and will not fluctuate in line with the increase in revenue. Accordingly, our POS software GP margin improved to 77.36% for FYE 2020 (FYE 2019: 72.01%).

Our AutoCount Cloud Payroll software recorded a gross loss of RM0.10 million for FYE 2020 (FYE 2019: RM0.47 million), mainly due to the one year free subscription period for new subscriptions of our AutoCount Cloud Payroll before December 2019. We launched our AutoCount Cloud Payroll in May 2019 and thus our Group only started to collect subscription fees since May 2020.

The fluctuations in GP for the technical support and maintenance and other revenue segments for FYE 2020 were in tandem with the changes in revenue. The technical support and maintenance segment recorded lower GP margin of 47.87% for FYE 2020 compared with 53.12% for FYE 2019, mainly attributable to its cost of sales being fixed in nature and not decreasing in line with the decrease in revenue.

The GP margin for other revenue segment decreased from 55.92% for FYE 2019 to 46.27% for FYE 2020, primarily due to lesser revenue from the sale of training materials to our educational institution partners for their accounting software course which generally yields better GP margin. In addition, the sale of Microsoft SQL runtime license fees generally yield a lower GP margin.



**12. FINANCIAL INFORMATION** *(cont'd)***Comparison between FYE 2020 and FYE 2021**

Our cost of sales increased by RM1.11 million or 23.17%, to RM5.90 million for FYE 2021 (FYE 2020: RM4.79 million), which was in tandem with the revenue growth of 50.10%. Such increase was mainly attributable to the outsource fees paid to our dealers increasing by RM1.08 million or 432.00%, to RM1.33 million for FYE 2021 (FYE 2020: RM0.25 million) to provide our customers with implementation, customisation and/or training services in relation to software sold under the SME Business Digitalisation Grant.

Our GP increased by RM8.73 million or 58.79%, to RM23.58 million for FYE 2021 (FYE 2020: RM14.85 million), which is in tandem with the revenue growth. Our GP margin improved further to 79.97% for FYE 2021 (FYE 2020: 75.59%), mainly attributable to higher growth in our revenue for FYE 2021, as compared to the increase in the main component of our cost of sales, i.e., staff costs, as well as the outsource fees paid to the dealers, of which the quantum of increase of these items were lower than our revenue growth.

We recorded higher GPs and improved GP margins for all business segments, except for other revenue segment. This was mainly attributable to the major cost of sales components for all business segments, i.e., fixed-in-nature staff costs will not increase in line with revenue growth rates.

The fluctuations in GP for the other revenue segments for FYE 2021 were in tandem with the changes in revenue. This segment recorded a lower GP margin for FYE 2021 than FYE 2020, mainly attributable to higher revenue from the sale of Microsoft SQL runtime license fees for FYE 2021, which generally yield a lower GP margin.

**Comparison between FYE 2021 and FYE 2022**

Our cost of sales increased by RM1.87 million or 31.69%, to RM7.77 million for FYE 2022 (FYE 2021: RM5.90 million), which was in tandem with the revenue growth of 31.34%. Such increase was mainly attributable to the following:

- (a) Increase in our staff costs of RM1.73 million or 44.47%, to RM5.62 million for FYE 2022 (FYE 2021: RM3.89 million), mainly due to annual salary increment and higher bonuses incurred for FYE 2022. Our Group ceased capitalising staff costs amounting to RM0.73 million incurred for developing our AutoCount Cloud Accounting software since its official launch in September 2021, which also contributed to the increased costs of sales; and
- (b) Purchase costs increased by RM0.55 million or 112.24%, to RM1.04 million for FYE 2022 (FYE 2021: RM0.49 million), mainly due to the increase in software purchase costs from the increased demand for Microsoft SQL runtime license fees during FYE 2022. In addition, such an increase was also attributable to the expenses incurred for upgrading our existing Public Cloud Computing Platform to cater for the increasing demand of our AutoCount Cloud Accounting software and Cloud Payroll software.

**12. FINANCIAL INFORMATION** *(cont'd)*

The above increase were offset partially by the lower outsource fees paid to our dealers to provide our customers implementation, customisation and/or training services in relation to software sold under the SME Business Digitalisation Grant which decreased by RM0.53 million or 39.85%, to RM1.33 million for FYE 2022 (FYE 2021: RM0.80 million). This was due to lesser successful applications for SME Business Digitalisation Grant during FYE 2022 as compared with FYE 2021 resulting from MDEC's SME Business Digitalisation Grant reaching its maximum allocation and was thereafter discontinued in FYE 2022.

Our GP increased by RM7.37 million or 31.26%, to RM30.95 million for FYE 2022 (FYE 2021: RM23.58 million), which is in tandem with the revenue growth. The increased GP for FYE 2022 was contributed mainly by the distribution of financial management software segment, which registered an increase of RM7.82 million or 36.39%, to RM29.30 million for FYE 2022 (FYE 2021: RM21.48 million).

Our GP margin for the sale of our AutoCount software by dealers for the distribution of financial management software segment registered a higher GP margin of 89.23% than the GP margin for the sale of our AutoCount software to the end-users of 76.29%. This was mainly due to the dealers and end-users having the same GP margin for AutoCount Cloud Accounting and AutoCount Cloud Payroll software, as both dealers and end-users are offered the same selling prices. For clarification, the commissions payable to dealers on selling of AutoCount Cloud Accounting and Cloud Payroll software are classified under selling and distribution expenses.

Our AutoCount Cloud Accounting recorded a gross loss of RM0.41 million and a gross loss margin of 66.78% due to a gestation period to recover its development costs progressively. This was mainly due to our Group ceasing capitalisation of staff costs of RM0.73 million incurred in FYE 2022 to develop our AutoCount Cloud Accounting software since the official launch of our AutoCount Cloud Accounting software in September 2021 coupled with the amortisation of our development costs of RM0.09 million for FYE 2022.

The sale of our POS software registered an improved GP for FYE 2022, an increase of RM1.51 million or 56.77% to RM4.17 million for FYE 2022 (FYE 2021: RM2.66 million), which is in tandem with the revenue growth. Its GP margin improved from 78.02% for FYE 2021 to 94.80% for FYE 2022, mainly attributed to the lower outsource fees paid to our dealers to provide our customers with implementation, customisation and/or training services for software sold under the SME Business Digitalisation Grant, which decreased by RM0.53 million or 39.85% from RM1.33 million for FYE 2021 to RM0.80 million for FYE 2022.

The sale of our AutoCount Payroll software registered an improved GP for FYE 2022, an increase of RM0.61 million or 57.01%, to RM1.68 million for FYE 2022 (FYE 2021: RM1.07 million) and its GP margin improved from 56.82% for FYE 2021 to 57.26% for FYE 2022. Such increase was mainly attributable to the quantum of increase in staff costs, which were fixed in nature, increasing lower than our revenue growth.

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**12. FINANCIAL INFORMATION** *(cont'd)*

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We recorded a lower GP for the technical support and maintenance segment, which decreased by RM0.45 million or 26.16%, to RM1.27 million for FYE 2022 (FYE 2021: RM1.72 million), mainly attributable to higher staff costs for FYE 2022 as a result of annual salary increment and bonuses. Thus, our GP margin decreased from 48.59% for FYE 2021 to 35.09% for FYE 2022.

The other revenue segment recorded a lower GP margin for FYE 2022 than FYE 2021, which decreased from 45.47% for FYE 2021 to 36.47% for FYE 2022, mainly attributable to higher revenue from the sale of Microsoft SQL runtime license fees via dealers for FYE 2022, which generally yield a lower GP margin.

Whilst our distribution of financial management software segment recorded an improved GP margin from 85.52% for FYE 2021 to 85.99% for FYE 2022, our overall GP margin declined marginally to 79.93% for FYE 2022 (FYE 2021: 79.97%), mainly attributable to our AutoCount Cloud Accounting software recording a gross loss for FYE 2022.

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**12. FINANCIAL INFORMATION** (*cont'd*)**(iii) Other income**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Net unrealised foreign exchange gain	-	-	-	-	167	33.74	364	41.51
Gain arising from termination of lease	-	-	-	-	112	22.63	-	-
Government grant <sup>(1)</sup>	90	50.00	-	-	83	16.77	80	9.12
Finance income on short-term deposits <sup>(2)</sup>	52	28.89	140	42.68	78	15.76	150	17.10
Government subsidies <sup>(3)</sup>	-	-	56	17.07	33	6.67	21	2.39
Rental income <sup>(4)</sup>	14	7.78	21	6.40	13	2.63	9	1.03
Forfeited payment <sup>(5)</sup>	22	12.22	-	-	4	0.80	-	-
Net realised gain on foreign exchange	-	-	3	0.91	-	-	29	3.31
Gain on disposal of property, plant and equipment	-	-	24	7.32	-	-	-	-
Gain on disposal of a former subsidiary of ACSPL, i.e., AMCL	-	-	-	-	-	-	217	24.74
Rental concession income <sup>(6)</sup>	-	-	82	25.00	-	-	-	-
Others <sup>(7)</sup>	2	1.11	2	0.62	5	1.00	7	0.80
	<b>180</b>	<b>100.00</b>	<b>328</b>	<b>100.00</b>	<b>495</b>	<b>100.00</b>	<b>877</b>	<b>100.00</b>

**Notes:**

- (1) Comprise of (i) the grant received by ACSPL for the Inland Revenue Authority of Singapore ("**IRAS**") and the Accounting and Corporate Regulatory Authority ("**ACRA**")'s joint software system development project, namely the Seamless Filing Pilot Project; and (ii) the services export fund received by ACSB from Malaysia External Trade Development Corporation ("**MATRADE**") for setting up an office in Singapore.
- (2) Consist of interests received from our current accounts and fixed deposits.
- (3) Comprise of subsidies received by ACSPL from the IRAS under the Jobs Support Scheme and Jobs Growth Incentive.
- (4) Comprise of income from renting the training centre at the OASIS Office and staff accommodation.
- (5) Comprise of forfeiture of deposits from inactive dealers and non-refundable advances from customers.
- (6) Comprise of rental rebates received for our OASIS Office for April to June 2020, our Klang office for April 2020 and our Singapore office for April to December 2020.
- (7) Comprise of income from cash rebates for credit card payments for our operating expenses, which include mainly online advertising expenses, cloud server subscription fees, utility bills, staff recruitment expenses and licence subscription fees.

## 12. FINANCIAL INFORMATION *(cont'd)*

### Comparison between FYE 2019 and FYE 2020

Our other income increased by RM0.15 million or 83.33%, to RM0.33 million for FYE 2020 (FYE 2019: RM0.18 million), mainly due to:

- (a) Increase in interest income by RM0.09 million, mainly due to placement of local fixed deposits in the second half of FYE 2019;
- (b) Rental concession income of RM0.08 million for rental rebates received in FYE 2020 resulted from COVID-19 pandemic; and
- (c) Our Singapore subsidiary received Government subsidies of RM0.06 million from the IRAS during the COVID-19 pandemic during FYE 2020 under the Jobs Support Scheme and Jobs Growth Incentive.

The abovementioned increases were offset partially by no government grant received from the IRAS and ACRA during FYE 2020 (FYE 2019: RM0.09 million) for the 40% completion stage in respect of the IRAS and ACRA's joint software system development project, namely the Seamless Filing Pilot Project.

### Comparison between FYE 2020 and FYE 2021

Our other income further increased by RM0.17 million or 51.52%, to RM0.50 million for FYE 2021 (FYE 2020: RM0.33 million), mainly due to:

- (a) Increase in unrealised gain on foreign exchange by RM0.17 million for FYE 2021 arising from the foreign bank balances and fixed deposits denominated in SGD and USD, resulting from SGD and USD strengthening against RM as at the end of FYE 2021 (2021: SGD1:RM3.0853, USD1:RM4.1650; 2020: SGD1:RM3.0396, USD1:RM4.0170);
- (b) Gain on termination of lease of RM0.11 million received during FYE 2021, resulting from the termination of lease for our OASIS Office as our Group had acquired the said office during FYE 2021; and
- (c) Our Group received a government grant from the IRAS and ACRA of RM0.08 million during FYE 2021, the additional 45% completion stage in respect of the IRAS and ACRA's joint software system development project, namely the Seamless Filing Pilot Project.

The following decreases were partially offset by the abovementioned increases:

- (a) No rebate for rental concession income received during FYE 2021 (FYE 2020: RM0.08 million);
- (b) Lower interest income for FYE 2021, which decreased by RM0.06 million or 42.86%, to RM0.08 million (FYE 2020: RM0.14 million), mainly due to lower interest rates for the short-term fixed deposits placed with the licensed bank during FYE 2021;

**12. FINANCIAL INFORMATION** (*cont'd*)

- (c) Government subsidies received from the IRAS resulting from the COVID-19 pandemic in FYE 2021 under the Jobs Support Scheme and Jobs Growth Incentive decreased by RM0.03 million or 50.00%, to RM0.03 million during FYE 2021 (FYE 2020: RM0.06 million); and
- (d) There was no gain on disposal of property, plant and equipment for FYE 2021 (FYE 2020: RM0.03 million).

**Comparison between FYE 2021 and FYE 2022**

Our other income increased by RM0.38 million or 76.00%, to RM0.88 million for FYE 2022 (FYE 2021: RM0.50 million), mainly due to:

- (a) Increase in unrealised gain on foreign exchange by RM0.19 million for FYE 2022 arising from the foreign bank balances and fixed deposits denominated in SGD and USD, as a result of SGD and USD strengthening against RM at the end of FYE 2022 (2022: SGD1:RM3.2740, USD1:RM4.3900; 2021: SGD1:RM3.0853, USD1:RM4.1650); and
- (b) Gain on disposal of a former subsidiary of ACSPL, i.e., AMCL, of RM0.22 million during FYE 2022, as detailed in Section 6.3.4(vi) of this Prospectus.

**(iv) Selling and distribution expenses**

	<b>Audited</b>							
	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Advertisement expenses	384	10.43	620	16.08	783	16.96	1,181	17.47
Commissions	14	0.38	323	8.38	684	14.81	966	14.29
Dealer conference expenses	48	1.30	18	0.47	20	0.43	203	3.00
Depreciation on right-of-use assets	58	1.58	57	1.48	-	-	-	-
Entertainment expenses	59	1.60	34	0.88	20	0.43	67	0.99
Marketing expenses	39	1.06	73	1.89	70	1.52	65	0.96
Staff costs	2,737	74.33	2,556	66.29	2,911	63.04	4,004	59.23
Travelling and accommodation expenses	279	7.58	156	4.05	120	2.60	206	3.05
Others <sup>(1)</sup>	64	1.74	19	0.48	10	0.21	68	1.01
	<b>3,682</b>	<b>100.00</b>	<b>3,856</b>	<b>100.00</b>	<b>4,618</b>	<b>100.00</b>	<b>6,760</b>	<b>100.00</b>

**Note:**

- (1) Comprise mainly exhibition and referral fees.

## 12. FINANCIAL INFORMATION *(cont'd)*

### Comparison between FYE 2019 and FYE 2020

Our selling and distribution expenses increased by RM0.18 million or 4.89%, to RM3.86 million for FYE 2020 (FYE 2019: RM3.68 million), mainly due to:

- (a) Commissions increased by RM0.31 million or 3100.00%, for FYE 2020 to RM0.32 million (FYE 2019: RM0.01 million), mainly due to the commissions paid to our dealers for selling our AutoCount Cloud Payroll software, which increased in tandem with the increase in the related revenue growth; and
- (b) Advertisement expenses increased by RM0.24 million or 63.16%, to RM0.62 million for FYE 2020 (FYE 2019: RM0.38 million), primarily attributable to advertising costs incurred for the SME Business Digitalisation Grant.

The abovementioned increases were partially offset by the decrease of the following:

- (a) Staff costs decreased by RM0.18 million or 6.57%, to RM2.56 million for FYE 2020 (FYE 2019: RM2.74 million). Such decrease was mainly attributable to the lower average staff salaries for FYE 2020 compared to FYE 2019.
- (b) Decrease in travelling and accommodation expenses of RM0.12 million or 42.86%, to RM0.16 million for FYE 2020 (FYE 2019: RM0.28 million), primarily due to movement restrictions resulting from the imposition of MCO by the Malaysian Government during FYE 2020.

### Comparison between FYE 2020 and FYE 2021

Our selling and distribution expenses increased by RM0.76 million or 19.69%, to RM4.62 million for FYE 2021 (FYE 2020: RM3.86 million), mainly due to:

- (a) Increase in commissions by RM0.37 million or 115.63%, to RM0.69 million for FYE 2021 (FYE 2020: RM0.32 million), mainly attributable to the commissions paid to our dealers for selling our AutoCount Cloud Payroll software, which increased in tandem with the increase in the related revenue growth; and
- (b) Staff costs increased by RM0.35 million or 13.67%, to RM2.91 million for FYE 2021 (FYE 2020: RM2.56 million), mainly due to annual salary increments and bonuses.

## 12. FINANCIAL INFORMATION *(cont'd)*

### Comparison between FYE 2021 and FYE 2022

Our selling and distribution expenses increased by RM2.14 million or 46.32%, to RM6.76 million for FYE 2022 (FYE 2021: RM4.62 million), mainly due to:

- (i) Increase in staff costs by RM1.09 million or 37.46%, to RM4.00 million for FYE 2022 (FYE 2021: RM2.91 million), mainly attributable to the annual salary increment and higher bonuses for FYE 2022 as compared to FYE 2021;
- (ii) Increase in advertisement expenses by RM0.40 million or 51.28% to RM1.18 million for FYE 2022 (FYE 2021: RM0.78 million), mainly attributable to advertising costs incurred from the radio advertisement to promote our AutoCount Cloud Accounting software and AutoCount Cloud Payroll software;
- (iii) Increase in commission by RM0.28 million or 40.58%, to RM0.97 million for FYE 2022 (FYE 2021: RM0.69 million), mainly attributable to the higher commissions paid to our dealers for selling our AutoCount Cloud Payroll software and AutoCount Cloud Accounting software during FYE 2022, which increased in tandem with the revenue growth;
- (iv) Increase in dealer conference expenses by RM0.18 million or 900.00% to RM0.20 million for FYE 2022 (FYE 2021: RM0.02 million), mainly attributable to the physical dealer conference held in October 2022, compared with the virtual dealer conference held during FYE 2021 due to the COVID-19 pandemic;
- (v) Increase in travelling and accommodation expenses by RM0.09 million or 75.00% to RM0.21 million for FYE 2022 (FYE 2021: RM0.12 million), which was in tandem with the revenue growth resulting from the resumption of business operations due to further relaxation of the Malaysian Government's movement controls; and
- (vi) Increase in entertainment expenses by RM0.05 million or 250.00% to RM0.07 million for FYE 2022 (FYE 2021: RM0.02 million), which was in tandem with the revenue growth resulting from the resumption of business operations due to further relaxation of the Malaysian Government's movement controls.



**12. FINANCIAL INFORMATION** (cont'd)**(v) General and administrative expenses**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Directors' remuneration	1,254	33.61	1,286	39.86	2,096	42.49	1,645	27.10
Staff costs	1,371	36.75	1,107	34.31	1,262	25.58	1,631	26.87
Legal and professional fees	303	8.12	265	8.21	502	10.18	1,740	28.67
Gift and donations	45	1.21	41	1.27	187	3.79	102	1.68
Repair and maintenance costs	157	4.21	162	5.02	167	3.39	216	3.56
Utilities	129	3.46	113	3.50	112	2.27	137	2.26
Rental expenses <sup>(1)</sup>	5	0.13	5	0.15	66	1.34	85	1.40
Insurance	131	3.51	129	4.00	59	1.20	144	2.37
Impairment loss on amount due from a former subsidiary of ACSPL, i.e., AMCL	74	1.98	-	-	-	-	26	0.43
Stamp duties	-	-	-	-	322	6.53	97	1.60
Others <sup>(2)</sup>	262	7.02	118	3.68	160	3.23	247	4.06
	<b>3,731</b>	<b>100.00</b>	<b>3,226</b>	<b>100.00</b>	<b>4,933</b>	<b>100.00</b>	<b>6,070</b>	<b>100.00</b>

**Notes:**

- (1) Rental expenses for FYE 2019 and FYE 2020 consist of office equipment rental. Rental expenses for FYE 2021 were mainly incurred for the Singapore office, which was not recognised as right-of-use assets and lease liabilities under MFRS 16 Leases in FYE 2021 and FYE 2022. The tenancy period was for a 12 month tenure in which our Group elected not to recognise right-of-use assets and lease liabilities under MFRS 16 Leases.
- (2) Comprise mainly withholding tax for foreign service providers, printing and stationery, bank charges, courier and postage charges, travelling and accommodation expenses, quit rent and assessment, staff recruitment expenses and waiver of amount due from a former subsidiary of ACSPL, i.e., AMCL, upon the completion of the disposal of AMCL, as detailed in Section 6.3.4(vi) of this Prospectus.

## 12. FINANCIAL INFORMATION *(cont'd)*

### Comparison between FYE 2019 and FYE 2020

Our general and administrative expenses decreased by RM0.50 million or 13.40%, to RM3.23 million for FYE 2020 (FYE 2019: RM3.73 million), mainly attributable to:

- (a) Staff costs decreased by RM0.26 million or 18.98%, to RM1.11 million for FYE 2020 (FYE 2019: RM1.37 million), mainly due to there being no company trip for FYE 2020 due to the MCO implemented by the Malaysian Government;
- (b) No impairment loss on trade and other receivables for FYE 2020. During FYE 2019, our Group has made a specific impairment of RM0.07 million in respect of a former subsidiary of ACSPL, i.e., AMCL, due to the cessation of its operations in September 2019. The said subsidiary was disposed in May 2022; and
- (c) Legal and professional fees were lower by RM0.03 million or 10.00%, to RM0.27 million for FYE 2020 (FYE 2019: RM0.30 million), mainly due to higher professional fees incurred in FYE 2019 for an evaluation of the proposed listing on a foreign stock exchange.

### Comparison between FYE 2020 and FYE 2021

Our general and administrative expenses increased by RM1.70 million or 52.63%, to RM4.93 million for FYE 2021 (FYE 2020: RM3.23 million), mainly attributable to:

- (a) Increase in directors' remuneration of RM0.81 million or 62.79%, to RM2.10 million for FYE 2021 (FYE 2020: RM1.29 million), mainly due to higher bonuses as reward for our Group's business growth;
- (b) Legal and professional fees increased by RM0.23 million or 85.19%, to RM0.50 million for FYE 2021 (FYE 2020: RM0.27 million), mainly due to professional fees incurred for the Listing;
- (c) Our staff costs increased by RM0.15 million or 13.51%, to RM1.26 million for FYE 2021 (FYE 2020: RM1.11 million), mainly attributable to the increase in our headcount to 15 staff as at 31 December 2021 (as at 31 December 2020: 13 staff);
- (d) Gift and donations expenses increased by RM0.15 million or 375.00%, to RM0.19 million for FYE 2021 (FYE 2020: RM0.04 million), mainly due to our Group corporate social responsibility activities implemented during FYE 2021; and
- (e) Stamp duties of RM0.32 million incurred during FYE 2021 in respect of the sale and purchase agreements for the purchase of our OASIS Office, and its related term loan facility agreements (FYE 2020: Nil).

**12. FINANCIAL INFORMATION** *(cont'd)***Comparison between FYE 2021 and FYE 2022**

Our general and administrative expenses increased by RM1.14 million or 23.12%, to RM6.07 million for FYE 2022 (FYE 2021: RM4.93 million), mainly due to:

- (i) Increase in legal and professional fees by RM1.24 million or 248.00%, to RM1.74 million for FYE 2022 (FYE 2021: RM0.50 million), mainly attributable to the professional fees incurred for the Listing of RM1.33 million; and
- (ii) Increase in staff costs by RM0.37 million or 29.37%, to RM1.63 million for FYE 2022 (FYE 2021: RM1.26 million), mainly attributable to higher bonuses, payments for unutilised annual leaves and annual salary increments.

However, the abovementioned increases were offset partially by the decrease in directors' remuneration of RM0.46 million or 21.90%, to RM1.64 million for FYE 2022 (FYE 2021: RM2.10 million). Such a decrease was mainly attributable to the higher bonuses paid in FYE 2021.

**(vi) Other operating expenses**

	<b>Audited</b>							
	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Depreciation of property, plant and equipment	492	42.12	369	33.67	434	48.76	593	99.66
Depreciation on right-of-use assets	668	57.19	667	60.86	452	50.79	-	-
Net realised foreign exchange loss	8	0.69	-	-	4	0.45	-	-
Net unrealised foreign exchange loss	-	-	60	5.47	-	-	-	-
Property, plant and equipment written off	-	-	-	-	-	-	2	0.34
	<b>1,168</b>	<b>100.00</b>	<b>1,096</b>	<b>100.00</b>	<b>890</b>	<b>100.00</b>	<b>595</b>	<b>100.00</b>

**Comparison between FYE 2019 and FYE 2020**

Our other operating expenses decreased by RM0.07 million or 5.98%, to RM1.10 million for FYE 2020 (FYE 2019: RM1.17 million), mainly attributable to the decrease in depreciation of property, plant and equipment by RM0.12 million resulting from the disposal of motor vehicles during FYE 2020.

