NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF TECHSTORE BERHAD ("TECHSTORE" OR THE "COMPANY") DATED 22 JANUARY 2025 ("ELECTRONIC PROSPECTUS")

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

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd ("**M&A Securities**"), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the 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 Form is 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, M&A Securities and TechStore 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 22 January 2025 and will close at 5.00 p.m. on 4 February 2025.

In the event the Closing Date is extended, TechStore will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date, and make an announcement on Bursa Securities' website.

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

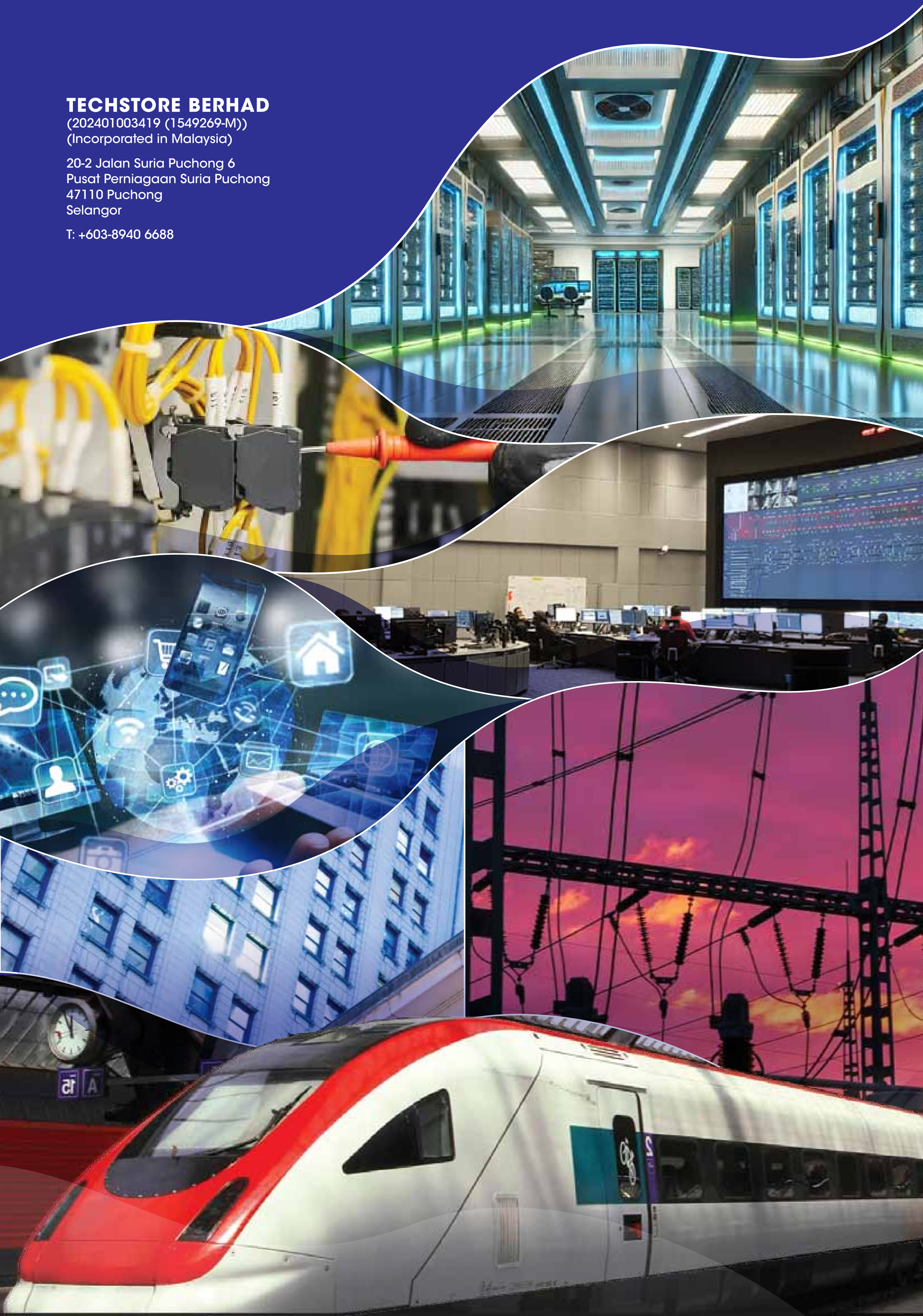
The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use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