The abovementioned decrease was partially offset by the unrealised foreign exchange loss of RM0.06 million incurred in FYE 2020 for the foreign bank balances and fixed deposit denominated in SGD (FYE 2019: RM Nil). Such losses resulted from SGD weakening against RM at the end of FYE 2020 as compared to the spot rate during FYE 2020 (2020: SGD1:RM3.0396; 2019: average spot rate SGD1:RM3.0732).

**12. FINANCIAL INFORMATION** (cont'd)**Comparison between FYE 2020 and FYE 2021**

Our other operating expenses decreased by RM0.21 million or 19.09%, to RM0.89 million for FYE 2021 (FYE 2020: RM1.10 million), mainly attributable to the decrease in depreciation on right-of-use assets by RM0.22 million or 32.84%, to RM0.45 million for FYE 2021 (FYE 2020: RM0.67 million), which resulted from the termination of 2 tenancies for renting of our OASIS Office pursuant to MFRS 16 Leases.

**Comparison between FYE 2021 and FYE 2022**

Our other operating expenses decreased by RM0.29 million or 32.58%, to RM0.60 million for FYE 2022 (FYE 2021: RM0.89 million), mainly attributable to no depreciation on right-of-use assets for FYE 2022 resulted from the termination of 2 tenancies for renting of our OASIS Office pursuant to MFRS 16 Leases effective from August 2021.

The abovementioned decrease was partially offset by the increase in depreciation of property, plant and equipment by RM0.16 million or 37.21% to RM0.59 million for FYE 2022 (FYE 2021: RM0.43 million), mainly attributable to the purchase of our OASIS Office.

**(vii) Finance costs**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Term loans	-	-	-	-	45	52.33	189	100.00
Lease liabilities	135	93.10	102	97.14	40	46.51	*	-
Finance lease liabilities	10	6.90	3	2.86	1	1.16	-	-
	<b>145</b>	<b>100.00</b>	<b>105</b>	<b>100.00</b>	<b>86</b>	<b>100.00</b>	<b>189</b>	<b>100.00</b>

**Note:**

\* RM49.

**Comparison between FYE 2019 and FYE 2020**

Our finance costs decreased by RM0.05 million or 33.33%, to RM0.10 million for FYE 2020 (FYE 2019: RM0.15 million), mainly attributable to the decrease in lease liabilities interest of RM0.04 million or 28.57%, to RM0.10 million for FYE 2020 (FYE 2019: RM0.14 million) resulted by the scheduled rental paid.

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**12. FINANCIAL INFORMATION** *(cont'd)*

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**Comparison between FYE 2020 and FYE 2021**

Our finance costs decreased by RM0.01 million or 10.00%, to RM0.09 million for FYE 2021 (FYE 2020: RM0.10 million), mainly attributable to our lease liabilities interests reducing by RM0.06 million or 60.00%, to RM0.04 million for FYE 2021 (FYE 2020: RM0.10 million). Such decrease was primarily due to the termination of 2 tenancies for renting our OASIS Office pursuant to MFRS 16 Leases.

The abovementioned decrease was offset partially by the term loans interests of RM0.05 million incurred during FYE 2021 (FYE 2020: RM Nil), resulting by the drawdown of new term loans to finance the purchase of our OASIS Office.

**Comparison between FYE 2021 and FYE 2022**

Our finance costs increased by RM0.10 million or 111.11%, to RM0.19 million for FYE 2022 (FYE 2021: RM0.09 million), mainly attributable to term loan interest incurred to finance the acquisition of our OASIS Office (FYE 2021: RM0.05 million).

Such increase was partially offset by lesser lease liabilities interests for FYE 2022 (FYE 2021: RM0.04 million), resulting from the termination of 2 tenancies for renting our OASIS Office pursuant to MFRS 16 Leases since August 2021 and also the expiry of the tenancy for renting our Klang office during FYE 2022

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**12. FINANCIAL INFORMATION** (cont'd)**(viii) PBT, PBT margin, PAT and PAT margin**

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
PBT (RM'000)	5,515	6,890	13,547	18,211
PBT margin (%)	29.19	35.09	45.95	47.04
PAT (RM'000)	4,183	5,716	10,030	13,841
PAT margin (%)	22.14	29.11	34.02	35.75

**Comparison between FYE 2019 and FYE 2020**

We recorded an increase in PBT of RM1.38 million or 25.05%, to RM6.89 million for FYE 2020 (FYE 2019: RM5.51 million), consistent with the higher GP registered for FYE 2020. Thus, our PBT margin improved to 35.09% for FYE 2020 (FYE 2019: 29.19%). Such increases were mainly attributable to higher GP recorded for FYE 2020 and lower staff costs for FYE 2020, primarily due to there being no company trip for FYE 2020 compared with FYE 2019, as well as savings from general expenses, such as fewer business trips during FYE 2020.

Our PAT increased by RM1.54 million or 36.84%, to RM5.72 million for FYE 2020 (FYE 2019: RM4.18 million), and our PAT margin improved to 29.11% for FYE 2020 (FYE 2019: 22.14%). Such increases were primarily attributable to the adjustment for understatement of deferred tax assets for the prior financial years of RM0.46 million in respect of the deferred revenue for contracted support and maintenance services and subscription fees for AutoCount Cloud Payroll software.

**Comparison between FYE 2020 and FYE 2021**

Our PBT increased further by RM6.66 million or 96.66%, to RM13.55 million for FYE 2021 (FYE 2020: RM6.89 million), in tandem with the higher growth in our revenue and GP for FYE 2021. Our PBT margin increased to 45.95% for FYE 2021 (FYE 2020: 35.09%), and grew at a rate higher than the GP margin, primarily due to our major administrative expenses, i.e., directors' remuneration and staff costs, and our major selling and distribution expenses, i.e., staff costs and dealer commissions for selling our AutoCount Cloud Payroll software, which increased at the rate lower than the revenue growth rate.

Our PAT increased by RM4.31 million or 75.35%, to RM10.03 million for FYE 2021 (FYE 2020: RM5.72 million), and our PAT margin further improved to 34.02% for FYE 2021 (FYE 2020: 29.11%), mainly attributable to higher GP and PBT for FYE 2021.

**Comparison between FYE 2021 and FYE 2022**

Our PBT increased by RM4.66 million or 34.39%, to RM18.21 million for FYE 2022 (FYE 2021: RM13.55 million), in tandem with the higher growth in our revenue and GP for FYE 2021. Our PBT margin increased to 47.04% for FYE 2022 (FYE 2021: 45.95%), primarily due to our major administrative expenses, i.e., staff costs, and our major selling and distribution expenses, i.e., staff costs and dealer commissions for selling our AutoCount Cloud Payroll and AutoCount Cloud Accounting software, which increased at the rate lower than the revenue growth rate coupled with lower directors' remuneration incurred for FYE 2022 as compared to FYE 2021, as explained in Section 12.3.2(v) of this Prospectus;

Our PAT increased by RM3.81 million or 37.99%, to RM13.84 million for FYE 2022 (FYE 2021: RM10.03 million), and our PAT margin further improved to 35.75% for FYE 2022 (FYE 2021: 34.02%), mainly attributable to higher GP and PBT for FYE 2022.

**12. FINANCIAL INFORMATION** (cont'd)**(ix) Income tax expenses**

	<b>Audited</b>			
	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current income tax</b>				
- Current income tax charge	1,578	1,878	3,523	4,410
- Adjustment in respect of prior years	(211)	(11)	60	36
	<u>1,367</u>	<u>1,867</u>	<u>3,583</u>	<u>4,446</u>
<b>Deferred tax</b>				
- Reversal of temporary difference	(35)	(232)	(62)	(75)
- Adjustment in respect of prior years	-	(461)	(4)	(1)
	<u>(35)</u>	<u>(693)</u>	<u>(66)</u>	<u>(76)</u>
<b>Total income tax expenses</b>	<b>1,332</b>	<b>1,174</b>	<b>3,517</b>	<b>4,370</b>

	<b>Audited</b>			
	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Statutory tax rate:				
- on the first RM500,000 / RM600,000	17.00	17.00	17.00	24.00
- balance of chargeable income	24.00	24.00	24.00	24.00
Effective tax rate	24.15	17.04	25.96	24.00

Tax expenses comprise the current financial year's income tax payable, deferred tax and any under or overprovision of tax expenses in the previous financial year.

The income tax rate applicable to SMEs incorporated in Malaysia with share capital of RM2,500,000 and below and annual sales less than RM50,000,000 (2020: RM50,000,000 and 2019: Nil) is subject to the statutory tax rate of 17% (2020 and 2019: 17%) on chargeable income up to RM600,000 (2020: RM600,000 and 2019: RM500,000). For chargeable income in excess of RM600,000 (2020: RM600,000 and 2019: RM500,000), statutory rate of 24% is still applicable. As our Group ceased to qualify as SME during FYE 2022, statutory tax rate of 24% is applicable on all chargeable income.

**Comparison between FYE 2019 and FYE 2020**

Despite the fact that our PBT increased for FYE 2020, our tax expenses decreased by RM0.16 million or 12.03%, to RM1.17 million for FYE 2020 (FYE 2019: RM1.33 million), mainly due to the understatement of deferred tax assets in the prior years of RM0.46 million in respect of the deferred revenue for contracted support and maintenance services and subscription fees for AutoCount Cloud Payroll software. Hence, our effective tax rate of 17.04% for FYE 2020 was lower than the statutory tax rate.

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**12. FINANCIAL INFORMATION** *(cont'd)*

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**Comparison between FYE 2020 and FYE 2021**

Our tax expenses increased by RM2.35 million or 200.85% to RM3.52 million for FYE 2021 (FYE 2020: RM1.17 million), mainly due to the following:

- (i) Our Group registered higher PBT for FYE 2021; and
- (ii) There was no material understatement of deferred tax assets in the prior years in respect of the deferred revenue for contracted support and maintenance services and subscription fees for AutoCount Cloud Payroll software (FYE 2020: RM0.46 million).

Our effective tax rate of 25.96% for FYE 2021 was higher than the statutory tax rate, mainly due to higher non-deductible expenses of RM2.22 million recorded for FYE 2021, which were primarily attributable to the following:

- (i) Legal and professional fees incurred for the Listing of RM0.39 million as well as for the purchase of our Oasis Office and its related term loan facilities;
- (ii) Stamp duties of RM0.32 million incurred for the purchase of our Oasis Office and its related term loan facilities;
- (iii) Gift and donations of RM0.18 million;
- (iv) Accrued dealer discount entitlements of RM0.73 million; and
- (v) Depreciation for property, plant and equipment and right-of-use assets, which are classified as non-qualifying expenditure of RM0.39 million.

**Comparison between FYE 2021 and FYE 2022**

Our tax expenses increased by RM0.85 million or 24.15%, to RM4.37 million for FYE 2022 (FYE 2021: RM3.52 million), mainly due to our Group registering higher PBT for FYE 2022.

Our effective tax rate of 24.00% for FYE 2022 was consistent with the statutory tax rate.

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**12. FINANCIAL INFORMATION** (cont'd)**12.3.3 Review of financial position****(i) Assets**

	<b>Audited</b>			
	<b>As at 31 December</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	2,241	2,064	9,957	11,665
Right-of-use assets	1,978	1,262	7	-
Intangible asset	-	459	1,190	1,706
Deferred tax assets	-	567	632	707
Other investment	-	-	-	-
<b>Total non-current assets</b>	<b>4,219</b>	<b>4,352</b>	<b>11,786</b>	<b>14,078</b>
<b>Current assets</b>				
Trade receivables	1,277	2,895	3,330	219
Other receivables	331	2,782	436	260
Contract assets	80	74	120	136
Cash and short-term deposits	10,751	15,623	24,846	22,609
<b>Total current assets</b>	<b>12,439</b>	<b>21,374</b>	<b>28,732</b>	<b>23,224</b>
<b>Total assets</b>	<b>16,658</b>	<b>25,726</b>	<b>40,518</b>	<b>37,302</b>

**Comparison between 31 December 2019 and 31 December 2020**

Our total assets increased by RM9.07 million or 54.44%, to RM25.73 million as at 31 December 2020 (31 December 2019: RM16.66 million). The increase was mainly attributable to the increase in current assets of RM8.94 million as at 31 December 2020.

The increase in current assets was mainly attributable to the following:

- Increase in cash and short-term deposits of RM4.87 million or 45.30%, to RM15.62 million as at 31 December 2020 (31 December 2019: RM10.75 million), mainly due to higher internally generated funds from our business growth;
- Increase in other receivables of RM2.46 million or 820.00%, to RM2.76 million as at 31 December 2020 (31 December 2019: RM0.30 million), mainly due to deposits paid for the purchase of our OASIS Office of RM2.54 million; and
- Increase in trade receivables of RM1.62 million or 126.56%, to RM2.90 million as at 31 December 2020 (31 December 2019: RM1.28 million), mainly due to the advanced billings to our customers for submission to BSN for purchasing our financial management software under the SME Business Digitalisation Grant amounting to RM1.64 million as at 31 December 2020. The said amount will be fully settled once the SME Business Digitalisation Grant is approved and released by BSN. The advanced billings issued were recognised as advance billings under the trade receivables account, with the corresponding entries credited to the contract liabilities account as deferred revenue. Once the SME Business Digitalisation Grant is approved and released by BSN, the related revenue will be reversed from the contract liabilities account and recognised as revenue in the statements of comprehensive income. The payment received will be offset against the advanced billing account. If BSN rejects the SME Business Digitalisation Grant, the advanced billing issued will be cancelled and reversed from the advanced billing and contract liabilities accounts.

## 12. FINANCIAL INFORMATION *(cont'd)*

### Comparison between 31 December 2020 and 31 December 2021

Our total assets increased further by RM14.79 million or 57.48%, to RM40.52 million as at 31 December 2021 (31 December 2020: RM25.73 million), mainly due to the increase in non-current assets and current assets of RM7.44 million and RM7.35 million as at 31 December 2021, respectively.

The increase in non-current assets was mainly attributable to the following:

- (a) Increase in property, plant and equipment of RM7.90 million or 383.50%, to RM9.96 million as at 31 December 2021 (31 December 2020: RM2.06 million), primarily due to the purchase of properties for our OASIS Office; and
- (b) Increase in intangible assets of RM0.73 million or 158.70%, to RM1.19 million as at 31 December 2021 (31 December 2020: RM0.46 million), attributable to the capitalisation of staff costs as development costs for our AutoCount Cloud Accounting software and a new cloud-native platform, namely AutoCount OneSales as detailed in Section 7.8.2(ii) of this Prospectus.

The above increase was partially offset by the decrease in right-of-use assets of RM1.25 million or 99.21%, to RM0.01 million as at 31 December 2021 (31 December 2020: RM1.26 million). The said decrease was mainly attributable to the termination of 2 tenancies for renting of our OASIS Office.

The increase in current assets was mainly attributable to the increase in cash and short-term deposits of RM9.22 million or 59.03%, to RM24.84 million as at 31 December 2021 (31 December 2020: RM15.62 million), primarily attributable to higher internally generated funds from our business growth.

The abovementioned increase was partially offset by the decrease in other receivables of RM2.35 million or 85.14%, to RM0.41 million as at 31 December 2021 (31 December 2020: RM2.76 million). Such decrease was mainly attributable to deposits of RM2.54 million paid in FYE 2020 for purchasing our OASIS Office as property, plant and equipment after the completion of the said transaction in FYE 2021.

### Comparison between 31 December 2021 and 31 December 2022

Our total assets decreased by RM3.22 million or 7.95%, to RM37.30 million as at 31 December 2022 (31 December 2021: RM40.52 million), mainly due to the decrease in current assets of RM5.51 million as at 31 December 2022, compared with 31 December 2021.

The decrease in current assets was mainly attributable to the following:

- (i) Decrease in cash and short-term deposits of RM2.24 million or 9.02%, to RM22.60 million as at 31 December 2022 (31 December 2021: RM24.84 million), mainly attributable to payment of dividend payable of RM16.00 million during FYE 2022. Such decrease was offset partially by the internally generated funds from our business during FYE 2022; and

## **12. FINANCIAL INFORMATION** *(cont'd)*

- (ii) The decrease in trade receivables of RM3.11 million or 93.39%, to RM0.22 million as at 31 December 2022 (31 December 2021: RM3.33 million) was mainly attributable to the following:
- (a) There were no outstanding advanced billings to our customers for submission to BSN for purchasing our financial management software under the SME Business Digitalisation Grant as at 31 December 2022 (31 December 2021: RM1.39 million). The decrease was mainly attributable to grants of RM1.13 million being approved and released by BSN during FYE 2022. As the MDEC's SME Business Digitalisation Grant has reached its maximum allocation and hence discontinued during FYE 2022, our Group has settled some of the remaining balances with customers who had previously made 50.00% deposits to use the software immediately by either (i) cancelled the orders and deposits paid were refunded; or (ii) have proceeded to purchase the software by making the full payment to continue to use the software. As at 31 December 2022, other payables include deposits of RM33,000, currently pending bank details to proceed with the refund. As at LPD, deposits of RM20,000 have yet to be refunded to our customers; and
  - (b) Improved customer collections resulted in lower trade receivables turnover days of 17 days recorded in FYE 2022 compared to 39 days recorded for FYE 2021.

The above decrease in current assets was offset by the increase in non-current assets, mainly attributable to the following:

- (i) Increase in property, plant and equipment of RM1.70 million or 17.07%, to RM11.66 million as at 31 December 2022 (31 December 2021: RM9.96 million), primarily due to the purchase of properties for our Klang Office and its renovation costs totalling RM2.00 million in FYE 2022, which was offset by the depreciation charges of RM0.61 million for FYE 2022; and
- (ii) Increase in intangible assets of RM0.52 million or 43.70% to RM1.71 million as at 31 December 2022 (31 December 2021: RM1.19 million) was attributable to the capitalisation of staff costs of RM0.60 million as development costs for our new cloud-native platform, namely AutoCount OneSales, which was offset by the amortisation of development costs for our AutoCount Cloud Accounting software.

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**12. FINANCIAL INFORMATION (cont'd)****(ii) Liabilities**

	Audited			
	As at 31 December			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
<b>Non-current liabilities</b>				
Loans and borrowings	12	-	4,963	4,510
Lease liabilities	1,176	606	-	-
Deferred tax liabilities	134	8	7	6
Total non-current liabilities	1,322	614	4,970	4,516
<b>Current liabilities</b>				
Loans and borrowings	144	41	475	466
Lease liabilities	576	569	7	-
Current tax liabilities	38	737	1,501	1,376
Other payables	2,253	2,799	20,470	4,693
Contract liabilities	2,000	4,927	5,087	4,588
Total current liabilities	5,011	9,073	27,540	11,123
<b>Total liabilities</b>	<b>6,333</b>	<b>9,687</b>	<b>32,510</b>	<b>15,639</b>

**Comparison between 31 December 2019 and 31 December 2020**

Our total liabilities increased by RM3.35 million or 52.84% to RM9.69 million as at 31 December 2020 (31 December 2019: RM6.34 million), mainly due to the following:

- (a) Increase in other payables of RM0.54 million or 24.00%, to RM2.79 million as at 31 December 2020 (31 December 2019: RM2.25 million) resulting from the increase in the accruals of Malaysia and Singapore dealer discount entitlement of RM0.58 million; and
- (b) Increase in contract liabilities of RM2.93 million or 146.50%, to RM4.93 million as at 31 December 2020 (31 December 2019: RM2.00 million) resulting from the advanced billings to our customers for submission to BSN for purchasing our financial management software under the SME Business Digitalisation Grant of RM1.85 million as at 31 December 2020. The said amounts will be fully settled once the SME Business Digitalisation Grant is approved and released by BSN. In addition, the increase in technical support and maintenance services through a service agreement for a pre-agreed duration and the subscription fees for our AutoCount Cloud Payroll software and AutoCount Cloud Accounting software had also contributed to the increase in contract liabilities.

**Comparison between 31 December 2020 and 31 December 2021**

Our total liabilities increased by RM22.82 million or 235.50% to RM32.51 million as at 31 December 2021 (31 December 2020: RM9.69 million), mainly due to the following:

- (a) Increase in other payables of RM17.68 million or 633.69%, to RM20.47 million as at 31 December 2021 (31 December 2020: RM2.79 million) mainly due to dividend payable of RM16.0 million; and
- (b) Loans and borrowings increased by RM5.39 million or 13475.00%, to RM5.43 million as at 31 December 2021 (31 December 2020: RM0.04 million), mainly due to new term loans drawdown to finance the purchase of our OASIS Office.

## 12. FINANCIAL INFORMATION *(cont'd)*

### Comparison between 31 December 2021 and 31 December 2022

Our total liabilities decreased by RM16.87 million or 51.89% to RM15.64 million as at 31 December 2022 (31 December 2021: RM32.51 million), mainly due to the decrease in current liabilities by RM16.42 million or 59.62%, to RM11.12 million as at 31 December 2022 (31 December 2021: RM27.54 million). Such decrease was mainly attributable to the following:

- (a) Other payables and accruals decreased by RM15.78 million, primarily due to the payment of dividend payable of RM16.00 million during FYE 2022; and
- (b) Decrease in contract liabilities of RM0.50 million or 9.82% to RM4.59 million as at 31 December 2022 (31 December 2021: RM5.09 million), mainly resulting from there being no outstanding advanced billings to our customers for submission to BSN for purchasing our financial management software under the SME Business Digitalisation Grant as at 31 December 2022 (31 December 2021: RM1.54 million), primarily due to the grants of RM1.13 million being approved and released by BSN during FYE 2022 and recognised as revenue on the consolidated statement of comprehensive income. As the MDEC's SME Business Digitalisation Grant has reached its maximum allocation and hence discontinued the Grant during FYE 2022, our Group has settled some of the remaining balances with customers who had previously made 50.00% deposits to use the software immediately by either (i) cancelled the orders and the deposits paid were refunded; or (ii) have proceeded to purchase the software by making the full payment to continue to use the software. As at 31 December 2022, other payables include deposits of RM33,000, which are currently pending bank details to proceed with the refund. As at LPD, deposits of RM20,000 have yet to be refunded to our customers.

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## 12. FINANCIAL INFORMATION (cont'd)

### 12.3.4 Review of cash flows

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	4,806	8,782	12,904	17,030
Net cash used in investing activities	-	(3,027)	(6,398)	(2,855)
Net cash (used in)/from financing activities	(786)	(821)	2,552	(16,884)
Net increase/(decrease) in cash and cash equivalents	4,020	4,934	9,058	(2,709)
Cash and cash equivalents at the beginning of the financial year	6,714	10,751	15,623	24,846
Effect of exchange rate changes on the balance of cash held in foreign currencies	17	(62)	165	472
<b>Cash and cash equivalents at the end of the financial year</b>	<b>10,751</b>	<b>15,623</b>	<b>24,846</b>	<b>22,609</b>
<b>Cash and cash equivalents at end of the financial year comprise:</b>				
Short-term deposits placed with licensed banks	7,548	7,059	13,213	15,547
Cash and bank balances	3,203	8,564	11,633	7,062
	<b>10,751</b>	<b>15,623</b>	<b>24,846</b>	<b>22,609</b>

There is no legal, financial or economic restriction on our subsidiaries' ability to transfer/receive funds to/from our Company in the form of cash dividends, loans or advances, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenant.

#### FYE 2019

##### Net cash from operating activities

For FYE 2019, our Group recorded a net cash inflow from operating activities of RM4.81 million. We collected RM19.15 million from the following:

- (i) Collections of RM19.02 million received from our customers; and
- (ii) Other income of RM0.13 million, which primarily comprised granting income from the Singapore Government, deposits from inactive dealers forfeited and rental income.

The above collections were partially offset by cash payments of RM14.34 million, mainly from the following:

- (i) Payment of RM0.81 million to our suppliers, mainly for the purchase of hardware and software and outsourcing fees to third parties;
- (ii) Payment for staff costs and other operating expenses of RM11.45 million; and
- (iii) Income tax of RM2.03 million paid to the Inland Revenue Board.

## **12. FINANCIAL INFORMATION** *(cont'd)*

### **Net cash used in investing activities**

For FYE 2019, our Group recorded net cash flows of RM Nil from investing activities, mainly attributable to:

- (i) Cash payment for the purchase of computers of RM0.05 million for our business operations; and
- (ii) Interest received from our current accounts and fixed deposits of RM0.05 million.

### **Net cash used in financing activities**

For FYE 2019, our Group recorded a net cash outflow of RM0.79 million from financing activities, attributable to:

- (i) Repayments of finance lease liabilities of RM0.15 million;
- (ii) Lease liabilities of RM0.45 million paid for leasing of offices;
- (iii) Repayment to related parties of RM0.04 million, in which the amounts owing by/to related parties were fully settled subsequent to FYE 2021; and
- (iv) Interests paid of RM0.15 million.

### **FYE 2020**

### **Net cash from operating activities**

For FYE 2020, our Group recorded a net cash inflow from operating activities of RM8.78 million. We collected RM24.31 million, mainly from the following:

- (i) Collections of RM24.15million from our customers; and
- (ii) Other income of RM0.16 million, primarily comprised rebate on rental concession income, government wage subsidy from the Singapore Government during the COVID-19 pandemic and rental income.

The above collections were partially offset mainly by the cash payments of RM15.53 million, mainly from the following:

- (i) Payment of RM3.56 million to our suppliers, mainly for the purchase of hardware and software and outsourcing fees to our dealers and third parties;
- (ii) Payment for staff costs and other operating expenses of RM10.84 million; and
- (iii) Income tax of RM1.17 million paid to the Inland Revenue Board.

### **Net cash used in investing activities**

For FYE 2020, our Group recorded a net cash outflow of RM3.03 million from investing activities, mainly attributable to:

- (i) Deposit paid of RM2.54 million for purchase of our OASIS Office;
- (ii) Cash payment for the purchase of motor vehicles and computers of RM0.12 million and RM0.08 million respectively for our business operations;
- (iii) Cash payment for our software development costs of RM0.46 million;

## **12. FINANCIAL INFORMATION** *(cont'd)*

- (iv) Interests received from our current accounts and fixed deposits of RM0.14 million; and
- (v) Proceeds of RM0.03 million received from the disposal of a motor vehicle to a third party.

### **Net cash used in financing activities**

For FYE 2020, our Group recorded a net cash outflow of RM0.82 million from financing activities, attributable to:

- (i) Repayments of finance lease liabilities of RM0.11 million;
- (ii) Lease liabilities of RM0.60 million paid for leasing of offices;
- (iii) Advances from related parties of RM0.01 million, in which the amounts owing by/to related parties were fully settled subsequent to FYE 2021; and
- (iv) Interests paid of RM0.10 million.

### **FYE 2021**

### **Net cash from operating activities**

For FYE 2021, our Group recorded a net cash inflow from operating activities of RM12.90 million. We collected RM32.04 million from the following:

- (i) Collections of RM31.90 million from our customers; and
- (ii) Other income of RM0.14 million primarily comprised grant income from the Singapore Government, Government wage subsidy from the Singapore Government and rental income.

The above collections were partially offset mainly by cash payments of RM19.14 million, mainly from the following:

- (i) Payments of RM2.64 million to our suppliers, mainly for the purchase of hardware and software and outsourcing fees to our dealers and third parties;
- (ii) Payments for staff costs and other operating expenses of RM13.68 million; and
- (iii) Income tax of RM2.82 million was paid to the Inland Revenue Board.

### **Net cash used in investing activities**

For FYE 2021, our Group recorded a net cash outflow of RM6.40 million from investing activities, mainly attributable to:

- (i) Cash payments for the purchase of our OASIS Office of RM5.60 million, and computers, office equipment, furniture and fittings of RM0.12 million for our business operations;
- (ii) Cash payments for our software development costs of RM0.76 million; and
- (iii) Interests received from our current accounts and fixed deposits of RM0.08 million.



**12. FINANCIAL INFORMATION** *(cont'd)***Net cash from financing activities**

For FYE 2021, our Group recorded a net cash inflow of RM2.55 million from financing activities, attributable to:

- (i) Drawdown of term loans of RM5.50 million to finance the purchase of our OASIS Office;
- (ii) Repayment of term loans of RM0.06 million;
- (iii) Repayment of finance lease liabilities of RM0.04 million;
- (iv) Lease liabilities of RM0.34 million paid for leasing of offices;
- (v) Dividend paid of RM2.06 million;
- (vi) Repayment to directors of RM0.29 million, in which the amounts owing to directors were fully settled subsequent to FYE 2021;
- (vii) Repayment to related parties of RM0.07 million, in which the amounts owing to related parties were fully settled subsequent to FYE 2021; and
- (viii) Interests paid of RM0.09 million.

**FYE 2022****Net cash from operating activities**

For FYE 2022, our Group recorded a net cash inflow from operating activities of RM17.03 million. We collected RM40.06 million from the following:

- (i) Collections of RM39.85 million from our customers;
- (ii) Repayments from other receivables of RM0.09 million; and
- (iii) Other income of RM0.12 million received, which comprised mainly government wage subsidy from the Singapore Government, grants received from the Singapore Government and Malaysia Government and rental income.

The above collections were partially offset by cash payments of RM23.03 million, mainly from the following:

- (i) Payments for staff costs and other operating expenses of RM18.45 million; and
- (ii) Income tax of RM4.58 million was paid to the Inland Revenue Board.

**Net cash used in investing activities**

For FYE 2022, our Group recorded a net cash outflow of RM2.85 million from investing activities, attributable to the following:

- (i) Cash payments for the purchase of property, plant and equipment of RM2.31 million for our business operations, which comprised mainly purchase of our Klang Office and its renovation costs totalling RM2.00 million in FYE 2022, and office equipment, furniture and fittings of RM0.20 million for our business operations;
- (ii) Cash payments for our software development costs of RM0.60 million;

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**12. FINANCIAL INFORMATION** *(cont'd)*

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- (iii) Proceeds from the disposal of a former subsidiary of ACSPL, i.e., AMCL, of RM0.22 million;
- (iv) Cash outflows for the acquisition of subsidiaries of RM0.31 million; and
- (v) Interests received from our current accounts and fixed deposits of RM0.15 million.

**Net cash used in financing activities**

For FYE 2022, our Group recorded a net cash outflow of RM16.89 million from financing activities, mainly attributable to the following:

- (i) Repayment of term loans of RM0.46 million;
- (ii) Interests paid of RM0.19 million;
- (iii) Payment of dividends payable of RM16.00 million;
- (iv) Repayment to directors of RM0.23 million as full settlement of the amounts owing; and
- (v) Lease liabilities of RM0.01 million paid for leasing of office.

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**12. FINANCIAL INFORMATION** *(cont'd)*

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**12.4 LIQUIDITY AND CAPITAL RESOURCES****12.4.1 Working capital**

We finance our operations with cash generated from operations and existing cash and short term deposits, and external sources of funds which comprise term loans to finance the purchase of Oasis Office. Our Group has no trade facilities from financial institutions.

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

Our Board confirms that we have sufficient funds 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 cash and cash equivalent of RM22.61 million as at LPD;
- (ii) Our expected future cash flows from operations; and
- (iii) Our Group gearing level of 0.10 times, computed based on our pro forma consolidated statements of financial position as at 31 December 2022 after the IPO and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. This measure has proven to be effective while maintaining a cordial relationship with our customers.

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## 12. FINANCIAL INFORMATION (cont'd)

### 12.5 BORROWINGS

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 31 December 2022 stood at RM4.97 million, details of which are set out below:

Purpose		Security	Tenure of the facility	Effective interest rate %	As at 31 December 2022 RM'000
<b>Interest bearing short-term borrowings, payable within 1 year:</b>					
Term loans	To finance purchase of our OASIS Office	The term loans are secured by: (i) Facilities agreement for the sum of RM5,500,000 as principal instrument; (ii) Deed of Assignment over property of our Group; and (iii) Joint and several guarantee by the directors of our Group, namely CCP and CYT <sup>(1)</sup>	10 years	(BLR – 2.20%)	466
					466
<b>Interest bearing short-term borrowings, payable after 1 year:</b>					
Term loans	For purchase of our OASIS Office	The term loans are secured by: (i) Facilities agreement for the sum of RM5,500,000 as principal instrument; (ii) Deed of Assignment over property of our Group; and (iii) Joint and several guarantee by the directors of our Group, namely CCP and CYT <sup>(1)</sup>	10 years	(BLR – 2.20%)	4,510
					4,510
<b>Total borrowings</b>					<b>4,976</b>
<b>Gearing (times)</b>					
Before IPO and utilisation of proceeds <sup>(2)</sup>					0.23
After IPO and utilisation of proceeds <sup>(3)</sup>					0.10

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**12. FINANCIAL INFORMATION** *(cont'd)*

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**Notes:**

- (1) ACSB had, on 29 December 2021, written to PBB for the removal of the abovementioned joint and several personal guarantees by CCP and CYT ("**PBB's Consent Request Letters**"). On 13 April 2022, PBB granted ACSB its consent in respect of the PBB's Consent Request Letters to release the joint and several personal guarantees by CCP and CYT and replace them with the corporate guarantee of ADB upon the Listing.
- (2) Computed based on our pro forma consolidated equity attributable to the owners of the Company of RM21.66 million in the pro forma consolidated statements of financial position before the IPO and utilisation of proceeds.
- (3) Computed based on our pro forma consolidated equity attributable to the owners of the Company of RM50.26 million in the pro forma consolidated statements of financial position after the IPO and utilisation of proceeds.

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## 12. FINANCIAL INFORMATION *(cont'd)*

Our term loans and finance lease liabilities carry the following interest rates for the financial years under review:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	% per annum			
<b>Floating rates</b>				
Term loans	-	-	3.27	4.27
<b>Fixed rates</b>				
Finance lease liabilities <sup>(1)</sup>	2.40 – 4.81	2.40 – 4.81	2.53 – 4.81	-

**Note:**

*(1) The lease liabilities were denominated in RM.*

For rental of office in Klang with the initial lease of 21 months and option to renew for another 3 years. The lease expired on 30 April 2022. The said lease was subsequently extended to 30 November 2022 and no further renewal of the said lease.

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout the Financial Years Under Review and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During the Financial Years Under Review, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

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**12. FINANCIAL INFORMATION** *(cont'd)*

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**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, other payables, and borrowings as shown on our combined/consolidated statements of financial position. These financial instruments are used in our ordinary course of business.

As at LPD, save as disclosed in Section 12.5 above, we do not have nor utilise any other financial instruments. We finance our operations mainly through cash generated from our operations, existing cash and short term deposits, and external sources of funds which comprise term loans. The principal usages of these term loans are for the purchase of our OASIS Office.

Save for our term loans which carry fixed interest rates, we do not have any other borrowings bearing variable interest rates based on the bank's base lending rate plus or minus a rate, which varies depending on the different types of bank facilities.

**12.7 MATERIAL CAPITAL COMMITMENTS**

As at LPD, we do not have any material capital commitments.

**12.8 MATERIAL LITIGATION AND CONTINGENT LIABILITIES**

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding, which might materially or adversely affect our position or business as at LPD.

As at LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our business, financial results or position.

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## 12. FINANCIAL INFORMATION *(cont'd)*

### 12.9 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Years Under Review are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Trade receivables turnover (days) <sup>(1)</sup>	21	39	39	17
Trade payables turnover (days) <sup>(2)</sup>	N/A	N/A	N/A	N/A
Current ratio (times) <sup>(3)</sup>	2.48	2.36	1.04	2.09
Gearing ratio (times) <sup>(4)</sup>	0.02	0.003	0.68	0.23

**Notes:**

- (1) Computed based on the average trade receivables and net of allowances for impairment loss as at year-end over revenue for the year, multiplied by 365 days for each financial year.
- (2) Computed based on the average trade payables divided by the cost of sales (including purchase costs and outsourcing fees) for the financial year multiplied by 365 days for each financial year. Not applicable for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 as there were no outstanding balances for trade payables as at the end of each financial year.
- (3) Computed based on current assets over current liabilities as at the end of each financial year.
- (4) Computed based on total interest-bearing borrowings (excluding lease liabilities for right-of-use assets) over total equity as at the end of each financial year.

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**12. FINANCIAL INFORMATION** (cont'd)**12.9.1 Trade receivables turnover**

Our average trade receivables' turnover period (in days) for the Financial Years Under Review is stated as below:

	<b>Audited</b>			
	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening trade receivables	931	1,277	2,895	3,330
Closing trade receivables	1,277	2,895	3,330	219
Average trade receivables	1,104	2,086	3,113	1,774
Revenue	18,891	19,638	29,483	38,717
<b>Trade receivables turnover period (days)</b>	<b>21</b>	<b>39</b>	<b>39</b>	<b>17</b>

Our trade receivables comprise amounts receivable for the sale of goods and services rendered, net of allowances for impairment loss of RM0.07 million for FYE 2019, FYE 2020 and FYE 2021. There were no allowance for impairment loss for FYE 2022. The credit periods granted by our Group ranges from 7 days to 30 days. Other credit terms are assessed and approved on a case-to-case basis.

Our Group established policies on credit control involving comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history, and regular review of customers' outstanding balances and payment trends. Our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

As our Group did not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. A significant portion of trade receivables represent regular customers of our Group. Our Group uses ageing analysis to monitor the credit quality of the trade receivables.

There is no impairment loss recognised under the expected credit loss model at the end of the reporting period. Our Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

Our average trade receivables turnover period ranges from 17 days to 39 days for the Financial Years Under Review. The trade receivables turnover period of 21 days and 17 days respectively for FYE 2019 and FYE 2022 was within the normal credit periods granted to our customers. We recorded the highest trade receivables' turnover period of 39 days for FYE 2020 and FYE 2021. This was primarily attributable to the advanced billings to our customers for submission to BSN (being the partner to MDEC for the SME Business Digitalisation Grant) for purchasing our financial management software under the SME Business Digitalisation Grant, which amounted to RM1.64 million and RM1.39 million as at 31 December 2020 and 2021, respectively. The said amounts will be fully settled upon the SME Business Digitalisation Grant being approved and released by BSN.

**12. FINANCIAL INFORMATION (cont'd)**

The lower average trade receivables turnover period of 17 days for FYE 2022 was mainly attributable to there being no outstanding advanced billings to our customers for submission to BSN for the purchase of our financial management software under the SME Business Digitalisation Grant as at 31 December 2022. Such a decrease was mainly due to grants of RM1.13 million being approved and released by BSN during FYE 2022. As the MDEC's SME Business Digitalisation Grant has reached its maximum allocation and hence discontinued the grant during FYE 2022, our Group has settled the remaining balances with our customers who had previously made 50% deposits to use the software immediately by either (i) cancelled the orders and the deposits paid were refunded; or (ii) have proceeded to purchase the software by making the full payment to continue to use the software.

The ageing analysis of our trade receivables as at 31 December 2022 is as follows:

	Trade receivables as at 31 December 2022		Collections from 1 January 2023 to LPD	Balance trade receivables as at LPD
	RM'000	Percentage of trade receivables (a)/total of (a)	RM'000	RM'000
	(a)		(b)	(c) = (a)-(b)
Neither past due nor impaired	135	61.64	135	-
Past due but not impaired:				
- less than 30 days	31	14.16	31	-
- 31 to 60 days	46	21.00	46	-
- over 60 days	7	3.20	7	-
	84	38.36	84	-
	219	100.00	219	-

As at LPD, all of our trade receivables as at 31 December 2022 have been collected.

Our customers have generally been paying within the credit period granted. Our Group has not encountered any major disputes with our trade receivables. Our net impairment loss on trade receivables for the financial years under review are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Impairment loss on amount due from a former subsidiary of ACSPL, i.e., AMCL (trade)	(1)72	-	-	-

**Notes:**

- (1) Relates to specific impairment from a former subsidiary of ACSPL, i.e., AMCL, due to the cessation of its operations in September 2019. The said former subsidiary was subsequently disposed of in May 2022.

**12. FINANCIAL INFORMATION** *(cont'd)***12.9.2 Current ratio**

Our current ratio throughout the Financial Years Under Review is as follows:

	<b>Audited</b>			
	<b>As at 31 December</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current assets	12,439	21,374	28,732	23,224
Current liabilities	5,011	9,073	27,540	11,123
<b>Net current assets</b>	<b>7,428</b>	<b>12,301</b>	<b>1,192</b>	<b>12,101</b>
<b>Current ratio (times)</b>	<b>2.48</b>	<b>2.36</b>	<b>1.04</b>	<b>2.09</b>

Our current ratio ranges from 1.04 times to 2.48 times for the Financial Years Under Review. This indicates that our Group can meet our current obligations as our current assets, such as trade receivables, which can be readily converted into cash, together with our cash and short-term deposits, are enough to meet immediate current liabilities.

The lower current ratio of 1.04 times as at 31 December 2021 (as at 31 December 2020: 2.36 times) was mainly attributable to the interim dividend of RM16.00 million declared during FYE 2021, which was recognised as dividend payable and classified under current liabilities.

Our current ratio improved to 2.09 times as at 31 December 2022 (as at 31 December 2021: 1.04 times), primarily due to the decrease in other payables of RM15.78 million or 77.09% to RM4.69 million as at 31 December 2022 (31 December 2021: RM20.47 million), mainly attributable to an interim dividend of RM16.00 million declared during FYE 2021 and recognised as dividend payable and classified under current liabilities, which was subsequently paid during FYE 2022.

The above improvement in current ratio was partially offset by the decrease in trade receivables of RM3.11 million or 93.39%, to RM0.22 million as at 31 December 2022 (31 December 2021: RM3.33 million) which was mainly due to no outstanding advanced billings to our customers for submission to BSN for purchase of our financial management software under the SME Business Digitalisation Grant as at 31 December 2022 (31 December 2021: RM1.39 million). Such a decrease was mainly attributable to grants of RM1.13 million being approved and released by BSN during FYE 2022. As the MDEC's SME Business Digitalisation Grant reached its maximum allocation and was thereafter discontinued in FYE 2022, our Group settled some of the remaining balances with customers who had previously made 50.00% deposits to use the software immediately by either (i) cancelled the orders and deposits paid were refunded; or (ii) have proceeded to purchase the software by making the full payment to continue to use the software. As at 31 December 2022, other payables include deposits of RM33,000, currently pending bank details to proceed with the refund. As at LPD, deposits of RM20,000 have yet to be refunded to our customers.

**12. FINANCIAL INFORMATION** *(cont'd)***12.9.3 Gearing ratio**

Our gearing ratio throughout the Financial Years Under Review is as follows:

	Audited			
	As at 31 December			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Total borrowings <sup>(1)</sup>	156	41	5,438	4,976
Total equity	10,325	16,039	8,008	21,663
Gearing ratio (times)	0.02	0.003	0.68	0.23

**Note:**

- (1) Computed based on total interest-bearing borrowings (excluding lease liabilities for right-of-use assets) over total equity as at the end of each financial year.

Our gearing ratio ranges from 0.003 times to 0.68 times throughout the Financial Years Under Review.

We recorded the highest gearing ratio of 0.68 times as at 31 December 2021 (as at 31 December 2020: 0.003 times), due to the drawdown of a new term loan of RM5.50 million to finance the purchase of our OASIS Office.

Our gearing ratio improved to 0.23 times as at 31 December 2022 (31 December 2021: 0.68 times), mainly contributed by the scheduled term loan repayments and improved total equity attributed to the increase in our Group's retained earnings that resulted from the net profits recorded for FYE 2022.

**12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

Save for policies in relation to COVID-19, there were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the Financial Years Under Review. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 5 of this Prospectus.

**12.11 IMPACT OF INFLATION**

During the Financial Years Under Review, our financial performance was not materially affected by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

**12. FINANCIAL INFORMATION (cont'd)****12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR OPERATIONS****(i) Impact of foreign exchange rates**

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

	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:								
(a) RM	15,899	84.16	15,433	78.59	22,127	75.04	31,224	80.65
(b) SGD	2,867	15.18	3,942	20.07	7,132	24.19	7,246	18.72
(c) USD	107	0.57	195	0.99	176	0.61	131	0.33
(d) BND	17	0.08	67	0.34	47	0.16	115	0.30
(e) AUD	1	0.01	1	0.01	1	*	1	*
	<b>18,891</b>	<b>100.00</b>	<b>19,638</b>	<b>100.00</b>	<b>29,483</b>	<b>100.00</b>	<b>38,717</b>	<b>100.00</b>
Purchases denominated in:								
(a) RM	619	87.55	788	95.87	1,890	98.64	1,567	79.19
(b) USD <sup>(1)</sup>	88	12.45	33	4.01	14	0.73	385	19.45
(c) SGD <sup>(2)</sup>	-	-	1	0.12	12	0.63	27	1.36
	<b>707</b>	<b>100.00</b>	<b>822</b>	<b>100.00</b>	<b>1,916</b>	<b>100.00</b>	<b>1,979</b>	<b>100.00</b>

**Notes:**

\* Representing less than 0.01%.

(1) Comprise mainly costs incurred for purchasing dongle keys.

(2) Comprises mainly costs incurred for digital signature certificate subscription for the Productivity Solutions Grant purposes and vulnerability assessment of AOTG to fulfil the Singapore Government grant requirement.

We are exposed to transactional currency exposure as 15.18%, 20.07%, 24.19% and 18.72% of our total revenue were denominated mainly in SGD for the Financial Years Under Review. In addition, 12.45%, 4.01%, 0.73% and 19.45% of our purchases were denominated in USD for the Financial Years Under Review.

An appreciation of the RM against the SGD may adversely affect our financial performance and our GP margin. If the SGD significantly appreciates against the RM, we will record a higher revenue and higher cost of goods sold in RM after conversion. Conversely, if the SGD significantly depreciates against the RM, we will record lower revenue and lower cost of goods sold in RM after conversion.

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

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Net of realised foreign exchange (loss)/gain	(8)	3	(4)	29
Net of unrealised foreign exchange (loss)/gain	-	(60)	167	364
<b>Net (loss)/gain</b>	<b>(8)</b>	<b>(57)</b>	<b>163</b>	<b>393</b>

**12. FINANCIAL INFORMATION (cont'd)**

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 also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Our Group does not hedge our exposure to fluctuation in foreign currency exchange rates. As at LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchases from our foreign suppliers and revenue from our foreign sales. A depreciation of the RM against the USD will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in costs to our customers in a timely manner, our financial performances may be adversely affected due to the reduced GP margin from higher costs of supplies.

**(ii) Impact of interest rates**

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. Our interest coverage ratio for the Financial Year Under Review is as follows:

	<b>Audited</b>			
	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>
Interest coverage ratio (times) <sup>(1)</sup>	<u>38.68</u>	<u>65.29</u>	<u>157.62</u>	<u>96.56</u>

**Note:**

- (1) Computed based on EBIT over finance costs for the Financial Years Under Review.

Our interest coverage ratios range from 38.68 times to 157.62 times from the Financial Years Under Review, indicating that our Group has been able to generate sufficient profits from operations to meet our interest serving obligations.

Our financial results for FYE 2019 to 2022 were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

**(iii) Impact of commodity prices**

As at LPD, our Group is not affected by fluctuations in commodity prices.

**12.13 ORDER BOOK**

We do not enter into long-term contracts with our customers. Our sales are made based on purchase orders from our customers on an ongoing basis. Due to the nature of our business, we do not maintain an order book.

## **12. FINANCIAL INFORMATION** *(cont'd)*

### **12.14 DIRECTORS' DECLARATION ON OUR FINANCIAL PERFORMANCE**

Our Board is of the opinion that:

- (i) Our revenue will remain sustainable with an upward growth trend, in line with the anticipated growth in the distribution of financial management software and the provision of technical support and maintenance services industry as set out in the IMR Report;
- (ii) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.8 of this Prospectus; and
- (iii) Our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

### **12.15 TREND INFORMATION**

As at LPD, our financial performance, position and operations are not 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, save as disclosed in Sections 12.3 of this Prospectus, and risk factors and business and industry overview, as set out in Sections 5, 7 and 8 of this Prospectus respectively;
- (ii) Material commitments for capital expenditure as disclosed 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 discussed in Section 12.3 of this Prospectus and risk factors as set out in Section 5 of this Prospectus;
- (iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue and/or profit as disclosed in Section 12.3 of this Prospectus, business and industry overview, as set out in Sections 7 and 8 of this Prospectus respectively, and business strategies and future plans as set out in Section 7.8 of this Prospectus;
- (v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position, save as disclosed in Section 12 and risk factors as set out in Section 5 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 liquidity and capital resources, save as disclosed in this Section 12.4 of this Prospectus and risk factors and business overview as set out in Sections 5 and 7 of this Prospectus respectively.

## **12. FINANCIAL INFORMATION** *(cont'd)*

Our Board is optimistic about the future prospects of our Group given our competitive strengths as set out in Section 7.7 of this Prospectus, the outlook of the distribution of financial management software and the provision of technical support and maintenance services industry in Malaysia as set out in the IMR Report in Section 8 of this Prospectus and our commitment to implement the business strategies and future plans as set out in Section 7.8 of this Prospectus.