TECHSTORE BERHAD
(202401003419 (1549269-M))
(Incorporated in Malaysia)

20-2 Jalan Suria Puchong 6
Pusat Perniagaan Suria Puchong
47110 Puchong
Selangor

T: +603-8940 6688



TECHSTORE BERHAD PROSPECTUS

PROSPECTUS

This Prospectus is dated 22 January 2025

TECHSTORE

TECHSTORE BERHAD
(202401003419 (1549269-M))
(Incorporated in Malaysia)

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

(I) PUBLIC ISSUE OF 125,000,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- **25,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC**
- **25,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;**
- **62,500,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND**
- **12,500,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS**

AND

(II) OFFER FOR SALE OF 25,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.20 PER ISSUE SHARE/ OFFER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent

M&A

M & A SECURITIES SDN BHD
(197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering 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 the company and takes no responsibility for the contents of this document, 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. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 191.

THE ACE MARKET OF BURSA SECURITIES 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.

Our Directors, Promoters and Selling Shareholder (as defined herein) 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 there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), 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.

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

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

Securities listed on Bursa Securities are offered to the public premised on 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.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 3 October 2024. Our 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 shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The SC had on 18 October 2024 approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

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 applicable securities or equivalent legislation 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.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

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

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the 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 or Participating Securities Firms (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions or Participating Securities Firms.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic 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 are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

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

(a) We and our Adviser do not endorse and are not affiliated in any way with 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 on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and

(c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our 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 material.

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

(a) The Internet Participating Financial Institutions or Participating Securities Firms are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions or Participating Securities Firms and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions or Participating Securities Firms and thereafter communicated or disseminated in any manner to you or other parties; and

(b) 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 an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions or Participating Securities Firms shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults 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 or participating securities firms, 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

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	**Indicative date**
Issuance of this Prospectus/Opening of Application	22 January 2025
Closing of Application	4 February 2025
Balloting of Application	6 February 2025
Allotment of IPO Shares to successful applicants	14 February 2025
Date of Listing	18 February 2025

In the event there is any change to the timetable, we will advertise the notice of such change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used in this section are defined under "Definitions" commencing from page vii.

All references to "TechStore" and "Company" in this Prospectus are to TechStore Berhad (Registration No. 202401003419 (1549269-M)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

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, plans and objectives 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 Management'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 "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "propose", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

(a) demand for our services;

(b) our business strategies;

(c) our future plans;

(d) our future earnings, cash flows and liquidity; and

(e) our ability to pay future dividends.

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

(a) the economic, political and investment environment in Malaysia; and

(b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". 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 matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part ll (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC.

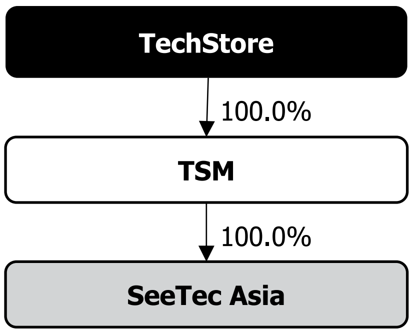
DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

"TechStore" or "Company"	:	TechStore Berhad (202401003419 (1549269-M))
"TechStore Group" or "Group"	:	TechStore and its subsidiaries, collectively
"SeeTec Asia"	:	SeeTec Asia Sdn Bhd (201201025310 (1009800-X))
"TSM"	:	Tech-Store Malaysia Sdn Bhd (201101003927 (932067-M))

A diagrammatic illustration of our Group structure is as follows:



MAJOR CUSTOMERS AND SUPPLIERS OF OUR GROUP:

The following are details of our major customers and suppliers whose names have been redacted throughout this Prospectus due to provisions of confidentiality in our agreements executed with these customers and suppliers:

Major customers

"Customer A"	:	Customer A is a Malaysian company listed on the Main Market of Bursa Securities, which is principally involved in the operation of leisure and hospitality business covering integrated resorts, theme parks, gaming and entertainment
"Customer B"	:	Customer B is a company incorporated in the People's Republic of China with a branch registered in Singapore, which is principally involved in the construction of electrified railways Customer B is a subsidiary of a company involved in construction and engineering, which is listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange
"Customer C"	:	Customer C is a Malaysian company, which is principally involved in printing of banknotes
"Customer D" or "Supplier B"	:	Customer D or Supplier B is a Malaysian company, which is principally involved in the provision of consultation services for security, ICT and related services

"Customer E"	:	Customer E is a Malaysian company, which is the owner and operator of 3 LRT networks and 1 monorail, operator of 2 MRT lines as well as owner-operator for stage bus services in Klang Valley, Penang and Pahang
"Customer F"	:	Customer F is a Malaysian company, which is principally involved in the marketing, installation, rental and servicing of security products Customer F is a wholly-owned subsidiary of a company involved in the industrial, motors, healthcare and others sectors, which is listed on the Main Market of Bursa Securities
"Customer G"	:	Customer G is a Malaysian company, which is principally a developer of urban rail transport infrastructure
"Customer H"	:	Customer H is a Malaysian company, which is principally engaged as turnkey contractors, energy project development specialising in district cooling system and co-generation including operation and maintenance works Customer H is a wholly-owned subsidiary of a utilities company listed on the Main Market of Bursa Securities
"Customer I"	:	Customer I is a Government agency, which is principally involved in public safety and order, immigration and border control, civil registration and local governance
"Customer J"	:	Customer J is a Malaysian company, which is principally involved in manufacturing of rolling stock, overhaul maintenance and refurbishment services Customer J is ultimately owned by a Chinese state-owned company involved in manufacturing of rolling stock, which is listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange
"Customer K"	:	Customer K is a Malaysian company, which is principally involved in the construction of railways and subways Customer K is a wholly-owned subsidiary of Customer G
Major suppliers		
"Supplier A"	:	Supplier A is a Malaysian company, which is principally a developer of mobile and web applications, enterprise architecture, and digital transformation solutions
"Supplier B" or "Customer D"	:	Supplier B or Customer D is a Malaysian company, which is principally involved in the provision of consultation services for security, ICT and related services
"Supplier C"	:	Supplier C is a Malaysian company, which is principally involved in the sale, contract and installation of security systems, electronic surge protection systems, renewable energy systems and products, and supply of solar photovoltaic modules, inverters, cables, mounting systems and system maintenance of renewable energy products and services

GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Acquisition"	:	Acquisition by TechStore of the entire equity interest of TSM for a purchase consideration of RM32.1 million which was wholly satisfied by the issuance of 374,999,999 new Shares at an issue price of RM0.0855 per share
"Act"	:	Companies Act 2016
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor" or "Underwriter" or "Placement Agent"	:	M&A Securities
"Application(s)"	:	Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)
"Application Form(s)"	:	Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"ATM"	:	Automated teller machine
"BNM"	:	Bank Negara Malaysia
"Board"	:	Board of Directors of TechStore
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"C&C"	:	Command & control
"CAGR"	:	Compound annual growth rate
"CCC"	:	Certificate of completion and compliance
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act" or "SICDA"	:	Securities Industry (Central Depositories) Act 1991
"CIDB"	:	Construction Industry Development Board
"CIDB Act"	:	Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Our constitution

"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Depository Rules" or "Rules of Bursa Depository"	:	Rules of Bursa Depository and any appendices thereto
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"ESA 1990"	:	Electricity Supply Act 1990
"Electricity Regulations"	:	Electricity Regulations 1994
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application(s)"	:	Application(s) for IPO Shares through a Participating Financial Institution's ATM
"Eligible Person(s)"	:	The eligible Director(s), employee(s), and person(s) who have contributed to the success of our Group who are eligible to participate in the Pink Form Allocations, collectively
"EPS"	:	Earnings per share
"FPE"	:	Financial period(s) ended/ending 31 July, as the case may be
"FYE"	:	Financial year(s) ended/ending 31 December, as the case may be
"Government"	:	Government of Malaysia
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR" or "Protégé"	:	Protégé Associates Sdn Bhd (200401037256 (675767-H)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Strategic Analysis of the Enterprise IT Services Industry in Malaysia" dated 6 January 2025
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue and Offer for Sale
"Internet Participating Financial Institution(s) or Participating Securities Firm(s)"	:	Participating financial institution(s) or Participating Securities Firm(s) for Internet Share Applications as listed in Section 16.6