### **12.16 DIVIDEND POLICY**

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distribution 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 and future. The payment of dividends by our subsidiaries is dependent upon various factors, including but not limited to, their distributable profits, financial performance, and cash flow requirements for operations and capital expenditures, as well as other factors that their respective boards of Directors deem relevant. There is no other dividend restriction imposed on our subsidiaries as at 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 operations and future level of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

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 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 a 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 our Company's assets would thereby be less than its liabilities.



**12. FINANCIAL INFORMATION** *(cont'd)*

For the Financial Years Under Review and up to LPD, our Group declared and paid the following dividends to shareholders of the respective subsidiaries:

	Audited				Unaudited
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	1 January 2023 up to LPD RM'000
PAT attributable to owners of our Company	4,183	5,716	10,030	13,841	N/A
Dividends declared	-	-	18,060	-	-
Dividends paid	-	-	2,060	16,000	-
Dividend payout rate (%) <sup>(1)</sup>	-	-	180.06	-	-

**Notes:**

N/A Not applicable as we did not prepare financial statements from 1 January 2023 up to LPD.

(1) Computed based on dividends declared over PAT for each financial year.

As at LPD, there is no outstanding dividends declared but have remained unpaid. Subsequent to LPD, no dividend was declared, made or paid by our Group. Our Group does not intend to declare any dividend prior to our Listing.

The dividends above were funded by internal funds sourced from the cash and bank balances of the respective subsidiaries. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations for the funding requirement for our operations and our expansion plans.

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

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## 12. FINANCIAL INFORMATION (cont'd)

### 12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 28 February 2023 and after adjusting for the effects of the Acquisitions and Public Issue including the utilisation of proceeds.

	Unaudited	I	II
	As at 28 February 2023	After our IPO	After I and utilisation of proceeds
	RM'000	RM'000	RM'000
<b>Capitalisation</b>			
Share capital	8,008	38,891	38,530
Translation reserves	142	142	142
Merger reserves	(7,506)	(7,506)	(7,506)
Retained earnings	23,126	23,126	21,366
<b>Total capitalisation</b>	<b>23,770</b>	<b>54,653</b>	<b>52,532</b>
<b>Indebtedness<sup>(1)</sup></b>			
<b>Current</b>			
Term loans	475	475	475
<b>Non-current</b>			
Term loans	4,423	4,423	4,423
<b>Total indebtedness</b>	<b>4,898</b>	<b>4,898</b>	<b>4,898</b>
<b>Total capitalisation and indebtedness</b>	<b>28,668</b>	<b>59,551</b>	<b>57,430</b>
<b>Gearing ratio (times)<sup>(2)</sup></b>	<b>0.21</b>	<b>0.09</b>	<b>0.09</b>

#### Notes:

(1) All of our indebtedness are secured and/or guaranteed.

(2) Calculated based on total indebtedness divided by total capitalisation.

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**13. ACCOUNTANTS' REPORT**

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Baker Tilly Monteiro Heng PLT  
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22 March 2023

The Board of Directors  
**Autocount Dotcom Berhad**  
B2-3A-01, Level 3A, Block B2,  
Meritus @ Oasis Corporate Park,  
No.2, Jalan PJU 1A/2, Ara Damansara,  
47301 Petaling Jaya, Selangor.

Dear Sirs,

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**Reporting Accountants' opinion on the Financial Statements contained in the Accountants' Report of Autocount Dotcom Berhad ("ADB" or the "Company")**

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**Opinion**

We have audited the accompanying financial statements of the Company as defined in Note 2 to the financial statements (the "Group"), which comprise of:

- i) The combined statements of financial position as at 31 December 2019, 31 December 2020 and 31 December 2021, 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 December 2019, 31 December 2020 and 31 December 2021;
- ii) The consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the FYE 31 December 2022; and
- iii) Notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 97.

In our opinion, the accompanying financial statements contained in the Accountants' Report of the Company gives a true and fair view of the financial positions of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022, and of its financial performance and its cash flows for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

**13. ACCOUNTANTS' REPORT** *(cont'd)*

**AUTOCOUNT DOTCOM BERHAD**  
(Incorporated in Malaysia)

**Basis for Opinion**

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

*Independence and Other Ethical Responsibilities*

We are independent of the 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 Financial Statements**

The directors of the Company are responsible for the preparation of the financial statements contained in the Accountants' Report of the Company, 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 financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Company are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

**13. ACCOUNTANTS' REPORT (cont'd)**

**AUTOCOUNT DOTCOM BERHAD**  
(Incorporated in Malaysia)

**Reporting Accountants' Responsibilities for the Audit of the 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 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 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 financial statements of the Group, including the disclosures, and whether the 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 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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**13. ACCOUNTANTS' REPORT** *(cont'd)*

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**AUTOCOUNT DOTCOM BERHAD**  
(Incorporated in Malaysia)

**Other Matter**

This report is made solely to the board of directors of the Company and has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire issued share capital of the Company 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.

A handwritten signature in black ink, appearing to read "Baker Tilly Monteiro Heng".

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Dato' Lock Peng Kuan".

Dato' Lock Peng Kuan  
No. 02819/10/2024 J  
Chartered Accountant

Kuala Lumpur

Date: 22 March 2023

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**13. ACCOUNTANTS' REPORT** *(cont'd)*

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**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

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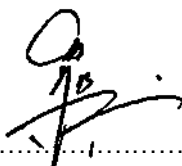
**STATEMENT BY DIRECTORS**

We, **CHOO CHIN PENG** and **CHOO YAN TIEE**, being the two of directors of Autocount Dotcom Berhad., do hereby state that in the opinion of the directors, the accompanying 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 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 and of its financial performance and cash flows for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022.

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



.....  
**CHOO CHIN PENG**  
Director



.....  
**CHOO YAN TIEE**  
Director

Kuala Lumpur

Date: **22 MAR 2023**

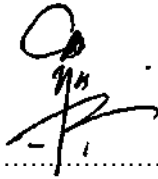
**13. ACCOUNTANTS' REPORT** (cont'd)

**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**STATUTORY DECLARATION**

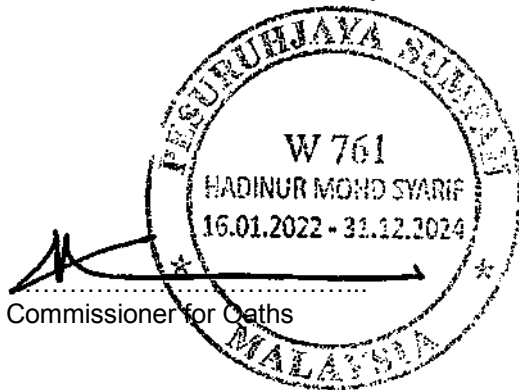
I, **CHOO YAN TIEE**, being the director primarily responsible for the financial management of Autocount Dotcom Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



CHOO YAN TIEW

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory  
on **22 MAR 2023**

Before me,



Commissioner for Oaths

CHAMBERS TWENTY-FIVE  
NO 25, JALAN TUNJIL, BUKIT TUNJIL  
50430 KUALA LUMPUR



**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF FINANCIAL POSITION**

		Audited			
		2019	2020	2021	2022
Note		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	2,241	2,064	9,957	11,665
Right-of-use assets	6	1,978	1,262	7	-
Intangible assets	7	-	459	1,190	1,706
Deferred tax assets	8	-	567	632	707
Other investment	9	-	-	-	-
Total non-current assets		4,219	4,352	11,786	14,078
Current assets					
Trade and other receivables	10	1,608	5,677	3,766	479
Contract assets	11	80	74	120	136
Cash and short-term deposits	12	10,751	15,623	24,846	22,609
Total current assets		12,439	21,374	28,732	23,224
TOTAL ASSETS		16,658	25,726	40,518	37,302

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

		← Audited →			
Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Invested equity/share capital	13	802	802	802	8,008
Translation reserves	14	(10)	(12)	(13)	101
Merger reserves	15	-	-	-	(7,506)
Retained earnings		9,533	15,249	7,219	21,060
<b>TOTAL EQUITY</b>		<b>10,325</b>	<b>16,039</b>	<b>8,008</b>	<b>21,663</b>
<b>Non-current liabilities</b>					
Loans and borrowings	16	12	-	4,963	4,510
Lease liabilities	17	1,176	606	-	-
Deferred tax liabilities	8	134	8	7	6
<b>Total non-current liabilities</b>		<b>1,322</b>	<b>614</b>	<b>4,970</b>	<b>4,516</b>
<b>Current liabilities</b>					
Loans and borrowings	16	144	41	475	466
Lease liabilities	17	576	569	7	-
Current tax liabilities		38	737	1,501	1,376
Other payables	18	2,253	2,799	20,470	4,693
Contract liabilities	11	2,000	4,927	5,087	4,588
<b>Total current liabilities</b>		<b>5,011</b>	<b>9,073</b>	<b>27,540</b>	<b>11,123</b>
<b>TOTAL LIABILITIES</b>		<b>6,333</b>	<b>9,687</b>	<b>32,510</b>	<b>15,639</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,658</b>	<b>25,726</b>	<b>40,518</b>	<b>37,302</b>

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

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF COMPREHENSIVE INCOME**

	Note	Audited			
		2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	19	18,891	19,638	29,483	38,717
Cost of sales		(4,830)	(4,793)	(5,904)	(7,769)
<b>Gross profit</b>		<b>14,061</b>	<b>14,845</b>	<b>23,579</b>	<b>30,948</b>
Other income	20	180	328	495	877
Administrative expenses		(3,731)	(3,226)	(4,933)	(6,070)
Selling and distribution expenses		(3,682)	(3,856)	(4,618)	(6,760)
Other operating expenses		(1,168)	(1,096)	(890)	(595)
<b>Operating profit</b>		<b>5,660</b>	<b>6,995</b>	<b>13,633</b>	<b>18,400</b>
Finance costs	21	(145)	(105)	(86)	(189)
<b>Profit before tax</b>	22	<b>5,515</b>	<b>6,890</b>	<b>13,547</b>	<b>18,211</b>
Income tax expense	24	(1,332)	(1,174)	(3,517)	(4,370)
<b>Profit for the financial year</b>		<b>4,183</b>	<b>5,716</b>	<b>10,030</b>	<b>13,841</b>
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations		17	(2)	(1)	114
<b>Other comprehensive income for the financial year</b>		<b>17</b>	<b>(2)</b>	<b>(1)</b>	<b>114</b>
<b>Total comprehensive income for the financial year</b>		<b>4,200</b>	<b>5,714</b>	<b>10,029</b>	<b>13,955</b>
<b>Profit attributable to:</b>					
Owners of the Company		<b>4,183</b>	<b>5,716</b>	<b>10,030</b>	<b>13,841</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>4,200</b>	<b>5,714</b>	<b>10,029</b>	<b>13,955</b>
<b>Basic earnings per share (RM):</b>					
- Basic and diluted	25	0.01	0.01	0.02	0.03

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

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF CHANGES IN EQUITY**

	Note	Invested equity/ share capital RM'000	Translation reserves RM'000	Merger reserves RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2019</b>		<b>802</b>	<b>(27)</b>	<b>-</b>	<b>5,350</b>	<b>6,125</b>
<b>Total comprehensive income for the financial year</b>						
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	4,183	4,183
Exchange difference on translation of foreign operation		-	17	-	-	17
<b>At 31 December 2019</b>		<b>802</b>	<b>(10)</b>	<b>-</b>	<b>9,533</b>	<b>10,325</b>
<b>Total comprehensive income for the financial year</b>						
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	5,716	5,716
Exchange difference on translation of foreign operation		-	(2)	-	-	(2)
<b>At 31 December 2020</b>		<b>802</b>	<b>(12)</b>	<b>-</b>	<b>15,249</b>	<b>16,039</b>
<b>Total comprehensive income for the financial year</b>						
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	10,030	10,030
Exchange difference on translation of foreign operation		-	(1)	-	-	(1)
<b>Transaction with owners</b>						
Dividend paid on shares	26	-	-	-	(2,060)	(2,060)
Dividend declared on shares	26	-	-	-	(16,000)	(16,000)
<b>At 31 December 2021</b>		<b>802</b>	<b>(13)</b>	<b>-</b>	<b>7,219</b>	<b>8,008</b>

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

	Note	Invested equity/ share capital RM'000	Translation reserves RM'000	Merger reserves RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2022</b>		<b>802</b>	<b>(13)</b>	<b>-</b>	<b>7,219</b>	<b>8,008</b>
<b>Total comprehensive income for the financial year</b>						
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	13,841	13,841
Exchange difference on translation of foreign operation		-	114	-	-	114
<b>Transaction with owners</b>						
Changes in ownership interests in subsidiaries	<b>13</b>	(802)	-	-	-	(802)
Issuance of shares at date of incorporation	<b>13</b>	*	-	-	-	*
Issuance of shares pursuant to acquisition of subsidiaries	<b>13</b>	8,008	-	(7,506)	-	502
<b>At 31 December 2022</b>		<b>8,008</b>	<b>101</b>	<b>(7,506)</b>	<b>21,060</b>	<b>21,663</b>

\* RM2.

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

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF CASH FLOWS**

	← Audited →			
	2019	2020	2021	2022
Note	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	5,515	6,890	13,547	18,211
Adjustments for:				
Impairment loss on trade and other receivables	74	-	-	26
Waiver of debts	-	-	-	11
Property, plant and equipment written off	-	-	-	2
Depreciation of property, plant and equipment	492	369	434	606
Depreciation of right-of-use assets	746	744	472	7
Gain on disposal of property, plant and equipment	-	(24)	-	-
Gain arising from termination of lease	-	-	(112)	-
Gain on disposal of other investment	-	-	-	(217)
Amortisation of intangible assets	-	-	29	87
Finance costs	145	105	86	189
Finance income	(52)	(140)	(78)	(150)
Net unrealised foreign exchange loss/ (gain)	-	60	(167)	(364)
<b>Operating profit before changes in working capital</b>	<b>6,920</b>	<b>8,004</b>	<b>14,211</b>	<b>18,408</b>
<u>Changes in working capital:</u>				
Trade and other receivables	(385)	(1,530)	(628)	3,260
Contract assets	(80)	6	(46)	(16)
Other payables	(98)	542	2,025	454
Contract liabilities	481	2,927	160	(498)
<b>Net cash generated from operations</b>	<b>6,838</b>	<b>9,949</b>	<b>15,722</b>	<b>21,608</b>
Income tax paid	(2,032)	(1,167)	(2,818)	(4,578)
<b>Net cash from operating activities</b>	<b>4,806</b>	<b>8,782</b>	<b>12,904</b>	<b>17,030</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(a) (52)	(2,747)	(5,716)	(2,314)
Proceeds from disposal of property, plant and equipment	-	39	-	-
Development of intangible assets	-	(459)	(760)	(603)
Proceeds from disposal of other investment	-	-	-	217
Acquisition of subsidiaries	-	-	-	(305)
Interests received	52	140	78	150
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(3,027)</b>	<b>(6,398)</b>	<b>(2,855)</b>

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF CASH FLOWS (CONTINUED)**

	Note	Audited			
		2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
<b>Cash flows from financing activities</b>	<b>(b)</b>				
Proceeds from issuance of ordinary shares		2	-	-	*
Drawdown of term loans		-	-	5,500	-
Repayment of term loans		-	-	(62)	(462)
Repayment of finance lease liabilities		(151)	(115)	(41)	-
Payment for lease liabilities		(450)	(605)	(345)	(7)
Interests paid		(145)	(105)	(86)	(189)
Net change in amount owing to related parties		(42)	4	(65)	-
Net change in amount owing to directors		-	-	(289)	(226)
Dividend paid		-	-	(2,060)	(16,000)
<b>Net cash (used in)/from financing activities</b>		<b>(786)</b>	<b>(821)</b>	<b>2,552</b>	<b>(16,884)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,020</b>	<b>4,934</b>	<b>9,058</b>	<b>(2,709)</b>
<b>Cash and cash equivalents at the beginning of the financial years</b>		<b>6,714</b>	<b>10,751</b>	<b>15,623</b>	<b>24,846</b>
Effects of exchange rate changes on cash and cash equivalents		17	(62)	165	472
<b>Cash and cash equivalents at the end of the financial years</b>	<b>12</b>	<b>10,751</b>	<b>15,623</b>	<b>24,846</b>	<b>22,609</b>

\* RM2

**13. ACCOUNTANTS' REPORT** *(cont'd)*
**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF CASH FLOWS (CONTINUED)**
**(a) Purchase of property, plant and equipment**

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Purchase of property, plant and equipment	52	207	8,256	2,314
Deposit on the purchase of property	-	2,540	(2,540)	-
	<u>52</u>	<u>2,747</u>	<u>5,716</u>	<u>2,314</u>

**(b) Reconciliation of financing activities**

	1.1.2019 RM	Cash flows RM	31.12.2019 RM
Finance lease liabilities	307	(151)	156
Lease liabilities	2,202	(450)	1,752
	<u>2,509</u>	<u>(601)</u>	<u>1,908</u>

	1.1.2020 RM	Cash flows RM	Non-cash Acquisition RM	31.12.2020 RM
Finance lease liabilities	156	(115)	-	41
Lease liabilities	1,752	(605)	28	1,175
	<u>1,908</u>	<u>(720)</u>	<u>28</u>	<u>1,216</u>



**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**STATEMENTS OF CASH FLOWS (CONTINUED)****(b) Reconciliation of financing activities (continued)**

	<b>1.1.2021 RM</b>	<b>Cash flows RM</b>	<b>Non-cash Disposal RM</b>	<b>31.12.2021 RM</b>
Term loans	-	5,438	-	5,438
Finance lease liabilities	41	(41)	-	-
Lease liabilities	1,175	(345)	(823)	7
	<u>1,216</u>	<u>5,052</u>	<u>(823)</u>	<u>5,445</u>
	<b>1.1.2022 RM</b>	<b>Cash flows RM</b>	<b>Non-cash Disposal RM</b>	<b>31.12.2022 RM</b>
Term loans	5,438	(462)	-	4,976
Lease liabilities	7	(7)	-	-
	<u>5,445</u>	<u>(469)</u>	<u>-</u>	<u>4,976</u>

**(c) Total cash outflow for leases**

During the financial years, the Group has total cash outflow for leases of RM92,005 (2021: RM432,106; 2020: RM828,928 and 2019: RM751,229)

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

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

Autocount Dotcom Berhad ("ADB" or the "Company") was incorporated on 25 February 2022 as a public limited liability company and is domiciled in Malaysia. The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at B2-3A-01, Level 3A, Block B2, Meritus @ Oasis Corporate Park, No.2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya, Selangor.

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

<b>Name of company</b>	<b>Principal place of business/ country of incorporation</b>	<b>Principal activities</b>
Auto Count Sdn. Bhd.	Malaysia	Trading and development of software
Autocount (S) Pte. Ltd. ^	Singapore	Wholesale of computer software (except games) and also development of other software and programming activities
Autocount On The Go Sdn. Bhd.	Malaysia	Developing and distributing software
Autocount Software Sdn. Bhd.	Malaysia	Dormant

^ Audited by an independent member firm of Baker Tilly International.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 March 2023.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION**

The financial statements of the Group (as defined herein) for the financial years ended ("FYE(s)") 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 have been prepared pursuant to the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and comprised of:

- (i) the combined statements of financial position as at 31 December 2019, 31 December 2020 and 31 December 2021, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021; and
- (ii) the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the FYE 31 December 2022.

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

Operating Entities	Audited FYE 31 December			
	2019	2020	2021	2022
ADB	@	@	@	%, &
Auto Count Sdn. Bhd.	√, ^	√, ^	√, ^	%, &
Autocount (S) Pte. Ltd.	√, #	√, #	√, #	%, !
Autocount On The Go Sdn. Bhd.	√, ^	√, ^	√, ^	%, &
Autocount Software Sdn. Bhd.	*	*	√, ^	%, &

@ No financial statements were available for ADB as the Company was incorporated on 25 February 2022.

√ The combined financial statements of the Group include the financial statements of these operating entities for the respective financial years.

\* No financial statements available for Autocount Software Sdn. Bhd. as the Company was incorporated on 10 July 2020.

^ 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 an independent member firm of Baker Tilly International.

% The consolidated financial statements of the Group include the financial statements of these operating entities for the financial year.

### 13. ACCOUNTANTS' REPORT *(cont'd)*

#### AUTOCOUNT DOTCOM BERHAD

#### Accountants' Report

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 2. BASIS OF PREPARATION (CONTINUED)

& The consolidated financial statements of the Group for the financial year have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.

! The consolidated financial statements of the Group for the financial year have been prepared based on the audited financial statements which were audited by an independent member firm of Baker Tilly International.

The audited financial statements of all the operating entities within the Group for the relevant years reported above were not subject to any modifications.

#### Combined financial statements of the Group for FYE 31 December 2019, 31 December 2020 and 31 December 2021

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.

#### Consolidated financial statements of the Group for FYE 31 December 2022

The consolidated financial statements of the Group for FYE 31 December 2022 were prepared based on the audited consolidated financial statements of the Company for FYE 31 December 2022.

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

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)**

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

**2.1 Statement of compliance**

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

**2.2 Changes in accounting policy**

The Group has adopted MFRS 16 *Leases* which is effective for annual periods beginning on or after 1 January 2019 and Amendment to MFRS 16 *Leases* which is effective for annual periods beginning on or after 5 June 2020 or/and 6 April 2021.

***MFRS 16 Leases***

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group has applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

**Definition of a lease**

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.2 Changes in accounting policy (continued)*****Impact of the adoption of MFRS 16***

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group has complied with in the financial year, the application of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

**(i) Classification and measurement**

As a lessee, the Group previously classified leases as operating based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the financial year.

***For leases that were classified as operating lease under MFRS 117***

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group also applied the following practical expedients wherein it:

- (a) applied a single discount rate to a portfolio of leases with similar characteristics;
- (b) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- (c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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**13. ACCOUNTANTS' REPORT** *(cont'd)*

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**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.2 Changes in accounting policy (continued)**

***Impact of the adoption of MFRS 16 (continued)***

**(i) Classification and measurement (continued)**

***For leases that were classified as finance lease under MFRS 117***

The Group recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

***For leasehold land that were classified as property, plant and equipment under MFRS 16***

The Group recognised the carrying amount of the leasehold land under MFRS 116 Property, Plant and Equipment immediately before transition as the carrying amount of the right-of-use assets as the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

**(ii) Short-term lease and low value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of building and equipment that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as equipment. The Group recognises the lease payments associated with these leases as an expense on a straightline basis over the lease term.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.2 Changes in accounting policy (continued)*****Impact of the adoption of MFRS 16 (continued)***

The effects of adoption of MFRS 16 as at 1 January 2019 (increase/(decrease)) are as follows:

	Adjustments	Group Increase/ (Decrease) RM
<b>Non-current assets</b>		
Property, plant and equipments		(371,210)
Right-of-use assets		1,978,407
	(i)	<u>1,607,197</u>
<b>Non-current liabilities</b>		
Loans and borrowings		(155,728)
Lease liabilities		1,752,379
	(i)	<u>1,596,651</u>
<b>Current liabilities</b>		
Loans and borrowings		(150,055)
Lease liabilities		450,450
	(i)	<u>300,395</u>
<b>Total liabilities</b>		<u>1,897,046</u>

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 January 2019 is 6.95%.

***Amendment to MFRS 16 Leases***

The Group has adopted the amendment(s) to MFRS 16 that issued on 5 June 2020 and early adopted the amendment(s) to MFRS 16 that issued on 6 April 2021 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Coronavirus Disease ("COVID-19") pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2021 and 30 June 2022. The Group elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The effect of adoption of the above amendment is disclosed in Note 20 as rent concession income.



**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

- (a) The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of MFRSs	1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>

<sup>#</sup> Consequential amendments as a result of MFRS 17 Insurance Contracts

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below:

***Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

***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.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements 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.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

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. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

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**13. ACCOUNTANTS' REPORT** *(cont'd)*

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**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

***Amendments to MFRS 112 Income Taxes***

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

- (c) The initial application of the above applicable new MFRS and amendments/improvements to MFRSs are not expected to have any material impact on the financial statements.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.4 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 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.

**2.5 Basis of measurement**

The financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

**2.6 Use of estimates and judgement**

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported 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, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group.

**3.1 Basis of combination/consolidation**

The financial statements of the Group comprise the financial statements of Auto Count Sdn. Bhd., Autocount (S) Pte. Ltd., Autocount On The Go Sdn. Bhd. and Autocount Software Sdn. Bhd.. The financial statements used in the preparation of the financial statements are prepared for the same reporting date as ADB. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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**13. ACCOUNTANTS' REPORT** *(cont'd)*

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**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Basis of combination/consolidation (continued)**

**(a) Subsidiaries and business combination**

The financial statements of subsidiaries are included in the financial statements from the date the Group obtains control of the acquirees until the date of the Group loses control of the acquirees.

The Group applies the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Combining entities acquired which have met the criteria for pooling of interest are accounted for using merger accounting policies. Under the merger method of accounting, the results of combining entities are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities 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 combining entities is taken to merger reserve or merger deficit.

Entities under a reorganisation does not result in any change in economic substance. Accordingly, the financial statements of the Group is a continuation of the Group and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the financial statements at the pre-combination carrying amounts, without restatement to fair value;
- 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 differences arising from the change in equity structure of the Group will be accounted for in other reserves.

**13. ACCOUNTANTS' REPORT** *(cont'd)*

**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Basis of combination/consolidation (continued)**

**(a) Subsidiaries and business combination (continued)**

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD****Accountants' Report****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.1 Basis of combination/consolidation (continued)****(a) Subsidiaries and business combination (continued)**

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combinations occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

**(b) Transactions eliminated on combination/consolidation**

Inter-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the financial statements.



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**13. ACCOUNTANTS' REPORT** *(cont'd)*

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**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Foreign currency transactions and operations**

**(a) Translation of foreign currency transactions**

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are carried at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary item that is designated as a hedging instrument in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.2 Foreign currency transactions and operations (continued)****(a) Translation of foreign currency transactions (continued)**

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

**(b) Translation of foreign operations**

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments**

Financial instruments are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**(a) Subsequent measurement**

The Group categorises the financial instruments as follows:

**(i) Financial assets**

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income ("FVOCI") with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

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

The Group reclassifies financial assets when and only when its business models for managing those assets change.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

**(i) Financial assets (continued)**Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **FVOCI**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

**(i) Financial assets (continued)**Debt instruments (continued)

- FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

**(ii) Financial liabilities**

The Group classifies its financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

**(ii) Financial liabilities (continued)**Financial liabilities at FVPL (continued)

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss through the recognised in process.

**(b) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 *Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contract with Customers*.

**(c) Derecognition**

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset; or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(c) Derecognition (continued)**

The Group evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

**(d) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

**3.4 Property, plant and equipment****(a) Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.4 Property, plant and equipment (continued)****(a) Recognition and measurement (continued)**

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

**(b) Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

**(c) Depreciation**

Depreciation of property, plant and equipment is provided on the straight line basis to write off the cost or valuation of each asset to its residual value over their estimated useful life at the following rates:

Leasehold building	2%
Office buildings	2%
Computers	40%
Renovation	10%
Office equipment, furniture and fittings	10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

**(d) Derecognition**

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



**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases****(a) Definition of lease**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

**(b) Lessee accounting**

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is 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. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases (continued)****(b) Lessee accounting (continued)**

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

Lease liability

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD****Accountants' Report****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases (continued)****(b) Lessee accounting (continued)**Lease liability (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(c) Lessor accounting**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.6 Other intangible assets****(a) Research and development costs**

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

**(b) Amortisation**

The amortisation methods used and the estimated useful lives are as follows:

	<b>Method</b>	<b>Useful lives (years)</b>
Development costs	Straight-line	10

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

**3.7 Cash and cash equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits that are readily convertible to know amount of cash which are subject to an insignificant risk of changes in value.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD****Accountants' Report****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 Impairment of assets****(a) Impairment of financial assets and contract assets**

Financial assets measured at amortised cost, financial assets measured at FVOCI, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group measures loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 *Financial Instruments* to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than the credit term.

The Group considers a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than the credit term unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD****Accountants' Report****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 Impairment of assets (continued)****(a) Impairment of financial assets and contract assets (continued)**

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

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

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 Impairment of assets (continued)****(b) Impairment of non-financial assets**

The carrying amounts of non-financial assets (except for contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**3.9 Invested equity/share capital**

An equity instrument is a contract that evidence a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.10 Employee benefits****(a) Short-term employee benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial years where the employees have rendered their services to the Group.

**(b) Defined contribution plans**

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

**3.11 Income tax**

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

**(a) Current tax**

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial years, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

**(b) Deferred tax**

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.



**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.11 Income tax (continued)****(b) Deferred tax (continued)**

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

**(c) Sales and services tax**

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.12 Revenue and other income**

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

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach. Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

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**13. ACCOUNTANTS' REPORT** *(cont'd)*

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**AUTOCOUNT DOTCOM BERHAD**  
Accountants' Report

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.12 Revenue and other income (continued)**

**(a) Rendering of service**

Revenue from a contract provide services is recognised over time as the services are rendered because the customer services and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

**(b) Sales of goods**

The Group sells a range of software to customers. Revenue from sale of software are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods. Sales are made with a credit term, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

**(c) Interest income**

Interest income is recognised using the effective interest method.

**(d) Rental income**

Rental income from property, plant and equipment is recognised on a straight-line basis over the term of the lease.

**3.13 Borrowing costs**

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.14 Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**3.15 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

**3.16 Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD****Accountants' Report****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.17 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

**3.18 Provision**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed

**3.19 Contract assets/(liabilities)**

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance) The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

**(a) Impairment of financial assets and contract assets**

The impairment provisions for financial assets and contract 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 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 losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets and contract 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 impairment losses on the Group's financial assets and contract assets are disclosed in Note 27(a)(i).

**(b) Research and development costs**

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8.

**13. ACCOUNTANTS' REPORT** (cont'd)

**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**5. PROPERTY, PLANT AND EQUIPMENT**

	Note	Leasehold building RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2019							
- As previously reported		680	1,115	309	1,018	1,861	4,983
- Effect of adoption of MFRS 16		-	-	-	-	(750)	(750)
Adjusted balance at 1 January 2019		680	1,115	309	1,018	1,111	4,233
Additions		-	1	51	-	-	52
At 31 December 2019		680	1,116	360	1,018	1,111	4,285
<b>Accumulated depreciation</b>							
At 1 January 2019							
- As previously reported		41	291	232	257	960	1,781
- Effect of adoption of MFRS 16		-	-	-	-	(229)	(229)
Adjusted balance at 1 January 2019		41	291	232	257	731	1,552
Depreciation charge for the financial year	22	13	110	67	102	200	492
At 31 December 2019		54	401	299	359	931	2,044
<b>Carrying amount</b>							
At 1 January 2019		639	824	77	761	901	3,202
Adjusted balance at 1 January 2019		639	824	77	761	380	2,681
At 31 December 2019		626	715	61	659	180	2,241

**13. ACCOUNTANTS' REPORT** *(cont'd)*
**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Leasehold building RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2020		680	1,116	360	1,018	1,111	4,285
Additions		-	10	80	2	115	207
Disposals		-	-	-	-	(55)	(55)
At 31 December 2020		680	1,126	440	1,020	1,171	4,437
<b>Accumulated depreciation</b>							
At 1 January 2020		54	401	299	359	931	2,044
Depreciation charge for the financial year	22	14	111	65	102	77	369
Disposals		-	-	-	-	(40)	(40)
At 31 December 2020		68	512	364	461	968	2,373
<b>Carrying amount</b>							
At 1 January 2020		626	715	61	659	180	2,241
At 31 December 2020		612	614	76	559	203	2,064



**13. ACCOUNTANTS' REPORT** (cont'd)

**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Office buildings RM'000	Leasehold building RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2021		-	680	1,126	440	1,020	1,171	4,437
Additions		8,140	-	34	82	-	-	8,256
Transfer from right-of-use assets	6	-	-	-	-	-	750	750
At 31 December 2021		8,140	680	1,160	522	1,020	1,921	13,443
<b>Accumulated depreciation</b>								
At 1 January 2021		-	68	512	364	461	968	2,373
Depreciation charge for the financial year	22	67	14	106	65	93	89	434
Transfer from right-of-use assets	6	-	-	-	-	-	679	679
At 31 December 2021		67	82	618	429	554	1,736	3,486
<b>Carrying amount</b>								
At 1 January 2021		-	612	614	76	559	203	2,064
At 31 December 2021		8,073	598	542	93	466	185	9,957

**13. ACCOUNTANTS' REPORT** (cont'd)

**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Office buildings RM'000	Leasehold building RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2022		8,140	680	1,160	522	1,020	1,921	13,443
Additions		1,550	-	198	113	453	-	2,314
Written off		-	-	(119)	(131)	(100)	-	(350)
Exchange difference		-	-	2	1	2	-	5
At 31 December 2022		9,690	680	1,241	505	1,375	1,921	15,412
<b>Accumulated depreciation</b>								
At 1 January 2022		67	82	618	429	554	1,736	3,486
Depreciation charge for the financial year	22	176	14	111	83	102	120	606
Written off		-	-	(117)	(131)	(100)	-	(348)
Exchange difference		-	-	1	1	1	-	3
At 31 December 2022		243	96	613	382	557	1,856	3,747
<b>Carrying amount</b>								
At 1 January 2022		8,073	598	542	93	466	185	9,957
At 31 December 2022		9,447	584	628	123	818	65	11,665

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Including in buildings, there is a leasehold building generally have lease term of 75 years (2021: 76 years; 2020: 77 years and 2019: 78 years).

**(a) Assets pledged as security**

Freehold building with a carrying amount of RM7,908,880 (2021: RM8,071,670; 2020 and 2019: RM NIL) has been pledged as security to secure term loans of the Group as disclosed in Note 16(a).

**6. RIGHT-OF-USE ASSETS**

	Note	Buildings RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2019				
- Effect of adoption of MFRS 16		-	750	750
Adjusted balance at 1 January 2019		-	750	750
Additions		2,203	-	2,203
At 31 December 2019		2,203	750	2,953
Additions		28	-	28
At 31 December 2020		2,231	750	2,981
Additions		21	-	21
Termination		(2,185)	-	(2,185)
Transfer to property, plant and equipments	5	-	(750)	(750)
Exchange differences		1	-	1
At 31 December 2021		68	-	68
Derecognition		(68)	-	(68)
At 31 December 2022		-	-	-

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6. RIGHT-OF-USE ASSETS (CONTINUED)**

	Note	Buildings RM'000	Motor vehicles RM'000	Total RM'000
<b>Accumulated depreciation</b>				
At 1 January 2019				
- Effect of adoption of MFRS 16		-	229	229
Adjusted balance at 1 January 2019		-	229	229
Depreciation charge for the financial year	<b>22</b>	596	150	746
At 31 December 2019		596	379	975
Depreciation charge for the financial year	<b>22</b>	594	150	744
At 31 December 2020		1,190	529	1,719
Depreciation charge for the financial year	<b>22</b>	322	150	472
Termination		(1,453)	-	(1,453)
Transfer to property, plant and equipments	<b>5</b>	-	(679)	(679)
Exchange differences		2	-	2
At 31 December 2021		61	-	61
Depreciation charge for the financial year	<b>22</b>	7	-	7
Derecognition		(68)	-	(68)
At 31 December 2022		-	-	-
<b>Carrying amount</b>				
At 31 December 2019		1,607	371	1,978
At 31 December 2020		1,041	221	1,262
At 31 December 2021		7	-	7
At 31 December 2022		-	-	-

The Group leases buildings for their office space and operation site with lease term of 4 months (2021: 14 months; 2020 and 2019: ranging from 28 to 48 months).

The Group also leases motor vehicles with lease term of NIL (2021: NIL; 2020 and 2019: 1 to 5 years).

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7. INTANGIBLE ASSETS**

	Note	Development cost RM'000
<b>Cost</b>		
At 1 January 2020		-
Additions		
- developed internally		459
At 31 December 2020		459
Additions		
- developed internally		760
At 31 December 2021		1,219
Additions		
- developed internally		603
At 31 December 2022		1,822
<b>Accumulated amortisation</b>		
At 1 January 2020/ 31 December 2020		-
Amortisation charge for the financial year	22	29
At 31 December 2021		29
Amortisation charge for the financial year	22	87
At 31 December 2022		116
<b>Carrying amount</b>		
At 31 December 2020		459
At 31 December 2021		1,190
At 31 December 2022		1,706

**(a) Development cost**

Development costs principally comprise internally generated expenditure on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activities.

**(b) Amortisation cost**

The amortisation of development costs of the Group amounting to RM87,183 (2021: RM29,061; 2020 and 2019: RM NIL) are included in cost of sales.

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. DEFERRED TAX ASSETS/(DEFERRED TAX LIABILITIES)**

Deferred tax relates to the following:

	As at 1 January 2019 RM'000	Recognised in profit or loss (Note 24) RM'000	As at 31 December 2019 RM'000
<b>Deferred tax liabilities:</b>			
Property, plant and equipment	(169)	35	(134)

	As at 1 January 2020 RM'000	Recognised in profit or loss (Note 24) RM'000	As at 31 December 2020 RM'000
<b>Deferred tax assets:</b>			
Property, plant and equipment	(134)	101	(33)
Contract assets	-	(18)	(18)
Contract liabilities	-	618	618
	(134)	701	567

<b>Deferred tax liabilities:</b>			
Property, plant and equipment	-	(8)	(8)
	(134)	693	559

	As at 1 January 2021 RM'000	Recognised in profit or loss (Note 24) RM'000	As at 31 December 2021 RM'000
<b>Deferred tax assets:</b>			
Property, plant and equipment	(33)	(39)	(72)
Contract assets	(18)	(11)	(29)
Contract liabilities	618	115	733
	567	65	632

<b>Deferred tax liabilities:</b>			
Property, plant and equipment	(8)	1	(7)
	(8)	1	(7)
	559	66	625

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. DEFERRED TAX ASSETS/(DEFERRED TAX LIABILITIES) (CONTINUED)**

	As at 1 January 2022 RM'000	Recognised in profit or loss (Note 24) RM'000	As at 31 December 2022 RM'000
<b>Deferred tax assets:</b>			
Property, plant and equipment	(72)	7	(65)
Contract assets	(29)	(4)	(33)
Contract liabilities	733	72	805
	<u>632</u>	<u>75</u>	<u>707</u>
<b>Deferred tax liabilities:</b>			
Property, plant and equipment	(7)	1	(6)
	<u>(7)</u>	<u>1</u>	<u>(6)</u>
	<u>625</u>	<u>76</u>	<u>701</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Deductible temporary differences	(456)	-	-	-
Unused tax losses	(1,071)	(632)	(451)	(353)
Unabsorbed capital allowance	18	-	-	-
	<u>(1,509)</u>	<u>(632)</u>	<u>(451)</u>	<u>(353)</u>

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

The unused tax losses are available indefinitely for offset against taxable profits of the Group except for the tax losses which will expire in the following financial years.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD****Accountants' Report****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. DEFERRED TAX ASSETS/(DEFERRED TAX LIABILITIES) (CONTINUED)**

The unused tax losses are available indefinitely for offset against taxable profits of the Group except for the tax losses which will expire in the following financial years.

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
<b>Year of assessments</b>				
2028	1,196	835	835	835
2029	1,070	749	749	749
2030	-	632	632	632
2031	-	-	451	451
2032	-	-	-	353

**9. OTHER INVESTMENT**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Shares at cost	205	205	205	-
Less: accumulated impairment losses	(205)	(205)	(205)	-
	-	-	-	-

Other investments in unquoted ordinary shares represents investments in the below subsidiary.

Details of the subsidiary are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest Audited as at				Principal activities
		2019 %	2020 %	2021 %	2022 %	
<u>Interest held through Autocount (S) Pte. Ltd.</u>						
Autocount (Myanmar) Co. Ltd ("AMCL") ^ +	Myanmar	100	100	100	-	Development and training of software

^ Audited by auditors other than Baker Tilly Monteiro Heng PLT.

+ The financial year end of the subsidiary is not coterminous with the Group. As such, the management financial statements of the subsidiary for the financial year ended 31 December 2019, 2020 and 2021 have been used.



**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. OTHER INVESTMENT (CONTINUED)**

The financial position, financial performance and cash flows of the below companies had been carved out from the financial statements as the management intends to dispose the company for the purposes of the listing on the ACE Market of Bursa Malaysia Securities Berhad.

**Disposal of AMCL**

On 12 May 2022, Autocount (S) Pte. Ltd. entered into a share sale agreement with a Myanmar citizen to dispose its entire equity interest in AMCL for a total consideration of USD50,000.

**10. TRADE AND OTHER RECEIVABLES**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
<b>Trade</b>				
Trade receivables				
- Third parties	1,277	2,895	3,330	219
- Related party	72	71	73	-
	1,349	2,966	3,403	219
Less: Impairment losses on a related party	(72)	(71)	(73)	-
Total trade receivables	1,277	2,895	3,330	219
<b>Non-trade</b>				
Other receivables				
- Third parties	31	5	30	31
- Related party	27	27	27	-
Deposits	217	2,748	202	73
Prepayments	58	4	179	156
	333	2,784	438	260
Less: Impairment losses on a related party	(2)	(2)	(2)	-
Total other receivables	331	2,782	436	260
<b>Total trade and other receivables</b>	1,608	5,677	3,766	479

**Trade receivables**

Trade receivables are unsecured, non-interest bearing and normal credit offered by the Group is 7 - 30 days terms. Other credit terms are assessed and approved on a case-to-case basis.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. TRADE AND OTHER RECEIVABLES (CONTINUED)**Receivables that are impaired

Trade and other receivables that are individually determined to be credit impaired at the reporting date relate to receivables that have defaulted on payments.

The Group's trade and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade and other receivables are as follows:

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
<b>Trade</b>				
At 1 January	-	72	71	73
Charge for the financial year	72	-	-	-
Written off	-	-	-	(76)
Exchange differences	-	(1)	2	3
At 31 December	72	71	73	-
<b>Non-trade</b>				
At 1 January	-	2	2	2
Charge for the financial year	2	-	-	26
Written off	-	-	-	(28)
At 31 December	2	2	2	-

The information about the credit exposures are disclosed in the Note 27(b)(i).

**11. CONTRACT ASSETS/(CONTRACT LIABILITIES)**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Contract assets relating to services contracts	80	74	120	136
Contract liabilities relating to services contracts	(2,000)	(4,927)	(5,087)	(4,588)

**13. ACCOUNTANTS' REPORT** *(cont'd)*
**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**11. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONTINUED)**
**(a) Significant changes in contract balances**

	2019		2020		2021		2022	
	Contract assets increase/ (decrease) RM'000	Contract liabilities increase/ (decrease) RM'000	Contract assets increase/ (decrease) RM'000	Contract liabilities increase/ (decrease) RM'000	Contract assets increase/ (decrease) RM'000	Contract liabilities increase/ (decrease) RM'000	Contract assets increase/ (decrease) RM'000	Contract liabilities increase/ (decrease) RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	-	(1,518)	-	(2,000)	-	(4,927)	-	(5,087)
Increase due to invoice issued to customers, but revenue not recognised	-	2,000	-	4,927	-	5,087	-	4,588
Transfer from contract assets recognised at the beginning of the period to receivables	-	-	(80)	-	(74)	-	(120)	-
Increase due to revenue recognised for unbilled services transferred to customers	80	-	74	-	120	-	136	-

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****12. CASH AND SHORT-TERM DEPOSITS**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Cash and bank balances	3,203	8,564	11,633	7,062
Short-term deposits placed with licensed banks	7,548	7,059	13,213	15,547
	10,751	15,623	24,846	22,609

The short-term deposits placed with licensed banks of the Group at the end of the reporting year bore effective interest rates of 0.23% to 4.05% (2021: 0.03% to 2.12%; 2020: 0.06% to 3.80% and 2019: 1.10% to 3.80%) per annum. The fixed deposits have maturity period of 1 to 6 months (2021: 1 to 6 months; 2020 and 2019: 1 to 12 months).

**13. INVESTED EQUITY/SHARE CAPITAL**

	← Audited →			
	Number of ordinary shares			
	2019 Unit'000	2020 Unit'000	2021 Unit'000	2022 Unit'000
<b>Issued and fully paid up (no par value):</b>				
At 1 January	815	815	815	815
Adjustment pursuant to restructuring exercise	-	-	-	(815)
Issuance of shares at date of incorporation	-	-	-	*
Issuance of shares pursuant to acquisition of subsidiaries	-	-	-	456,915
At 31 December	815	815	815	456,915

\* 2 units

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****13. INVESTED EQUITY/SHARE CAPITAL (CONTINUED)**

	← Audited →			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
<b>Issued and fully paid up (no par value):</b>				
At 1 January	802	802	802	802
Adjustment pursuant to restructuring exercise	-	-	-	(802)
Issuance of shares at date of incorporation	-	-	-	*
Issuance of shares pursuant to acquisition of subsidiaries	-	-	-	8,008
At 31 December	802	802	802	8,008

\* RM2.

For the purpose of this report, the total number of shares as at 31 December 2019, 31 December 2020 and 31 December 2021 represent the aggregate number of issued shares of all entities within the Group. Pursuant to the Pre-Initial Public Offering Reorganisation, the total number of shares as at 31 December 2022 represents the number of issued shares of the Group.

During the financial year ended 31 December 2022, the Company issued 456,914,998 new ordinary shares of RM0.018 each for the acquisition of subsidiaries as disclosed in Note 30.

The new ordinary shares issued during the financial years rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Group. All ordinary shares rank equally with regards to the Group's residual assets.

**14. TRANSLATION RESERVES**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****15. MERGER RESERVES**

The merger reserves arise from the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Group's subsidiaries upon consolidation under the merger accounting principle.

**16. LOANS AND BORROWINGS**

		Audited			
		2019	2020	2021	2022
		RM'000	RM'000	RM'000	RM'000
Note					
<b>Non-current:</b>					
Term loans	(a)	-	-	4,963	4,510
Finance lease liabilities *	(b)	12	-	-	-
		12	-	4,963	4,510
<b>Current:</b>					
Term loans	(a)	-	-	475	466
Finance lease liabilities *	(b)	144	41	-	-
		144	41	475	466
<b>Total loans and borrowings:</b>					
Term loans	(a)	-	-	5,438	4,976
Finance lease liabilities *	(b)	156	41	-	-
		156	41	5,438	4,976

\* Consists of finance lease liabilities which was previously classified under loans and borrowings in accordance with MFRS 117.

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****16. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans**

Total term loans of the Group of RM4,975,642 (2021: RM5,500,000; 2020 and 2019: RM NIL) bears interest at 4.27% (2021: 3.27%; 2020 and 2019: NIL%) per annum and is repayable by monthly instalments of RM55,503 (2021: RM53,810; 2020 and 2019: RM NIL) over 120 months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Facilities agreement for the sum of RM5,500,000 as principal instrument;
- (ii) Deed of Assignment over property of the Group as disclosed in Note 5; and
- (iii) Joint and several guarantee by the directors of the Group.

**(b) Finance lease liabilities**

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Minimum lease payment:				
- Not later than one year	148	42	-	-
- Later than one year and not later than five years	12	-	-	-
	160	42	-	-
Less: Future finance charges	(4)	(1)	-	-
Present value of minimum lease payments	156	41	-	-
Represented by: -				
Current				
- On demand and within one year	144	41	-	-
Non-current				
- Later than one year and not later than five years	12	-	-	-
	156	41	-	-

Certain motor vehicles of the Group as disclosed in Note 5 are pledged for finance leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The effective interest rates implicit in the leases range from NIL% (2021: 2.53% to 4.81%; 2020 and 2019: 2.40% to 4.81%).

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17. LEASE LIABILITIES**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Minimum lease payment:				
- Not later than one year	676	631	7	-
- Later than one year and not later than five years	1,255	624	-	-
	1,931	1,255	7	-
Less: Future finance charges	(179)	(80)	-	-
Present value of minimum lease payments	1,752	1,175	7	-
Represented by: -				
Current				
- On demand and within one year	576	569	7	-
Non-current				
- Later than one year and not later than five years	1,176	606	-	-
	1,752	1,175	7	-

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the Group's weighted average incremental borrowing rate of NIL% (2021: 5.47%; 2020 and 2019: 6.95%).

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

The Group has recognised the lease payments associated with short term leases on a straight-line basis over the lease terms and recognised as rental expenses as disclosed in Note 22.



**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****18. OTHER PAYABLES**

Note	Audited			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
<b>Non-trade</b>				
Other payables				
- Third parties	392	237	221	1,955
- Others	-	299	471	257
- Dividend payable	26	-	16,000	-
Amount owing to related parties	61	65	-	-
Amount owing to directors	520	520	231	-
Accruals	1,280	1,678	3,547	2,481
	<u>2,253</u>	<u>2,799</u>	<u>20,470</u>	<u>4,693</u>

**Amount owing to related parties and directors**

The amount owing to related parties and directors are unsecured, non-interest bearing and repayable on demand.