"Internet Share Application(s)"	:	Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution or Participating Securities Firms
"IPO Price"	:	Issue/Offer price of RM0.20 per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	:	Issue Share(s) and Offer Share(s), collectively
"Issue Share(s)"	:	New Share(s) to be issued under the Public Issue
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
"ISO"	:	International Organisation for Standardisation
"KTM"	:	Keretapi Tanah Melayu
"LAD"	:	Liquidated ascertained damage
"LGA 1976"	:	Local Government Act 1976
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM57.1 million comprising 500,000,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising our Public Issue, Offer for Sale and Listing, collectively
"LPD"	:	31 December 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M & A Securities Sdn Bhd (197301001503 (15017-H))
"M&E"	:	Mechanical and electrical
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day"	:	A day on which Bursa Securities is open for trading in securities, which may include a surprise holiday (being a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year)
"MBSJ"	:	Subang Jaya City Council
"MCCG"	:	Malaysian Code on Corporate Governance
"MCO"	:	The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"MFRS"	:	Malaysian Financial Reporting Standards

DEFINITIONS *(Cont'd)*

"MITI"	:	Ministry of Investment, Trade and Industry, Malaysia
"MIDA"	:	Malaysian Investment Development Authority
"MOF"		Ministry of Finance Malaysia
"MyIPO"	:	Intellectual Property Corporation of Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	Offer for sale of 25,000,000 Offer Shares by our Selling Shareholder at our IPO Price
"Offer Share(s)"	:	Existing Share(s) to be offered under our Offer for Sale
"OSHA"	:	Occupational Safety and Health Act, 1994 (as amended by the Occupational Safety and Health (Amendment) Act 2022)
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application as listed in Section 16.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	Allocation of 25,000,000 Issue Shares to our Eligible Person(s), which forms part of our Public Issue
"Promoter(s)"	:	Tan Hock Lim and Mohd Fadzil bin Mohd Daud, collectively
"Prospectus"	:	This prospectus dated 22 January 2025 in relation to our IPO
"Prospectus Guidelines"	:	Prospectus Guidelines issued by SC
"Public Issue"	:	Public issue of 125,000,000 Issue Shares at our IPO Price
"R&D"	:	Research and development
"ROC"	:	Registrar of Companies
"SAC"	:	Shariah Advisory Council of SC
"SC"	:	Securities Commission Malaysia
"Selling Shareholder"	:	Mohd Fadzil bin Mohd Daud, who is undertaking the Offer for Sale
"Share(s)"	:	Ordinary share(s) in TechStore
"SJPP"	:	Syarikat Jaminan Pembiayaan Perniagaan Berhad
"SOP"	:	Standard operating procedures

"Specified Shareholder(s)"	:	Tan Hock Lim and Mohd Fadzil bin Mohd Daud, collectively
"Setia Utama"	:	Setia Utama LRT3 Sdn Bhd (formerly known as MRCB George Kent Sdn Bhd) (201501033880 (1159200-W))
"Underwriting Agreement"	:	Underwriting agreement dated 6 January 2025 entered into between our Company and M&A Securities for the purpose of our IPO

CURRENCY AND UNIT OF MEASUREMENT:

"EUR"	:	Euro, the lawful currency of the European Union
"KV"	:	Kilovolt
"RM" and "sen"	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
"sq ft"	:	Square feet
"USD"	:	United States Dollar, the lawful currency of the United States of America
"SGD"	:	Singapore Dollar, the lawful currency of the Republic of Singapore