For explanation on the Group's liquidity risk management processes, refer to Note 27(b)(ii).

**19. REVENUE**

	Audited			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
<b>Revenue from contract with customers</b>				
<b>At a point in time</b>				
Software	14,896	15,358	22,504	29,713
Hardware and others	416	179	498	1,077
	<u>15,312</u>	<u>15,537</u>	<u>23,002</u>	<u>30,790</u>
<b>Over time</b>				
Software	252	744	2,642	3,912
Training	424	369	453	602
Support and maintenance	2,903	2,988	3,386	3,413
	<u>3,579</u>	<u>4,101</u>	<u>6,481</u>	<u>7,927</u>
	<u>18,891</u>	<u>19,638</u>	<u>29,483</u>	<u>38,717</u>

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20. OTHER INCOME**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Finance income on short-term deposits	52	140	78	150
Rental income	14	21	13	9
Net realised foreign exchange gain	-	3	-	29
Net unrealised foreign exchange gain	-	-	167	364
Gain on disposal of property, plant and equipment	-	24	-	-
Gain arising from termination of lease	-	-	112	-
Government subsidies	-	56	33	-
Rental concession income	-	82	-	-
Government grant	90	-	83	101
Forfeited payment	22	-	4	-
Gain on disposal of other investment	-	-	-	217
Others	2	2	5	7
	180	328	495	877

**21. FINANCE COSTS**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Finance costs on:				
- Term loans	-	-	45	189
- Finance lease liabilities	10	3	1	-
- Lease liabilities	135	102	40	*
	145	105	86	189

\* RM49.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****22. PROFIT BEFORE TAX**

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

Note	Audited			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Auditors' remuneration				
- current year	62	61	66	115
- prior year	-	(1)	3	27
Depreciation on property, plant and equipment	5	492	369	434
Depreciation on right-of-use assets	6	746	744	472
Amortisation of intangible asset	7	-	-	29
Impairment loss on trade and other receivables		74	-	-
Waiver of debts		-	-	-
Net realised foreign exchange loss		8	-	4
Net unrealised foreign exchange loss		-	60	-
Property, plant and equipment written off		-	-	-
Employee benefits expense	23	8,895	8,526	9,947
Expense relating to short-term lease		5	5	5
				85

**23. EMPLOYEE BENEFITS EXPENSE**

	Audited			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Salaries, bonus and wages	7,068	7,212	8,518	10,631
Defined contribution plans	842	885	948	1,228
Other benefits	985	429	481	867
	8,895	8,526	9,947	12,726
Included in employee benefits expense are:				
Directors' fees	240	-	-	-
Directors' salaries and bonus	926	1,163	1,907	1,493
Defined contribution plans	93	122	187	150
Directors' other emolument	2	2	2	2
Other benefits	14	14	14	14
	1,275	1,301	2,110	1,659

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. INCOME TAX EXPENSE**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
<b>Statements of comprehensive income</b>				
<b>Current income tax:</b>				
- Current income tax charge	1,578	1,878	3,523	4,410
- Adjustment in respect of prior years	(211)	(11)	60	36
	1,367	1,867	3,583	4,446
<b>Deferred tax (Note 8):</b>				
- Reversal of temporary difference	(35)	(232)	(62)	(75)
- Adjustment in respect of prior years	-	(461)	(4)	(1)
	(35)	(693)	(66)	(76)
	1,332	1,174	3,517	4,370

The income tax rate applicable to small and medium scale enterprise ("SME") incorporated in Malaysia with paid-up capital of RM2,500,000 and below and annual sales less than RM50,000,000 (2021 and 2020: RM50,000,000; 2019: RM NIL) is subject to the statutory tax rate of 17% (2021, 2020 and 2019: 17%) on chargeable income up to RM600,000 (2021 and 2020: RM600,000; 2019: RM500,000). For chargeable income in excess of RM600,000 (2021 and 2020: RM600,000; 2019: RM500,000), statutory rate of 24% is still applicable.

The Group has paid-up capital of more than RM2,500,000 for the financial year ended 31 December 2022. Hence, domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. INCOME TAX EXPENSE (CONTINUED)**

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expenses are as follows:

	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>
Profit before tax	5,515	6,890	13,547	18,211
Tax at Malaysian statutory income tax rate of 24%	1,324	1,654	3,251	4,371
Adjustments:				
Income not subject to tax	(9)	(52)	(64)	(138)
Non-deductible expenses	287	193	535	269
Adjustment in respect of current income tax of prior years	(211)	(11)	60	36
Effects of differential in tax rate of a subsidiary	-	(34)	(81)	(88)
Adjustment in respect of deferred tax of prior years	-	(461)	(4)	(1)
SME tax savings	-	(35)	(42)	-
Partial tax exemption arising from a foreign subsidiary	-	-	(97)	(56)
Deferred tax not recognised on tax losses and temporary differences	(59)	(80)	(41)	(23)
Income tax expense	1,332	1,174	3,517	4,370

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****25. EARNINGS PER SHARE****Basic and diluted earnings per ordinary share**

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per ordinary share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per ordinary share are computed as follow:

	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>
Profit attributable to owners of the Company	4,183	5,716	10,030	13,841
	<b>2019 '000</b>	<b>2020 '000</b>	<b>2021 '000</b>	<b>2022 '000</b>
Weighted average number of ordinary shares for basic and diluted earnings per share ^	456,915	456,915	456,915	456,915
	<b>2019 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>
Basic and diluted earnings per ordinary share	0.01	0.01	0.02	0.03

^ It is assumed to be the number of ordinary shares before public issue.

**26. DIVIDENDS**

	<b>2021 RM'000</b>
<b>Recognised during the financial year:</b>	
Dividends on ordinary shares paid/declared by Auto Count Sdn. Bhd.:	
- Single-tier dividend of RM4.00 per share for the financial year ended 31 December 2020, paid on 11 March 2021	2,060
- Single-tier interim dividend of RM31.07 per share for the financial year ended 31 December 2021, paid on 13 April 2022, 9 May 2022 and 20 May 2022	16,000

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

**(i) Amortised cost**

	<b>Carrying amount RM'000</b>	<b>Amortised cost RM'000</b>
<b>At 31 December 2019</b>		
<b>Financial assets</b>		
Trade and other receivables, less prepayments	1,550	1,550
Cash and short-term deposits	10,751	10,751
	<u>12,301</u>	<u>12,301</u>
<b>Financial liabilities</b>		
Loans and borrowings	156	156
Lease liabilities	1,752	1,752
Other payables	2,253	2,253
	<u>4,161</u>	<u>4,161</u>
<b>At 31 December 2020</b>		
<b>Financial assets</b>		
Trade and other receivables, less prepayments	5,673	5,673
Cash and short-term deposits	15,623	15,623
	<u>21,296</u>	<u>21,296</u>
<b>Financial liabilities</b>		
Loans and borrowings	41	41
Lease liabilities	1,175	1,175
Other payables	2,799	2,799
	<u>4,015</u>	<u>4,015</u>

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

	<b>Carrying amount RM'000</b>	<b>Amortised cost RM'000</b>
<b>At 31 December 2021</b>		
<b>Financial assets</b>		
Trade and other receivables, less prepayments	3,587	3,587
Cash and short-term deposits	24,846	24,846
	<u>28,433</u>	<u>28,433</u>
<b>Financial liabilities</b>		
Loans and borrowings	5,438	5,438
Lease liabilities	7	7
Other payables	20,470	20,470
	<u>25,915</u>	<u>25,915</u>
<b>At 31 December 2022</b>		
<b>Financial assets</b>		
Trade and other receivables, less prepayments	323	323
Cash and short-term deposits	22,609	22,609
	<u>22,932</u>	<u>22,932</u>
<b>Financial liabilities</b>		
Loans and borrowings	4,976	4,976
Other payables	4,693	4,693
	<u>9,669</u>	<u>9,669</u>

**(b) Financial risk management**

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, interest rate risk and foreign currency 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 Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.



**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(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 exposed to credit risk arises from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. 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 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.

Credit risk concentration profile

At the end of the reporting periods, the Group does not have any significant exposure to its individual customers.

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 and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

**13. ACCOUNTANTS' REPORT** (cont'd)

**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**27. 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	61 to 90 days past due RM'000	91 to 120 days past due RM'000	More than 121 days past due RM'000	Total RM'000
<b>At 31 December 2019</b>								
Gross carrying amount at default	80	778	335	80	32	14	110	1,349
Impairment losses	-	-	-	-	-	-	(72)	(72)
Net balance	80	778	335	80	32	14	38	1,277
<b>At 31 December 2020</b>								
Gross carrying amount at default	74	2,808	57	10	7	-	84	2,966
Impairment losses	-	-	-	-	-	-	(71)	(71)
Net balance	74	2,808	57	10	7	-	13	2,895

**13. ACCOUNTANTS' REPORT** *(cont'd)*
**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**26. 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: (continued)

	Trade receivables							Total RM'000
	Contract assets RM'000	Current RM'000	1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	More than 121 days past due RM'000	
<b>At 31 December 2021</b>								
Gross carrying amount at default	120	3,262	41	14	1	-	85	3,403
Impairment losses	-	-	-	-	-	-	(73)	(73)
Net balance	120	3,262	41	14	1	-	12	3,330
<b>At 31 December 2022</b>								
Gross carrying amount at default	136	135	31	46	-	7	-	219
Impairment losses	-	-	-	-	-	-	-	-
Net balance	136	135	31	46	-	7	-	219

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. 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 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.

As at the end of the reporting date, the Group considers the other receivables and other financial assets as low credit risk and any loss allowance would be negligible. Refer to Note 3.8(a) for the Group's other accounting policies for impairment of financial assets.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Financial guarantee contracts**

The Group is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to related parties. The Group monitors the results of the related parties and their repayment on an on-going basis. The maximum exposure to credit risks amounts to NIL (2021: RM2,898,080; 2020: RM8,551,388 and 2019: RM8,579,608) representing the maximum amount the Group could pay if the guarantee is called on. As at the reporting date, there was no loss allowance for impairment as determined by the Group for the financial guarantee. The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to related party's secured borrowings.

**(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 loans and borrowings and other payables.

The Group's objective is to maintain a balance between continuity of funding and flexibility. 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.

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. 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:

		Contractual cash flows			
	Carrying amount RM'000	On demand or within one year RM'000	Between one and five years RM'000	More than five years RM'000	Total RM'000
<b>At 31 December 2019</b>					
Loans and borrowings	156	148	12	-	160
Lease liabilities	1,752	676	1,255	-	1,931
Other payables	2,253	2,253	-	-	2,253
	<u>4,161</u>	<u>3,077</u>	<u>1,267</u>	<u>-</u>	<u>4,344</u>
<b>At 31 December 2020</b>					
Loans and borrowings	41	41	-	-	41
Lease liabilities	1,175	631	624	-	1,255
Other payables	2,799	2,799	-	-	2,799
	<u>4,015</u>	<u>3,471</u>	<u>624</u>	<u>-</u>	<u>4,095</u>
<b>At 31 December 2021</b>					
Loans and borrowings	5,438	646	2,583	3,141	6,370
Lease liabilities	7	7	-	-	7
Other payables	20,470	20,470	-	-	20,470
	<u>25,915</u>	<u>21,123</u>	<u>2,583</u>	<u>3,141</u>	<u>26,847</u>
<b>At 31 December 2022</b>					
Loans and borrowings	4,976	673	2,692	2,599	5,964
Other payables	4,693	4,693	-	-	4,693
	<u>9,669</u>	<u>5,366</u>	<u>2,692</u>	<u>2,599</u>	<u>10,657</u>

**(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 borrowings with floating interest rates.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Interest rate risk (continued)**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 year:

	<b>Change in basis point</b>	<b>Effect on equity/ profit for the financial year RM'000</b>
<b>31 December 2021</b>		
Term loans	+ 50	21
	- 50	(21)
<b>31 December 2022</b>		
Term loans	+ 50	19
	- 50	(19)

**(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 is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group to manage its treasury activities and exposures. The Group takes advantage of any natural effects of its foreign currencies by maintaining current accounts in foreign currencies.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Foreign currency risk (continued)**

The Group's unhedged financial assets that are not denominated in their functional currencies are as follow:

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Financial assets and liabilities not held in functional currency				
<b><u>United States Dollar ("USD")</u></b>				
Trade and other receivables	5	1	1	-
Cash and bank balances	60	85	125	300
	65	86	126	300
<b><u>Singapore Dollar ("SGD")</u></b>				
Trade and other receivables	516	453	651	103
Cash and short-term deposits	6,467	9,711	16,438	14,336
Other payables	(330)	(643)	(1,748)	(1,654)
	6,653	9,521	15,341	12,785

**Sensitivity analysis for foreign currency risk**

The Group's principal foreign currency exposure relates mainly to USD and SGD.

The following table demonstrates the sensitivity to a reasonably possible change in the USD and SGD, with all other variables held constant on the Group's total equity and profit for the financial year.

	Change in rate %	Effect on equity/ profit for the financial year RM'000
<b>31 December 2019</b>		
- USD	+5%	3
	-5%	(3)
- SGD	+5%	253
	-5%	(253)



**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

	Change in rate %	Effect on equity/ profit for the financial year RM'000
<b>31 December 2020</b>		
- USD	+5%	4
	-5%	(4)
- SGD	+5%	362
	-5%	(362)
<b>31 December 2021</b>		
- USD	+5%	5
	-5%	(5)
- SGD	+5%	583
	-5%	(583)
<b>31 December 2022</b>		
- USD	+5%	12
	-5%	(12)
- SGD	+5%	486
	-5%	(486)

**13. ACCOUNTANTS' REPORT** (cont'd)**AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement**

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no material transfers between Level 1 and Level 2 during the financial year (2021, 2020 and 2019: no transfer in either direction).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM'000	Fair value of financial instruments not carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
At 31 December 2021					
Financial liability					
Term loans	4,963	-	-	4,813	4,813
At 31 December 2022					
Financial liability					
Term loans	4,510	-	-	4,424	4,424

**Level 3 fair value**Fair value of financial instruments not carried at fair value

The fair value of term loans is determined using the discounted cash flows method based on discount rates that reflects the issuers borrowing rate as at the end of the reporting period.

**28. 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.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****28. RELATED PARTIES (CONTINUED)****(a) Identification of related parties (continued)**

Related parties of the Group include:

- (i) Directors;
- (ii) Fellow subsidiaries;
- (iii) Holding company;
- (iv) Person connected to director; and
- (v) Key management personnel which comprise persons (including the directors of the Company) have authority and responsibility for planning, directing, controlling the activities of the Company directly or indirectly.

**(b) Significant related party transactions**

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Rental payable to a related party	(502)	(546)	(364)	-
Sales to a related party	23	-	-	-
Purchases from a related party	(67)	-	-	-
Purchase of properties from a related party	-	-	8,140	-
Advance from related party	1	5	-	-
Advance from a director	-	-	5	-
Advance to a related party	-	-	-	11
Repayment from a related party	5	-	-	-
Repayment to related parties	(48)	(1)	(65)	-
Repayment to a director	-	-	(294)	(231)
Waive of debts due from a related party	-	-	-	(11)

**(c) Compensation of key management personnel**

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Short-term employee benefits	1,746	1,787	2,600	2,235
Post-employment employee benefits	182	216	289	258
	1,928	2,003	2,889	2,493

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****29. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that it maintains healthy capital ratios to support its business whilst maximising the return to its shareholders through the optimisation of the debt-to-equity ratio to reduce cost of capital. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022.

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The debt-to-equity ratio is calculated as net debts divided by total capital of the Group. Net debts comprise bank borrowings whilst total capital is the total equity of the Group. The debt-to-equity ratio as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022, which are within the Group's objectives of capital management are as follows:

	← Audited →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Finance lease liabilities/Lease liabilities	1,908	1,216	7	-
Term loans	-	-	5,438	4,976
Total net debts	1,908	1,216	5,445	4,976
Total equity	10,325	16,039	8,008	21,663
Debt-to-equity ratio (times)	0.18	0.08	0.68	0.23

There were no changes in the Group's approach to capital management during the financial years under review.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****30. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEARS****(a) Internal restructuring**

As part of internal restructuring undertaken by the Group for the purpose of Listing, Auto Count Sdn. Bhd. ("ACSB") had entered into a share sale agreement on 18 February 2022. ACSB has acquired the entire equity interest with the original shareholders for a total consideration of RM300,000 to be fully satisfied by cash. The purchase consideration of RM300,000 for the acquisition is based on the original investment cost, which represents the share capital, as paid by the original shareholders. The acquisition was completed on 15 April 2022.

On 6 April 2022, Autocount Dotcom Berhad ("ADB") had entered into another share sale agreement to acquire the entire equity interest with the original shareholders for a total consideration of RM5,500 to be fully satisfied by cash. The purchase consideration of RM5,500 for the acquisition is based on the original investment cost, which represents the share capital, as paid by the original shareholders. The acquisition was completed on 9 May 2022.

On 9 May 2022, ADB had entered into another share sale agreement for a purchase consideration of RM8,007,509. The purchase consideration is based on the net asset value of the company as at 31 December 2021. In consideration of the sale of Sale Shares, ADB agrees to cause the issuance of 456,914,998 of ordinary shares in the share capital of the ADB. The acquisition was completed on 20 June 2022.

**(b) Purchase of property**

On 10 June 2022, ACSB entered into a sale and purchase agreement with the vendors to purchase a unit of four storey shop lot held under individual title Geran 190222 Lot 128257 Mukim Klang Daerah Klang Negeri Selangor measuring approximately 153 square meters and bearing the address of No. 39, Jalan Bayu Laut 1/KS09, Kota Bayuemas Klang, 41200 Klang, Selangor Darul Ehsan for a total purchase price of RM1,550,000.

**13. ACCOUNTANTS' REPORT (cont'd)****AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****31. 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 three reportable operating segments are as follow:

<b>Segments</b>	<b>Products and services</b>
Distribution of financial management software	Accounting, POS and payroll under "AutoCount" brand
Technical support and maintenance	Technical support and maintenance services to authorised dealers and to direct end-user customers
Others	Resale of computer hardware, third party software license fees, and the sale of training materials

Inter-segment pricing is determined on negotiated basis.

Segment profit

Segment performance is used to measure performance as Group's Chief Executive Officer believes 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 financial statements.

Segment assets

Segment assets are not included in the internal reports that are reviewed by the Group's CEO, hence no disclosures are made on segment assets.

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's CEO, hence no disclosures are made on segment liabilities.

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****31. SEGMENT INFORMATION (CONTINUED)**

	<b>Distribution of financial management software RM'000</b>	<b>Technical support and maintenance RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>31 December 2019</b>				
<b>Revenue:</b>				
Revenue from external customers	14,880	3,285	726	18,891
<b>Segment profit</b>				14,061
Other income				180
Unallocated expenses				(8,581)
Finance costs				(145)
Income tax expense				(1,332)
<b>Profit for the financial year</b>				4,183
<b>Results:</b>				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				492
Depreciation on right-of-use assets				746
Employee benefits expense				8,895
Expense relating to short-term lease				5

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****31. SEGMENT INFORMATION (CONTINUED)**

	<b>Distribution of financial management software RM'000</b>	<b>Technical support and maintenance RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>31 December 2020</b>				
<b>Revenue:</b>				
Revenue from external customers	16,035	3,054	549	19,638
<b>Segment profit</b>				14,845
Other income				328
Unallocated expenses				(8,178)
Finance costs				(105)
Income tax expense				(1,174)
<b>Profit for the financial year</b>				5,716
<b>Results:</b>				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				369
Depreciation on right-of-use assets				744
Employee benefits expense				8,526
Expense relating to short-term lease				5



**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****31. SEGMENT INFORMATION (CONTINUED)**

	<b>Distribution of financial management software RM'000</b>	<b>Technical support and maintenance RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>31 December 2021</b>				
<b>Revenue:</b>				
Revenue from external customers	25,123	3,544	816	29,483
<b>Segment profit</b>				23,579
Other income				495
Unallocated expenses				(10,441)
Finance costs				(86)
Income tax expense				(3,517)
<b>Profit for the financial year</b>				10,030
<b>Results:</b>				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				434
Depreciation on right-of-use assets				472
Amortisation of intangible asset				29
Employee benefits expense				9,947
Expense relating to short-term lease				5

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

## Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****31. SEGMENT INFORMATION (CONTINUED)**

	<b>Distribution of financial management software RM'000</b>	<b>Technical support and maintenance RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>31 December 2022</b>				
<b>Revenue:</b>				
Revenue from external customers	34,079	3,596	1,042	38,717
<b>Segment profit</b>				30,948
Other income				877
Unallocated expenses				(13,425)
Finance costs				(189)
Income tax expense				(4,370)
<b>Profit for the financial year</b>				13,841
<b>Results:</b>				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				606
Depreciation on right-of-use assets				7
Amortisation of intangible asset				87
Employee benefits expense				12,726
Expense relating to short-term lease				85

**13. ACCOUNTANTS' REPORT** *(cont'd)***AUTOCOUNT DOTCOM BERHAD**

Accountants' Report

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****31. SEGMENT INFORMATION (CONTINUED)**Geographical information

Revenue and non-current assets information based on the geographical location of customers are as follows:

	<b>2019</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
<b>Revenue:</b>				
Local	15,708	15,431	22,141	31,224
Overseas	3,183	4,207	7,342	7,493
	<u>18,891</u>	<u>19,638</u>	<u>29,483</u>	<u>38,717</u>

Information about major customers

For distribution of financial management software, technical support and maintenance and others, revenue from NIL (2021: one (1); 2020 and 2019: NIL) customer represented approximately RM NIL (2021: RM3,413,753; 2020 and 2019: RM NIL) of the Group's total revenue.

## 14. STATUTORY AND OTHER INFORMATION

### 14.1 Share Capital

- (i) As at LPD, our Company has only 1 class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) None of the share capital of our Company or our subsidiaries are under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.
- (iii) Save for the Pink Form Allocations as disclosed in Section 4.3.1(ii) of this Prospectus,
  - (a) no Director or employee of our Group has been or is entitled to be given or has exercised any options to subscribe for any share of our Company or our subsidiaries; and
  - (b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (iv) Save as disclosed in Sections 4.5 and Section 6 of this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Company have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the past 2 years immediately preceding the date of this Prospectus.
- (v) As at LPD, our Company does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

### 14.2 Extracts of Our Constitution

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of the provisions of our Constitution and by applicable law. Terms defined in our Constitution shall have the same meaning when used here unless they are otherwise defined here or the context otherwise requires.

#### (i) Remuneration, voting and borrowing powers of Directors

##### Remuneration of Directors

##### Clause 104 Remuneration

The fees and any benefits payable to the Directors shall be such sum as shall from time to time be determined by an ordinary resolution of the Company and is subject to annual shareholder approval at a general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office provided Always that:-

104.1 fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

104.2 salaries payable to executive Directors may not include a commission on or percentage of turnover;

104.3 fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

104.4 any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

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**14. STATUTORY AND OTHER INFORMATION (cont'd)**

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Clause 105 Reimbursement and special remuneration

105.1 The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

105.2 If by arrangement with the Directors, any Director shall perform or render any special duties or service's outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing 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 or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

**Voting and Borrowing Powers of our Directors**

Clause 107 General power of Directors to manage Company's business

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not by the Act or by this Constitution required to be exercised by the Company in general meeting, subject nevertheless to any of this Constitution and the provisions of the Act, and to such regulations not being inconsistent with these Constitution or the provisions of the Act as may be prescribed by the Company in general meeting, but no regulations so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Clause shall not be limited or restricted by any special authority or power given to the Directors by this Constitution. Any sale or disposal by the Directors of a substantial portion of the Company's main undertaking or property shall be subject to the prior approval of shareholders in general meeting.

Clause 108 Approval of the Company required

The Directors shall not without the prior approval of the Company in general meeting:-

108.1 carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or a controlling interest in the Company's undertaking or property;

108.2 exercise any power of the Company to issue shares unless otherwise permitted under the Act; or

108.3 subject to Section 228 of the Act, enter into any arrangement or transaction with a Director or a director of the holding company or a subsidiary of the Company, or with a person connected with such a Director to acquire from or dispose to such a Director or person any non-cash assets of the requisite value.

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**14. STATUTORY AND OTHER INFORMATION (cont'd)**

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Clause 109 Directors' borrowing powers

109.1 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, 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 the Company or of any related third party Provided Always that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

109.2 The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its Subsidiaries.

109.3 The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise.

109.4 Subject to the Act, if the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Clause 110 Pensions

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any subsidiary company, and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

Clause 111 Directors' power to appoint attorney of the Company

The Directors may from time to time, and at any time, by power of attorney under the Seal, appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (including the power to sub-delegate but not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as the Directors may from time to time think fit, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the Directors think fit.

Clause 112 Cheques, bills etc.