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TECHNICAL GLOSSARY

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

"2D"	:	Two-dimension. A type of animation process which involve images that are flat or two-dimension created on a flat surface with image variations only on the width and height
"3D"	:	Three-dimension. A type of animation process which involve images that gives the illusion that they are three-dimension moving in a three-dimension space with image variations in width, height and depth
"AFC"	:	Automatic fare collection. A fare collection system that electronically collects fares for public transportation instead of manually collecting fares from passengers
"AI"	:	Artificial intelligence. A technology that enables computers and other digital devices to perform tasks normally associated with human intelligence
"Big data"	:	A large volume of large varieties of data. When analysed, big data can reveal insights such as patterns and trends that can be used by businesses to improve decision-making and make operations more efficient
"BVI"	:	Business video intelligence, video intelligence that transforms raw video footage into actionable insights and usable data
"CAD"	:	Computer-aided design, which refers to the use of computer software to aid the creation, modification, analysis, or optimisation of die-cutting tool design
"CCTV"	:	Closed-circuit television. A system that uses video cameras to send television signals to a specific limited viewership, primarily for surveillance and security
"CCR" or "OCC"	:	Control centre room or operation control centre. A secure room whereby centralised monitoring, control, and command of an organisation's overall operations are carried out. May also be known as an operation control centre For avoidance of doubt, the usage of "CCR" or "OCC" is interchangeable, and in the context of a project, will depend on the project owner
"DLP"	:	Defect liability period. A set period of time after a construction project has been completed during which a contractor is obliged to return to the site to remedy defects
"EAC"	:	Electronic access control. A security system that uses electronically powered locks or credential readers to manage personnel access to a specific secured area

TECHNICAL GLOSSARY *(Cont'd)*

"ELV"	:	Extra low-voltage. An electricity supply voltage that is part of the low-voltage band which carries a low risk of dangerous electric shocks
"Enterprise IT"	:	Enterprise information technology. Hardware, software, and other IT services that are designed to meet the needs of large organisations, enabling interchange of information from various business areas and databases
"EPCC"	:	Engineering, procurement, construction and commissioning
"EPOS"	:	Electronic payment and operating systems. An electronic system used in retail stores to process customer sales, enable payment transactions, and capture customer data
"ERP"	:	Enterprise resource planning. A type of software that organisations utilise to manage day-to-day activities including accounting, procurement, project management, and supply chain operations
"HRMIS"	:	Human resources management information system. A software that aids an organisation in collecting, managing, storing, and processing its employee information
"ICCS"	:	Integrated command and control system. A command and control system (where the operations of an organisation such as monitoring, controlling, and commanding is carried out) that has various different systems, applications, and technologies integrated into a single system
"ICT"	:	Information communication technology. The technologies and services that enable information to be accessed, stored, processed, transformed, manipulated, and disseminated, including the transmission or communication of voice, image and/or data over a variety of transmission media
"IFM"	:	Integrated facility management. The consolidation of all facility management efforts (e.g., heating, ventilation, and air conditioning (HVAC), maintenance, electrical, fire safety) into a single system and management team
"IoT"	:	Internet of Things. A type of network that realises intelligent identification, positioning, tracking, monitoring and management of targeted objects achieved by exchange of information and communication between such targets and internet via intelligent terminal products under pre-determined protocol
"IT"	:	Information technology. The usage of systems or devices (such as computers and telecommunications) to access information
"LRT"	:	Light rail transit. A rapid transit system that operates short trains on fixed tracks in a metropolitan area
"MRT"	:	Mass rapid transit. A rapid transit system that operates short trains on fixed tracks in a metropolitan area. Typically operates with more carriages and carries a higher capacity of passengers than LRT

TECHNICAL GLOSSARY *(Cont'd)*

"NVR"	:	Network video recorder. A specialised computer system that records video in digital format to a storage device. NVR can generally record video and audio in higher resolution
"PA system"	:	Public address system. An electronic system comprising microphones, amplifiers, loudspeakers and related equipment used to broadcast information in public areas
"PIS"	:	Passenger information system. An integrated system that provides passengers visual and audio information to passengers such as destinations and next stops
"POS"	:	Point of sale. A device such as a cash register or electronic POS used to process transactions by customers. POS may be a physical device in brick-and-mortar stores, or a checkout point in online stores
"PSDS"	:	Platform screen door system. A system that controls the opening and closing of platform screen doors, which are doors that provide a barrier between the station platform and the tracks to enhance safety and limit track intrusion
"PSIM"	:	Physical security integrated management. A system that can integrate different types of security applications and devices into a single platform, which can then be monitored in real time
"RTS"	:	Rapid transit system. A type of fast-moving public transportation built in urban areas that can carry high capacity of passengers
"SCADA"	:	Supervisory control and data acquisition. A control system with a central processing unit that monitors and controls a complete site or commonly a system or facility spread out over a long distance

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LIST OF PROJECTS COMMONLY REFERRED TO IN THIS PROSPECTUS:

"AFC Storage Project"	:	Supply, delivery, installation, integration, testing and commissioning as well as data migration of the AFC storage server for monorail line
"ETS3 PIS Project"	:	Supply, installation and commissioning of onboard train PIS to an international company supplying trains to KTM Berhad
"HRMIS Project"	:	Supply, delivery, installation, testing and commissioning of hardware and software for the upgrading of a human resources management information system for a Malaysian government agency
"LRT3 AFC Project"	:	Design, supply, delivery, installation, implementation, testing and commissioning of an AFC system for the LRT3 line
"LRT3 EAC Project"	:	Design, supply, delivery, installation, implementation, testing and commissioning of an EAC system for the LRT3 line
"LRT3 Project"	:	Collectively, LRT3 AFC Project and LRT3 EAC Project
"PAMS Project"	:	Supply, delivery, install, integration, implementation, testing and commissioning, training and maintenance for Port Access Management System (PAMS) at a port
"PSDS Project"	:	Design, supply, install, integration, implementation, testing and commissioning of the subsystems for PSDS and associated works for LRT Kelana Jaya line
"RTS ERP Project"	:	Design, supply, delivery, installation, implementation, testing and commissioning, training, interfacing, warranty and other related works of ERP of RTS link assets for RTS link between Malaysia-Singapore

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Residential address	Nationality/ Profession	Gender
Dato' Ab Rahim bin Abu Bakar	Independent Non-Executive Chairman	120 Jalan KE 3/2 Emerald East 48000 Rawang Selangor	Malaysian/ Director	Male
Tan Hock Lim	Managing Director	2A Jalan Tijani 2/A Tijani Ukay 68000 Ampang Selangor	Malaysian/ Director	Male
Mohd Fadzil bin Mohd Daud	Executive Director	D2-04-04 Pangsapuri Damai Jalan Tasik Raja Lumu U4/17 Taman Subang Delima Seksyen U4 40150 Shah Alam Selangor	Malaysian/ Director	Male
Datin Shafinaz binti Abdul Rani	Independent Non-Executive Director	13 Jalan Gunung Tahan U11/44C Bukit Bandaraya Seksyen U11 40170 Shah Alam Selangor	Malaysian/ Advocate & Solicitor	Female
Yap Choo Cheng	Independent Non-Executive Director	36 PJU 1A/1D Ara Damansara 47301 Petaling Jaya Selangor	Malaysian/ Chartered Accountant	Female
Lim Su May	Independent Non-Executive Director	79 Duta Villa Jalan Duta Villa 1 Seksyen U13 Setia Alam 40170 Shah Alam Selangor	Malaysian/ Director	Female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Yap Choo Cheng	Chairperson	Independent Non-Executive Director
Datin Shafinaz binti Abdul Rani	Member	Independent Non-Executive Director
Lim Su May	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Lim Su May	Chairperson	Independent Non-Executive Director
Datin Shafinaz binti Abdul Rani	Member	Independent Non-Executive Director
Yap Choo Cheng	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Datin Shafinaz binti Abdul Rani	Chairperson	Independent Non-Executive Director
Yap Choo Cheng	Member	Independent Non-Executive Director
Lim Su May	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

REGISTERED OFFICE	:	B-21-1 Level 21 Tower B Northpoint Mid Valley City 1 Medan Syed Putra Utara 59200 Kuala Lumpur Telephone: +603-9770 2200
HEAD OFFICE	:	20-2 Jalan Suria Puchong 6 Pusat Perniagaan Suria Puchong 47110 Puchong Selangor Telephone: +603-8940 6688
COMPANY SECRETARIES	:	Tan Tong Lang (MAICSA 7045482) SSM Practising Certificate No. 202208000250 *(Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators)* Thien Lee Mee (LS0010621) SSM Practising Certificate No. 201908002254 *(Licensed Secretary)* B-21-1 Level 21 Tower B Northpoint Mid Valley City 1 Medan Syed Putra Utara 59200 Kuala Lumpur Telephone: +603-9770 2200
EMAIL ADDRESS AND WEBSITE	:	Website: www.tech-store.com.my Email address: info@tech-store.com.my
AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING	:	**Crowe Malaysia PLT** **(201906000005 (LLP0018817–LCA)) & (AF 1018)** Level 16 Tower C Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur Partner-in-charge: Chin Kit Seong Approval number: 03030/01/2027 J *(Chartered Accountant, Malaysian Institute of Accountants, Fellow Member of Association of Chartered Certified Accountants)* Telephone: +603-2788 9999