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipt for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors may from time to time determine by resolution.

#### **14. STATUTORY AND OTHER INFORMATION (cont'd)**

##### Clause 113 Right to hold other office under the Company

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established provided always that Sections 221 and 228 and all other relevant provisions of the Act and this Constitution are complied with.

##### Clause 114 Right to payment for professional services

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

##### Clause 115 As to the duty and liability of the Director

A Director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain, directly or indirectly, an improper advantage for himself or for any other person or cause detriment to the Company.

##### Clause 116 General duty to make disclosure

Every Director shall give notice to the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.

##### Clause 126 Directors retained from voting in interested transactions

Every Director shall comply with the provisions of Sections 221 and 219 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

#### **(ii) Changes to share capital and variation of class rights**

##### Clause 10 Purchase of own shares

Subject to the provisions of the Act and the Listing Requirements and the approval of the Members and any other relevant authority, the Company shall have the power to purchase its own shares and to deal with the shares so purchased in the manner provided by the Act, the Listing Requirements and any other relevant authority.

##### Clause 50 Increase of share capital

Without prejudice to the rights attached to any existing shares or class of shares, the Company in general meeting may by ordinary resolution increase its capital by the allotment of shares carrying such rights and restrictions, as the resolution specifies provided that where the capital of the Company consists of shares of different voting rights (if specified in such resolution) shall be prescribed in such a manner that a unit of capital in each class, shall carry such different voting power when such right is exercisable.

#### **14. STATUTORY AND OTHER INFORMATION (cont'd)**

##### Clause 51 Issue of new shares to existing members

Subject to any direction to the contrary that may be given by the Company in general meeting any new shares or other convertible securities from time to time to be created shall, before they are issued, 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 in like manner dispose of any such new shares or securities as aforesaid which, by reason of the ratio borne by them to the number of shares or securities held by persons entitled to such offer of new shares or securities cannot, in the opinion of the Directors be conveniently offered in the manner herein provided.

##### Clause 52 New Capital to be considered as part of the current share capital of the Company

Except so far as otherwise provided by the conditions of issues, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and such shares shall be subject to the same provisions contained in this Constitution with reference to the payment of calls, lien, transfer, transaction, forfeiture and otherwise as the original share capital and shall also be subject to the Rules.

##### Clause 53 Alteration of Capital

53.1 The Company may by ordinary resolution:-

- (i) 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;
- (ii) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or
- (iii) subdivide its shares or any of the shares, whatever is in the subdivision, 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.

53.2 The Company may, subject to the provision of the Act, by Special Resolution reduce its share capital in any manner authorised by law.

53.3 The Company may 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.



#### **14. STATUTORY AND OTHER INFORMATION (cont'd)**

##### Clause 19 Alteration of class rights

Whenever the capital of the Company is divided into different classes of shares or groups, the special rights attached to any class or group may subject to the provisions of this Constitution (unless otherwise provided by the terms of issue of the shares of the class) and Section 91 of the Act, either with the consent in writing of the holders of three-quarters (3/4) of the issued shares of the class or group, or with the sanction of any Special Resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third (1/3) in nominal amount of the issued shares of the class or group (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively. To every such special resolution, the provisions of Section 91 of the Act, shall, with such adaptations as are necessary, apply.

##### Clause 20 Ranking of class rights

The special rights conferred upon the holders of the shares of any class with preferred or other preferential rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari-passu therewith but in no respect in priority thereto.

#### **(iii) Transfer of securities**

##### Clause 41 Transfer of securities

The transfer of any Listed Security or class of Listed Security in the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 or 110 of the Act, subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Listed Security.

##### Clause 42 Transferor's right

The instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Record of Depositors in respect thereof.

##### Clause 42A Instrument of transfer

Every instrument of transfer (for any share not being a deposited security) must be left for registration at the office of the Company's Registrar accompanied by the certificate of the shares comprised therein (if any) and such evidence as the Directors may reasonably require to prove the right of the transferor to make the transfer and the due execution by him of the transfer, and subject to the power vested in the Directors by this Constitution or the provisions of any other written law and if required, to reasonable evidence of nationality, the Company shall register the transferee as shareholder.

A fee not exceeding RM3.00 (excluding the stamp duty) or any amount as shall be determined from time to time by the Exchange may be charged for each transfer and shall if required by the Directors be paid before the registration thereof.

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**14. STATUTORY AND OTHER INFORMATION (cont'd)**

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Clause 43 Person under disability

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 43A Refusal to transfer

Subject to Section 106 and any other relevant provisions of the Act, the Directors may refuse or delay to register the transfer of a share, not being a deposited security, to a person of whom they shall not approve.

If the Directors passed a resolution to refuse or delay the registration of a transfer, they shall, within seven (7) days of the resolution being passed, give to the lodging broker, transferor and the transferee written notice of the resolution setting out the precise reasons thereof.

Clause 43B Non-liability of the Company, its Directors and officers in respect of transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

**(iv) Proceedings at general meeting**

Clause 66 Special business

All business that is transacted at any extraordinary general meeting and also all business that is transacted at an annual general meeting shall be deemed special, with the exception of the receipts and consideration of the audited financial statements and audited group financial statements (if any) of the Company and the reports of the Directors and auditors and other documents required to be annexed to the financial statements, the election of Directors in the place of those retiring, and the appointment of, and the fixing of the remuneration of the auditors.

Clause 67 Quorum

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds, to business. For all purposes, 2 members present in person or by proxy, or, in the case of corporations which are members, present by their representatives appointed pursuant to the provision of this Constitution and entitled to vote shall be a quorum.

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**14. STATUTORY AND OTHER INFORMATION (cont'd)**

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Clause 72 Voting on resolution

72.1 Subject to any express requirement of the Listing Requirements, at any general meeting a resolution put to the vote of the meeting shall be determined by a show of hands of the members present in person or by proxy, unless a poll is demanded (before or upon the declaration of the result of a show of hands):-

- (a) by the Chairman of the meeting (being a person entitled to vote);
- (b) by at least 3 members present in person or by proxy;
- (c) by any member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Provided that no poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment.

72.2 Unless a poll is duly demanded in accordance with the foregoing provisions, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number, proportion or validity of the votes, recorded in favour of or against such resolution.

Clause 80.1 Members' vote

Subject to Clause 62 above and any rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members, each member shall be entitled to be present and to vote at any general meeting of the Company either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.

**(v) Minutes and registers**

Clause 141 Register of Directors, Managers and Secretaries

The Company shall in accordance with the provisions of Section 57 of the Act, keep at the Office or such other place provided notice has been given to the Registrar of Company, a register containing such particulars with respect to the Directors, managers and secretaries of the Company as are required by and shall from time to time notify the Registrar of Companies of any change in such register and of the date of such change in manner prescribed by that section.

**(vi) Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights**

As at the date of this Prospectus, we only have one (1) class of shares, being ordinary shares, all of which rank equally with each other. There are no special rights attached to our Shares. Please refer to Section 4.5 of this Prospectus for a summary of the rights of our shareholders relating to voting, dividend and liquidation in respect of our Shares.

## 14. STATUTORY AND OTHER INFORMATION *(cont'd)*

### 14.3 Deposited Securities and Rights of Depositors

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, arising from, such Shares.

### 14.4 Limitation on the right to hold securities and/or exercise voting rights

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

### 14.5 Public Take-Overs

During the last financial year and up to LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Group in respect of other companies' securities.

### 14.6 Material Contracts

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

- (i) Share Sale Agreements all dated 18 February 2022, entered into by ACSB with the original shareholders of AOTGSB, i.e. CCP, CYT, Tan Yeow Sing and Lai Guan Siong in relation to the Acquisition of AOTGSB. Please refer to Section 6.2.1 of this Prospectus for further details;
- (ii) Share Sale Agreements all dated 6 April 2022, entered into by ADB with the original shareholders of ASSB, i.e. CCP and CYT in relation to the Acquisition of ASSB. Please refer to Section 6.2.1 of this Prospectus for further details;
- (iii) Share Sale Agreement dated 9 May 2022 and supplemental agreement in relation thereto dated 21 June 2022, entered into by ADB with the original shareholders of ACSB, i.e. CCP, CYT, Liaw Huah Seng, Lim Kim Seng, Lee Chern Siong, Tey Wah Sheng and Ng Boon Thye in relation to the Acquisition of ACSB. Please refer to Section 6.2.1 of this Prospectus for further details;
- (iv) Sale and Purchase Agreements both dated 18 December 2020 entered into between ACSB and Yangtze Realty Sdn Bhd for the purchase of our Oasis Office for a total purchase consideration of RM8,139,500.00. The acquisition was completed on 11 November 2021;

#### 14. STATUTORY AND OTHER INFORMATION *(cont'd)*

- (v) Sale and Purchase Agreement dated 10 June 2022 ("**Klang Property SPA**") entered into between ACSB and Chew Hoe Seng and Ang Teow Lan in relation to sale and purchase of a unit of 4 storey shop lot held under Individual Title Geran 190222, Lot 128257, Mukim Klang, Daerah Klang, Negeri Selangor bearing postal address No. 39, Jalan Bayu Laut 1/KS09, Kota Bayuemas Klang, 41200 Klang Selangor for a purchase price of RM1,550,000.00. The said acquisition was completed on 25 August 2022; and
- (vi) the Underwriting Agreement.

#### 14.7 Material Litigation

As at LPD, our Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

#### 14.8 Repatriation of Capital and Remittance of Profit

The relevant policies on foreign investments, taxation and foreign exchange controls in Singapore in relation to the distribution of dividends, repatriation of capital and remittance of profits by or to our Group are set out below.

##### (i) Exchange control

Subject to ACSPL adhering to the applicable provisions of the Companies Act 1967 of Singapore ("**Singapore Companies Act**"), there are no significant restrictions on the remittance of profits, dividend and the return of capital by ACSPL to ACSB. Under the laws of Singapore, ACSPL may repatriate capital and/or remit profits to ACSB by way of:

- (a) share buy-backs;
- (b) capital reduction;
- (c) distribution of assets on a winding-up; and
- (d) declaration of dividends.

##### (ii) Dividend distribution

Subject to the Singapore Companies Act, the constitution of ACSPL, and the payment of applicable taxes under the laws of Singapore:

- (a) dividends may be paid only out of profits available for distribution. The constitution of ACSPL provides for the declaration of dividends upon ACSB's approval by ordinary resolution in a general meeting, but any dividend declared must not exceed the amount recommended by the directors of ACSPL. There are no restrictions on payment of dividends to ACSB provided there is no breach of any rule for internal monitoring for countering money laundering and terrorism;
- (b) the directors of ACSPL may from time to time pay to ACSB such interim dividends as appear to the directors to be justified by the profits of ACSPL; and
- (c) capital may not be returned to ACSB unless a capital reduction exercise is carried out.

##### (iii) Withholding tax

Dividends received in respect of the ordinary shares of ACSPL by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

## 14. STATUTORY AND OTHER INFORMATION *(cont'd)*

Currently, subject to certain transitional rules, Singapore has adopted the "One-Tier" Corporate Tax System ("**One-Tier System**"). Under this One-Tier System, the tax collected from corporate profits is the final tax and ACSPL can pay tax exempt (1-tier) dividends which are tax exempt in the hands of ACSB regardless of the tax residence status or the legal form of ACSB.

### 14.9 Consents

- (i) The written consent of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Issuing House and Company Secretary as set out in the Corporate Directory of this Prospectus to 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 been subsequently withdrawn.
- (ii) The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Assurance Report on Compilation of Pro Forma Consolidated Statements of Financial Position, and all references thereto in the form and context in which they are included in this Prospectus, have been given before the issuance of this Prospectus and have not been subsequently withdrawn.
- (iii) 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 included in this Prospectus, have been given before the issuance of this Prospectus and have not been subsequently withdrawn.

### 14.10 Documents Available for Inspection

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report referred to in Section 8 of this Prospectus;
- (iii) the Accountants' Report as included in Section 13 of this Prospectus;
- (iv) the Reporting Accountants' Assurance Report on Compilation of Pro Forma Consolidated Statements of Financial Position as at 31 December 2022 as included in Section 12.1 of this Prospectus;
- (v) the audited consolidated financial statements of ADB for the FYE 2022;
- (vi) the audited financial statements of our ACSB for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022;
- (vii) the audited financial statements of our AOTGSB for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022;
- (viii) the audited financial statements of our ACSPL for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022;
- (ix) the audited financial statements of our ASSB for the financial period from 10 July 2020 to 31 December 2021 and FYE 2022;
- (x) our material contracts referred to in Section 14.6 of this Prospectus; and
- (xi) the letters of consent referred to in Section 14.9 of this Prospectus.

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**14. STATUTORY AND OTHER INFORMATION** *(cont'd)*

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**14.11 Responsibility Statements**

This Prospectus has been seen and approved by our Directors, Promoters and Selling Shareholders. 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.

Malacca Securities, being our 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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## 15. 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 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.

### 15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 14 APRIL 2023

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 25 APRIL 2023

Applications for our IPO Shares will open and close at the dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

**Late Applications will not be accepted.**

### 15.2 METHODS OF APPLICATION

#### 15.2.1 Application for our Issue Shares by the Malaysian Public and the Eligible Persons

Applications must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by the Eligible Persons	Pink Application Form only
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

#### 15.2.2 Application by selected investors via placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by:	
Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.



## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

### 15.3 ELIGIBILITY

#### 15.3.1 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.

In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form.

In the case of an application by way of Electronic Share Application, you shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. Only an individual can make an Electronic Share Application. A corporation or institution cannot apply for our Issue Shares by way of Electronic Share Application.

In the case of an Application by way of Internet Share Application, you shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. Only an individual who has an existing account to their internet financial services with the Internet Participating Financial Institutions can make an Internet Share Application. A corporation or institution cannot apply for our Issue Shares by way of Internet Share Application.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 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.**

#### 15.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfill all of the following:

- (i) You must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue 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.

## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

### 15.3.3 Application by the Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

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, the Issuing House, Malacca Securities, Participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

## 15.4 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 RM0.33 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO. 628**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one 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))  
 11<sup>th</sup> 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

## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

- (ii) **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,

so as to arrive not later than 5.00 p.m. on 25 April 2023 or by such other time and date specified in any change to the date or time for closing.

We, together with the 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 Form to the Issuing House.

### **15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS**

Only Malaysian individuals may apply for our Issue 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.

### **15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our Issue 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-CIMB Securities Sdn Bhd, CIMB Bank Berhad, Malayan Banking Berhad 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.

### **15.7 AUTHORITY OF OUR BOARD AND THE 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 our 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

## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

- (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 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the 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.

### **15.8 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 Issue 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 basis of allocation of Issue Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website ([www.mih.com.my](http://www.mih.com.my)) within 1 business day after the balloting event.

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 the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Sections 4.3.1 of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

### **15.9 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.

#### **15.9.1 For applications by way of Application Form**

- (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 registered or correspondence address last 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 documents 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.

## **15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

- (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 the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The 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 ordinary/registered post to your registered or correspondence address last 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).

### **15.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (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 the Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> 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 the Issuing House by crediting into your account with the Participating Financial Institutions 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 the Issuing House.

### **15.10 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 registered or correspondence address last 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 IPO 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.

**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No 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.

**15.11 ENQUIRIES**

Enquiries in respect of the Applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	The Issuing House's 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

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](http://www.mih.com.my), **1 Market Day** after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs as 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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## DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE

### DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF AUTOCOUNT DOTCOM BERHAD (“ADB” OR THE “COMPANY”) DATED 14 APRIL 2023 (“PROSPECTUS”).

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.

#### 1. OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 14 APRIL 2023

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 25 APRIL 2023

Applications for our IPO Shares will open and close at the times and dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

**Late Applications will not be accepted.**

#### 2. METHODS OF APPLICATION

##### 2.1 Application for our Issue Shares by the Malaysian Public and Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

##### 2.2 Application by selected investors via placement

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by:-	
Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions

Selected investors may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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**3. ELIGIBILITY**

**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 this 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.

In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form.

In the case of an application by way of Electronic Share Application, you shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. Only an individual can make an Electronic Share Application. A corporation or institution cannot apply for our Issue Shares by way of Electronic Share Application.

In the case of an Application by way of Internet Share Application, you shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. Only an individual who has an existing account to their internet financial services with the Internet Participating Financial Institutions can make an Internet Share Application. A corporation or institution cannot apply for our Issue Shares by way of Internet Share Application.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 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.**

**3.2 Application by the Malaysian Public**

You can only apply for our Issue Shares if you fulfill all of the following: -

- (i) You must be one of the following: -
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue 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.



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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit an Application by using only one of the following methods: -
  - (a) White Application Form; or
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

### **3.3 Application by Eligible Persons**

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

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, the Issuing House, Malacca Securities, Participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

## **4. PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS**

Each application for our IPO Shares must be made using the correct type of Application Form. The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications 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 Malaysian Public must follow the following procedures in making their applications through the **White Application Form**: -

- (i) Obtain the relevant Application Form together with the Official "A" and "B" envelopes and our Prospectus.

The **White Application Form** together with our Prospectus, can be obtained subject to availability from Malacca Securities, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association, the Issuing House and our Company.

- (ii) In accordance with Section 232(2) of the CMSA, the **White Application Form** is accompanied by our Prospectus. You are advised to read and understand our Prospectus before making your Application.

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** (cont'd)

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- (iii) Complete the **White Application Form** legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in our Prospectus, including:-
- (a) ensuring that your personal particulars submitted in your Application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any change to your personal particulars as the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository;
  - (b) stating your CDS Account number in the space provided in the **White Application Form**. Invalid or nominee or third-party CDS Accounts will **not** be accepted;
  - (c) Stating the details of your payment in the appropriate boxes provided in the **White Application Form**; and
  - (d) Stating the number of shares applied. Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares.
- (iv) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM0.33 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO. 628**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Only Banker's Draft or Cashier's Order drawn on a bank in Kuala Lumpur, Money or Postal Orders (for applicants from Sabah and Sarawak only) and Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad will be accepted.

We will not accept Applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the **White Application Form**.

- (v) Insert the **White Application Form** together with payment and a legible photocopy of your identification document (national registration identity card ("**NRIC**") or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable)) into the Official "A" envelope and seal it. You must write your name and address on the outside of the Official "A" and "B" envelopes.

Affix an RM1.50 stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

The name and address written must be identical to your name and address as in your NRIC or any official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) for individual applicant; or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable).

## DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (vi) Each completed **White Application Form**, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods: -

1. despatch by **ORDINARY POST** in the official envelopes provided to the following address: -

**Malaysian Issuing House Sdn Bhd**  
(Registration No. 199301003608 (258345-X))  
11<sup>th</sup> 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

2. **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 so as to arrive not later than **5.00 p.m. on 25 April 2023** or by such other time and date specified in any change to the date or time for closing. We will not accept late Applications.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your **White Application Form** or Application monies. Please direct all enquiries in respect of the **White Application Form** to the Issuing House.

## 5. PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

### 5.1 Participating Financial Institutions

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public through the ATMs of the following Participating Financial Institutions and their branches. The following processing fee for each Electronic Share Application will be charged by the respective Participating Financial Institutions (unless waived) as follows: -

Participating Financial Institutions	Charges
Affin Bank Berhad	Free
Alliance Bank Malaysia Berhad	RM1.00
AmBank (M) Berhad	RM1.00
CIMB Bank Berhad	RM2.50
Malayan Banking Berhad	RM1.00
Public Bank Berhad	RM2.00
RHB Bank Berhad	RM2.50

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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**Please note that these processing fees may be varied or waived from time to time at the discretion of the respective Participating Financial Institutions. Please contact the relevant Participating Financial Institutions for further enquiries.**

## **5.2 Procedures for Electronic Share Application**

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions.

**PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR ELECTRONIC SHARE APPLICATIONS SET OUT BELOW AND AT THE RESPECTIVE ATMS CAREFULLY PRIOR TO MAKING AN ELECTRONIC SHARE APPLICATION.**

If you encounter any problems in your Application, you may refer to the respective Participating Financial Institutions.

You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our Issue Shares at an ATM belonging to other Participating Financial Institutions.

You are to submit at least the following information through the ATM, where the instructions on the ATM screen require you to do so: -

- Personal Identification Number ("**PIN**");
- MIH Share Issue Account No. **628**;
- Your CDS Account number;
- Number of Issue Shares applied for and the RM amount to be debited from the account; and
- Confirmation of several mandatory statements as set out in **Section 5.3** below.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

## **5.3 Terms and conditions for Electronic Share Application**

**You must have a CDS Account to be eligible to use the Electronic Share Application. Invalid, nominee or third-party CDS Accounts will not be accepted.**

**YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.**

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below: -

- (i) The Electronic Share Application shall be made in relation to and subject to the terms of our Prospectus and our Company's Constitution.

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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- (ii) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct: -
- (a) You are at least 18 years old as at the date of the application for our Issue Shares;
  - (b) You are a Malaysian citizen residing in Malaysia;
  - (c) You have read our Prospectus and understood and agreed with the terms and conditions of the Application;
  - (d) The Electronic Share Application is the only application that you are submitting for our Issue Shares offered to the Malaysian Public; and
  - (e) You give consent to the disclosure by the relevant Participating Financial Institution and/or Bursa Depository, as the case may be, of your information, your Electronic Share Application or your account with the Participating Financial Institution and Bursa Depository, to the Issuing House and other relevant authorities.

Your Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, it is considered that you have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the relevant Participating Financial Institutions and/or Bursa Depository, as the case may be, of your information to the Issuing House or any relevant authority.

- (iii) You confirm that you are not applying for our Issue Shares offered to the Malaysian Public as a nominee of any other person and your Electronic Share Application is made in your name, as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our Issue Shares offered to the Malaysian Public.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application, to cover and pay for our Issue Shares and the relating processing fees, charges and expenses, if any, to be incurred, failing which your Electronic Share Application will not be deemed complete. Any Electronic Share Application which does not conform strictly to the instructions set out in our Prospectus or any instruction displayed on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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- (v) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated in the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate a lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation of the number of Issue Shares applied for (by your action of pressing the designated keys or buttons on the ATM keyboard) shall be deemed to signify, and shall be treated as,
  - (a) your acceptance of the number of Issue Shares that may be allotted or allocated to you in the event that your Electronic Share Application is successful or successful in part, as the case may be; and
  - (b) your agreement to be bound by our Constitution.
- (vi) The Issuing House, on the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in whole or in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (vii) You request and authorise us:-
  - (a) to credit our Issue Shares allotted or allocated to you into your CDS Account; and
  - (b) to issue share certificate(s) representing such Issue Shares or jumbo certificates which represent, amongst others, such Issue Shares, allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (viii) You acknowledge that your Electronic Share Application is subject to risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control or the control of the Issuing House, Bursa Depository or the Participating Financial Institution, and irrevocably agree that if: -
  - (a) our Company or the Issuing House does not receive your Electronic Share Application and/or payment; or
  - (b) any data relating to your Electronic Share Application is wholly or partially lost, corrupted, or otherwise inaccessible, or not transmitted or communicated to our Company or the Issuing House,

you will be deemed not to have made an Electronic Share Application and will not make any claim whatsoever against our Company, the Issuing House and/or the relevant Participating Financial Institution for our Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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- (ix) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, the Issuing House and the relevant Participating Financial Institution, and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information, shall be entitled to rely on the accuracy thereof.
- (x) You must ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in your address, failing which the notification letter of successful allotment will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xi) By making and completing an Electronic Share Application, you agree that: -
  - (a) in consideration of us agreeing to allow and accept the application for our Issue Shares through the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
  - (b) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delay, failure or inaccuracy in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our or the control of any of them;
  - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our Issue Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said Issue Shares;
  - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and other documents required for the issue or transfer of our Issue Shares allotted or allocated to you; and
  - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and/or the Electronic Share Application and/or any terms of our Prospectus, all rights, obligations and liabilities of the parties shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xii) the Issuing House, acting on the authority of our Board, reserves the right to reject Applications which do not conform to these instructions.

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)****6. APPLICATION BY WAY OF INTERNET SHARE APPLICATION****6.1 Internet Participating Financial Institutions**

Applications for our Issue Shares by the Malaysian Public Individuals may be made through the internet financial services website of the Internet Participating Financial Institutions.

The following processing fee for each Internet Share Application will be charged by the respective Internet Participating Financial Institutions (unless waived) as follows:

**YOU ARE ADVISED NOT TO APPLY FOR OUR ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

<b>Internet Participating Financial Institution</b>	<b>Website address</b>	<b>Fees charged</b>
Affin Bank Berhad	www.affinOnline.com	Free
Alliance Bank Malaysia Berhad	www.allianceonline.com.my	RM1.00
CGS-CIMB Securities Sdn Bhd	www.eipocimb.com	RM2.00 for payment through CIMB Bank Berhad or Malayan Banking Berhad
CIMB Bank Berhad	www.cimbclicks.com.my	RM2.00 for applicants with CDS Accounts held with CGS-CIMB Securities Sdn Bhd and RM2.50 for applicants with CDS Accounts with other ADAs
Malayan Banking Berhad	www.maybank2u.com.my	RM1.00
Public Bank Berhad	www.pbepbank.com	RM2.00

**Please note that these fees may be varied or waived from time to time at the discretion of the respective Internet Participating Financial Institutions. Please contact the relevant Internet Participating Financial Institutions for further enquiries.**

**PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR INTERNET SHARE APPLICATIONS SET OUT BELOW AND AT THE INTERNET FINANCIAL SERVICES WEBSITE OF THE RESPECTIVE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.**

If you encounter any problems in your Application, you may refer to the respective Internet Participating Financial Institutions.



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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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**6.2 Terms and conditions for Internet Share Application**

**PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE RESPECTIVE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

An Internet Share Application shall be made on and subject to the following terms and conditions: -

- (i) You can make an Internet Share Application if you fulfill all of the following: -
  - (a) You are an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder's name;
  - (b) You have an existing account with access to internet financial services facilities with an Internet Participating Financial Institution. You must have your user identification ("**User ID**") and Personal Identification Numbers ("**PIN**")/password for the relevant internet financial services facilities; and
  - (c) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our Issue Shares at internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and subject to the terms of our Prospectus and our Company's Constitution.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct: -
  - (a) You are at least 18 years old as at the date of the application for our Issue Shares;
  - (b) You are a Malaysian citizen residing in Malaysia;
  - (c) You have read our Prospectus and understood and agreed with the terms and conditions of the Application;
  - (d) The Internet Share Application is the only application that you are submitting for our Issue Shares offered to the Malaysian Public;
  - (e) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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- (f) You give consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Service Act, 2013 and Section 45 of SICDA) to the disclosure by the relevant Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to the Issuing House the Authorised Financial Institution, and any other relevant authorities;
  - (g) You are not applying for our Issue Shares offered to the Malaysian Public as a nominee of any other person and your Internet Share Application is made in your own name, as the beneficial owner and subject to the risks referred to in our Prospectus; and
  - (h) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (iv) Your Application will not be successfully completed and cannot be recorded as a completed application unless you have paid for our Issue Shares through the website of the Authorised Financial Institution and completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of our Prospectus, “**Confirmation Screen**” shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Issue Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you will be deemed to have confirmed the truth of the statements set out in **Section 6.2(iii)** above. The Confirmation Screen is only a record of the completed transaction with an Internet Participating Financial Institution and not a record of the receipt of the Internet Share Application or any data relating to such an Internet Share Application by our Company or the Issuing House. The Confirmation Screen is for your record and should not be submitted with any Application Form.

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** (cont'd)

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- (v) You must have sufficient funds in your account with the relevant Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in our Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made will be rejected.

- (vi) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Internet Share Application. In the event that we decide to allot or allocate lesser number of such Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Issue Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (a) Your acceptance of the number of Issue Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (b) Your agreement to be bound by the Constitution.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our Issue Shares will be rejected. **A PERSON WHO SUBMITS MULTIPLE INTERNET SHARE 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.** Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in whole or in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (viii) An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for reference and record purposes. Late Internet Share Applications will not be accepted.

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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- (ix) You acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, and other events beyond our control or the control of the Internet Participating Financial Institution, the Authorised Financial Institution, the Issuing House, Bursa Depository and our Company and irrevocably agree that if:-
  - (a) our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment; and
  - (b) any data relating to your Internet Share Application or the tape or any other devices containing such data and/or payment is wholly or partly lost, corrupted, destroyed or otherwise not accessible, and for any reason whatsoever,

you will be deemed not to have made an Internet Share Application and you will not make any claim whatsoever against our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution for our Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (x) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of making your Internet Share Application shall be deemed to be true and correct, and our Company, the Issuing House, the relevant Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information, shall be entitled to rely on the accuracy thereof.
- (xi) You must ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application will be rejected. You must inform Bursa Depository promptly of any change in your address, failing which the notification letter on successful allotment will be sent to your registered or correspondence address last maintained with Bursa Depository.

**7. AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

Your Application will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares. 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 our 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

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), by: -
  - (a) ordinary post through the self-addressed and stamped Official "A" envelope which you have provided to the Issuing House;
  - (b) crediting into your bank account for the purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository; or
  - (c) ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the 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.

## **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 Issue 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 basis of allocation of Issue Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website ([www.mih.com.my](http://www.mih.com.my)) within 1 business day after the balloting event.

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 the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in **Section 4.3.1** of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

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**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

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**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:-

**9.1 For applications by way of Application Form**

- (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 registered or correspondence address last 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 official valid temporary identity documents 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 the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The 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 ordinary/registered post to your registered or correspondence address last 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).

**9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (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 the Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

- (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 the 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 the Issuing House.

**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 registered or correspondence address last 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 IPO 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 Shares will be by book entries through CDS Accounts. No 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.

**11. ENQUIRIES**

Enquiries in respect of your Applications may be directed as follows: -

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	The Issuing House's Enquiry Services Telephone at telephone no. +603-7890 4700
Electronic Share Application	The relevant Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA at the telephone number as stated in the list of ADAs as set out in **Section 12** below or the Issuing House at the telephone no. +603-7890 4700 between 5 to 10 Market Days (during office hours only) after the final ballot day.

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)****12. LIST OF ADAS**

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows: -

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KUALA LUMPUR</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	2 <sup>nd</sup> Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03 - 7710 6688	068-009
AFFIN HWANG INVESTMENT BANK BERHAD	Mezzanine & 3 <sup>rd</sup> Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03 – 2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD	38A & 40A, Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel No : 03 – 9130 8803	068-021
PHILLIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	B-3-6, Block B, Level 3 Megan Avenue II No.12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel. No. :03-2783 0361	076-001
AMINVESTMENT BANK BERHAD	8-9, 11-18, 21-25th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03 – 2031 0102	086-001
BIMB SECURITIES SDN BHD	Level 32, Menara Multi Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03 – 2691 8887 / 2613 1600	024-001
CGS-CIMB SECURITIES SDN BHD	3rd Floor, Lot 1511 & 1512 Jalan Mutiara Timur Satu Taman Mutiara Cheras 56100 Kuala Lumpur Tel. No. : 03 – 9132 7424/7428/7429	065-001
FA SECURITIES SDN BHD	A-10-1 & A-10-17 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No : 03 – 2288 1676	021-001



**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KUALA LUMPUR (cont'd)</u></b>		
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3 Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03 – 2168 1168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Mezzanine Floor Level 3A, Block B, HP Towers No. 12, Jalan Gelenggang 60000 Kuala Lumpur Tel No : 03 – 2080 8777	066-002
HONG LEONG INVESTMENT BANK BERHAD	Level 27 & 28, Menara Hong Leong No. 6, Jalan Damansara Bukit Damansara 50490 Kuala Lumpur Tel No : 03 – 2083 1800	066-008
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03 – 2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03 – 7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03 – 9056 2921 / 9056 2922	054-007
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03 – 2171 0228	053-001
KENANGA INVESTMENT BANK BERHAD	Level 17, Kenanga Tower, 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03 – 2172 2888	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03 – 2089 2888	073-001

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KUALA LUMPUR (cont'd)</u></b>		
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 and 43-6 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03 – 2282 1820	057-002
MALACCA SECURITIES SDN BHD	No 76-1, Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak 53300, Kuala Lumpur Tel No: 03 – 4144 2565	012-001
MALACCA SECURITIES SDN BHD	B-M-10, Block B Plaza Arkadia Jalan Intisari Perdana Desa Park City 52200 Kuala Lumpur Tel No : 03-2733 9782	012-001
MALACCA SECURITIES SDN BHD	B01-A-13A Level 13A, Menara 2 No.3, Jalan Bangsar KL ECO City 59200 Kuala Lumpur Tel No : 03-2201 2100	012-001
MAYBANK INVESTMENT BANK BERHAD	Level 5, Tower C Dataran Maybank No.1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-2297 8888	098-001
MAYBANK INVESTMENT BANK BERHAD	27, 31 to 33 Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No : 03-2059 1888	098-007
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03 -6203 7227	093-002

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KUALA LUMPUR (cont'd)</u></b>		
MIDF AMANAH INVESTMENT BANK BERHAD	Level 9, 10, 11, 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03 – 2173 8888	026-001
PM SECURITIES SDN BHD	11th Floor, KH Tower No. 8, Lorong P. Ramlee 50250 Kuala Lumpur Tel. No. : 03-2054 8000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Menara Public Bank 2 No. 78, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03 – 2268 3000	051-001
RHB INVESTMENT BANK BERHAD	Level 1, Tower 3 RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel. No. : 03-9280 2233/2354	087-001
RHB INVESTMENT BANK BERHAD	Level 5, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel. No. : 03-9280 2453	087-001
RHB INVESTMENT BANK BERHAD	No. 62, 62-1, 64 & 64-1, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03 – 6257 5869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03 – 4280 4798	087-054
RHB INVESTMENT BANK BERHAD	Ground Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03 – 9058 7222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03 – 2072 1277	058-003

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KUALA LUMPUR (cont'd)</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03 – 6205 6000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03 – 2147 1888	078-010
<b><u>SELANGOR DARUL EHSAN</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite B 3A1, East Wing 3Ath Floor Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03 – 5635 6688	068-010
AFFIN HWANG INVESTMENT BANK BERHAD	4th Floor, Wisma Meru 1 Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03 – 3343 9999	068-019
AFFIN HWANG INVESTMENT BANK BERHAD	No.79-1, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03 – 3322 1999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7710 6613	086-001
CGS-CIMB SECURITIES SDN BHD	No. A-07-01 & A-07-02 Empire Office Tower Empire Subang Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No. : 03-5631 7934/7892	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor (No. 26-2) Lorong Batu Nilam 4B Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel. No. : 03-3325 7105/7106	065-001

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>SELANGOR DARUL EHSAN (cont'd)</u></b>		
CGS-CIMB SECURITIES SDN BHD	1st Floor (No. 11A) Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No. : 03-5891 6852	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 26A(F), 26A(M) & 26A(B) Jalan SJ6, Taman Selayang Jaya 68100 Batu Caves Selangor Darul Ehsan Tel. No.: 03-6137 1680	065-001
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel. No. : 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	No. 55C, 2nd Floor Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03 – 8024 1773	073-001
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No. : 03 – 7725 9095	073-001
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7 Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No. : 03 – 5621 2118	073-001
KENANGA INVESTMENT BANK BERHAD	35 (Ground, 1st & 2nd Floor) Jalan Tiara 3, Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No. : 03 – 3348 8080	073-001

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>SELANGOR DARUL EHSAN (cont'd)</u></b>		
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03 – 5636 1533	012-001
MALACCA SECURITIES SDN BHD	No. 54M, Mezzanine Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7876 1533	012-001
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7718 8888	098-004
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4 Taman Intan, 41300 Klang Selangor Darul Ehsan Tel No : 03 – 3050 8888	098-003
PM SECURITIES SDN BHD	1st Floor, 157- A, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03 – 8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03 – 3341 5300	064-007
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7873 6366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03 – 8736 3378	087-045

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>SELANGOR DARUL EHSAN (cont'd)</u></b>		
RHB INVESTMENT BANK BERHAD	First Floor, 10 & 11 Jalan Maxwell 48000, Rawang Selangor Darul Ehsan Tel No :03 – 6092 8916	087-047
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03 – 3343 9180	087-048
RHB INVESTMENT BANK BERHAD	Unit 1B, 2B & 3B Jalan USJ 10/1J USJ 10, 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03 – 8022 1888	087-059
SJ SECURITIES SDN BHD	26, Jalan Pendafran U1/54 Temasya Glenmarie 40200 Shah Alam Selangor Darul Ehsan Tel No : 03 – 5567 3000	096-001
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7732 3862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03 – 8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA 1A Jalan SS20/1, Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 7729 5713	058-007
<b><u>MELAKA</u></b>		
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06 – 289 8800	065-006

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>MELAKA (cont'd)</u></b>		
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No : 06 – 337 1533	012-001
KENANGA INVESTMENT BANK BERHAD	71 (Ground, A&B) & 73 (Ground, A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06 – 2881 720	073-001
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06 – 337 2550	073-001
MERCURY SECURITIES SDN BHD	81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06 – 2921 898	093-003
PM SECURITIES SDN BHD	No 6-1, Jalan Lagenda 2, Taman 1 Lagenda, 75400 Melaka Tel No : 06 – 288 0050	064-006
RHB INVESTMENT BANK BERHAD	579, 580 & 581, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06 – 282 5211	087-026
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06 – 286 2618	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No : 06 – 335 2511	078-014
<b><u>PERAK DARUL RIDZUAN</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	21, Jalan Stesen Ground Floor, 1, 2 & 3 34000 Taiping Perak Darul Ridzuan Tel No : 05 – 806 6688	068-003



**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>PERAK DARUL RIDZUAN (Cont'd)</u></b>		
CGS-CIMB SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05 – 208 8688	065-001
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05 – 2530 888	066-003
KENANGA INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 4th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05 – 242 2828	073-022
M & A SECURITIES SDN BHD	5th and 6th Floor and Unit 8A M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05 – 241 9800	057-001
MALACCA SECURITIES SDN BHD	No 3, 1st Floor, Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No: 05 – 254 1533 / 254 1577	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05 – 245 3400	098-002
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05 – 623 6498	087-014
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05 – 692 1228	087-016

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>PERAK DARUL RIDZUAN (cont'd)</u></b>		
RHB INVESTMENT BANK BERHAD	Unit E-2-2A, E-3-2A, E-4-2A & E-5-2A SOHO Ipoh 2, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No. : 05-241 5100	087-023
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05 – 808 8229	087-034
RHB INVESTMENT BANK BERHAD	No 1&3, 1st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05 – 717 0888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05 – 253 1313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No : 05 – 241 1290	078-002
<b><u>PULAU PINANG</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD	No. 2 & 4, Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
PHILLIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	29A, Ground Floor Beach Street 10300 Pulau Pinang Tel No : 04-261 6363	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-001

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>PULAU PINANG (Cont'd)</u></b>		
CGS-CIMB SECURITIES SDN BHD	Level 2, Menara BHL, 51, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel No : 04-2385900	065-001
CGS-CIMB SECURITIES SDN BHD	No. 20-1 & 20-2 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Nayan Lepas Pulau Pinang Tel No : 04-6412 881	065-001
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 (Unit 1) & Level 3 No 56. Cantontment Road 10250 Pulau Pinang Tel No : 04-2268288	054-002
JF APEX SECURITIES BERHAD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No : 04-2289118	079-005
MALACCA SECURITIES SDN BHD	28, Lorong Tangling Indah 3 Taman Tangling Indah 14100 Simpang Ampat Pulau Pinang Tel. No. : 04-506 0967	012-001
MALACCA SECURITIES SDN BHD	No.17, 1 <sup>st</sup> Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel. No. : 04-642 1533	012-001
MAYBANK INVESTMENT BANK BERHAD	Ground Floor, Bangunan KWSP No. 38, Jalan Sultan Ahmad Shah 10050 Georgetown, Pulau Pinang Tel No : 04 – 219 6888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Pulau Pinang Tel No : 04 – 332 2123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2, Lebuhr Pantai 10300 Pulau Pinang Tel No : 04 – 263 9118	093-004

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>PULAU PINANG (cont'd)</u></b>		
MERCURY SECURITIES SDN BHD	D'Piazza Mall 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel No : 04 – 640 0822	093-006
KENANGA INVESTMENT BANK BERHAD	7 <sup>th</sup> , 8 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel.No.: 04-228 3355	073-023
PM SECURITIES SDN BHD	56B, 1 <sup>st</sup> Floor Jalan Perak, Perak Plaza 10150 Pulau Pinang Tel. No.: 04-2273 000	064-004
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04 – 390 0022	087-005
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground Floor-3rd Floor & 5th-8th Floor Lebuh Bishop 10200 Pulau Pinang Tel No : 04 – 263 4222	087-033
RHB INVESTMENT BANK BERHAD	1st Floor No. 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04 – 640 4888	087-042
TA SECURITIES HOLDINGS BERHAD	3rd Floor, Bangunan Heng Guan No. 171, Jalan Burmah 10050 Pulau Pinang Tel No : 04 – 227 2339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04 – 229 9318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	21Jalan Bayu Mutiara 2 Taman Bayu Mutiara 14000 Bukit Mertajam Pulau Pinang Tel No : 04 – 504 7313 / 7316	078-003

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>PAHANG DARUL MAKMUR</u></b>		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1st Floor B400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09 – 566 0800	076-002
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. A-27, Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09 – 505 7800	065-001
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09 – 517 1698	073-001
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09 – 222 0993	012-001
RHB INVESTMENT BANK BERHAD	No. 12 Ground Floor, 1st and 2nd Floor Jalan Putra Square 1 Putra Square 25300 Pahang Darul Makmur Tel. No. : 09-517 3811	087-007
<b><u>KELANTAN DARUL NAIM</u></b>		
CGS-CIMB SECURITIES SDN BHD	Level 4 Wisma TCH (formerly known as Wisma Square Point) Jalan Pengkalan Chepa 15400 Kota Bharu Kelantan Darul Naim Tel. No. : 09-741 9050/9051/9052/9053	065-001
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09 – 743 0077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09 – 7432 288 / 3388	058-004

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KELANTAN DARUL NAIM (Cont'd)</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09 – 747 3906	078-004
<b><u>TERENGGANU DARUL IMAN</u></b>		
PHILLIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	No. 46, 1 <sup>st</sup> Floor Jalan Sultan Ismail 20200 Kuala Terengganu Tel.No.: 09-6317 922	076-009
RHB INVESTMENT BANK BERHAD	1st Floor, 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09 – 626 1816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09 – 622 4766	078-016
<b><u>KEDAH DARUL AMAN</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	No. 70 & 70A, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04 – 425 6666	068-011
PHILLIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	Lot T-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04 – 731 7088 / 8270	076-004
CGS-CIMB SECURITIES SDN BHD	2nd Floor, No. 102 Kompleks Persiaran Sultan Abdul Hamid Jalan Pegawai 05050 Alor Setar Kedah Darul Aman Tel. No. : 04-777 4400/4401	065-001
MALACCA SECURITIES SDN BHD	No. 9, First Floor Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No : 04 – 735 0888	012-001

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** (cont'd)

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KEDAH DARUL AMAN</u></b>		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor, 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04 – 720 9888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A, 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04 – 732 2111	078-007
<b><u>NEGERI SEMBILAN DARUL KHASUS</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	No. 29G, Jalan S2 B16 Pusat Dagangan Seremban 2 70300 Seremban Negeri Sembilan Darul Khusus Tel. No. : 06-603 7408	068-007
AFFIN HWANG INVESTMENT BANK BERHAD	6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06 – 455 3188	068-013
CGS-CIMB SECURITIES SDN BHD	1st Floor, No 21, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel. No. : 06-455 3166/3266	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, Lot 3110 Jalan Besar, Lukut 71010 Port Dickson Negeri Sembilan Darul Khusus Tel. No. : 06-651 5385	065-001
CGS-CIMB SECURITIES SDN BHD	Level 2 Wisma Dewan Perniagaan Melayu Negeri Sembilan Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel. No. : 06-761 4651	065-001
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban, Negeri Sembilan Tel No : 06 – 765 5998	073-001

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>NEGERI SEMBILAN DARUL KHUSUS (Cont'd)</u></b>		
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Tel No : 06 – 766 9555	098-005
PM SECURITIES SDN BHD	1st-3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06 – 762 3131	064-002
PM SECURITIES SDN BHD	Ground & 1 <sup>st</sup> Floor No. 3, Jalan Dato Abdullah 71200 Kuala Klawang Negeri Sembilan Darul Khusus Tel No : 06 – 613 7767	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06 – 764 1641	087-024
<b><u>JOHOR DARUL TAKZIM</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07 – 222 2692	068-004
PHILLIP CAPITAL SDN BHD (Formerly known as Alliance Investment Bank Berhad)	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07 – 771 7922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07 - 434 2282	086-001
CGS-CIMB SECURITIES SDN BHD	No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07 – 340 5888	065-001



**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>JOHOR DARUL TAKZIM (Cont'd)</u></b>		
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 384A Jalan Simbang, Taman Perling 81200 Johor Bahru Johor Darul Takzim Tel. No. : 07-232 9673	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, 113 & 114 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel. No. : 07-931 1509/1523	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 101 Jalan Gambir 8 Bandar Baru Bukit Gambir 84800 Muar Johor Darul Takzim Tel. No. : 06-976 4559/4560	065-001
CGS-CIMB SECURITIE SDN BHD	1st Floor No. 8A Jalan Dedap 20 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel. No. : 07-353 7669/7959	065-001
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07 – 223 1211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07 – 333 3600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06 – 978 2292	073-001
KENANGA INVESTMENT BANK BERHAD	57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06 – 953 1222	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07 – 467 8885	073-001

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>JOHOR DARUL TAKZIM (cont'd)</u></b>		
KENANGA INVESTMENT BANK BERHAD	916, Ground Floor Jalan Bakek 82000, Pontian Johor Darul Takzim Tel: 07 – 686 1121	073-001
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07 – 338 1233	057-003
MALACCA SECURITIES SDN BHD	No. 74, Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07 – 335 1533	012-001
MALACCA SECURITIES SDN BHD	1735-B, Jalan Sri Putri 4 Taman Putri Kulai 81000 Kulaijaya Johor Darul Takzim Tel: 07 – 663 8877	012-001
MALACCA SECURITIES SDN BHD	Lot 880, 3 ½ Mile Jalan Salleh 84000 Muar Johor Darul Takzim Tel: 06 – 9536 948	012-001
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07 – 331 6992	093-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07 – 433 3608	064-008
RHB INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07 – 278 8821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07 – 438 0288	087-009

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>JOHOR DARUL TAKZIM (cont'd)</u></b>		
RHB INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06 – 953 8262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07 – 557 7628	087-029
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07 – 932 1543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07 – 776 9655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07 – 662 6288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor, Nos. 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07 -352 2293	087-043
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No : 07 – 943 5278	058-009
TA SECURITIES HOLDINGS BERHAD	15, Jalan Molek 1/5A Taman Molek 81000 Johor Bahru Tel No: 07 – 364 7388	058-011

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>JOHOR DARUL TAKZIM (cont'd)</u></b>		
TA SECURITIES HOLDINGS BERHAD	No. 29-03, Jalan Sri Pelangi Taman Pelangi 80400 Johor Bahru Tel No: 07-3364672	058-013
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07 – 333 2000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07 – 663 5651	078-001
<b><u>SARAWAK</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No : 082 – 34 1999	068-005
AMINVESTMENT BANK BERHAD	1st , 2nd, & 3rd Floor, No. 162, 164, 166 & 168 Jalan Abell 93100 Kuching Sarawak Tel No : 082 – 24 4791	086-001
CGS-CIMB SECURITIES SDN BHD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084 – 367 700	065-001

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>SARAWAK (cont'd)</u></b>		
CGS-CIMB SECURITIES SDN BHD	Level 1 (North), Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082 – 35 8688	065-001
KENANGA INVESTMENT BANK BERHAD	Lot 1866, Jalan MS 2/5 Marina Square 2 Marina Parkcity 98000 Miri Sarawak Tel No : 085 – 43 5577	073-001
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082 – 33 8000	073-001
KENANGA INVESTMENT BANK BERHAD	11-12, Ground & 1st Floor Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084 – 31 3855	073-001
MERCURY SECURITIES SDN BHD	1st Floor 16, Jalan Getah 96100 Sarikei Sarawak Tel No : 084 – 65 6281	093-001
RHB INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No. : 086-31 7678	087-053
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2 <sup>nd</sup> Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel. No. : 082-250 888	087-008
RHB INVESTMENT BANK BERHAD	No. 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084 – 32 9100	087-008

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>SARAWAK (cont'd)</u></b>		
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak Tel No : 084 – 31 9998	058-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000, Miri Sarawak Tel: 085 – 32 4128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No 16, Lorong Intan 6 96000 Sibul Sarawak Tel: 084 – 25 2737	078-018
<b><u>SABAH</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088 – 31 1688	068-008
CGS-CIMB SECURITIES SDN BHD	1st & 2nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088 – 32 8878	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Lot 12 Block A3, Phase 2 Utama Place Mile 6, Northern Road Sandakan Sabah Tel. No. : 089-21 5578	065-001
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088 – 23 6188	073-032

**DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(cont'd)*

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>SABAH (Cont'd)</u></b>		
RHB INVESTMENT BANK BERHAD	2nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088 – 26 9788	087-010
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088 – 23 4090	078-011

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