1. CORPORATE DIRECTORY *(Cont'd)*

ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	**M & A Securities Sdn Bhd (197301001503 (15017-H))** 45 & 47 Levels 3 and 7 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone: +603-2284 2911
SOLICITORS FOR OUR LISTING	:	**Ong Eu Jin Partnership** Unit 9-1 Level 9 Wisma Mont Kiara No. 1 Jalan Kiara Mont Kiara 50480 Kuala Lumpur Telephone: +603-6206 2053
ISSUING HOUSE AND SHARE REGISTRAR	:	**Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))** Unit 32-01 Level 32 Tower A Vertical Business Suite Avenue 3 Bangsar South 8 Jalan Kerinchi 59200 Kuala Lumpur Telephone: +603-2783 9299
INDEPENDENT MARKET RESEARCHER	:	**Protégé Associates Sdn Bhd (200401037256 (675767-H))** Suite C-09-12 Plaza Mont' Kiara 2 Jalan Kiara Mont' Kiara 50480 Kuala Lumpur Telephone: +603-6201 9301 Person-in-charge: Seow Cheow Seng *(Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia)*
LISTING SOUGHT	:	ACE Market
SHARIAH STATUS	:	Approved by the SAC

2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

	Public Issue		Offer for Sale		Total	
	No. of Shares	**(1)%**	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**
Malaysian Public(2)	25,000,000	5.0	-	-	25,000,000	5.0
Pink Form Allocations	25,000,000	5.0	-	-	25,000,000	5.0
Private placement to MITI approved Bumiputera investors	62,500,000	12.5	-	-	62,500,000	12.5
Private placement to selected investors	12,500,000	2.5	25,000,000	5.0	37,500,000	7.5
	125,000,000	**25.0**	**25,000,000**	**5.0**	**150,000,000**	**30.0**

Enlarged number of Shares upon Listing	500,000,000
IPO Price per Share	RM0.20
Market capitalisation upon Listing (based on our IPO Price and enlarged number of Shares upon Listing)	RM100,000,000

Notes:

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

(2) 12,500,000 Shares will be set aside for Bumiputera public investors.

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

In compliance with Rule 3.19(1) of the Listing Requirements, our Specified Shareholders, namely Tan Hock Lim's and Mohd Fadzil bin Mohd Daud's entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the Official List. Thereafter, their shareholdings amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their shares held under moratorium upon expiry of the second 6-month period. The moratorium has been fully accepted by the Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

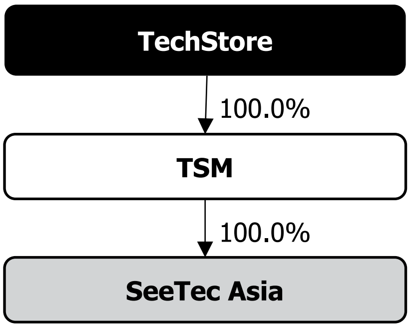
Further details on the moratorium on our Shares are set out in Section 3.2.

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Act on 23 January 2024 as a private limited company under the name of TechStore Sdn Bhd. On 6 June 2024, we converted into a public limited company and adopted our present name.

On 9 January 2024, TSM also completed the acquisition of SeeTec Asia, which is a non-common control entity with TSM. In this respect, prior to the acquisition of SeeTec Asia, since 2020, our Managing Director and substantial shareholder, Tan Hock Lim was not a shareholder of SeeTec Asia.

Our Group structure as at LPD is as follows:



Our principal activity is investment holding. Through our subsidiaries, we are primarily involved in the provision of enterprise IT services, primarily involving the IT security and automation solutions to support our customers' operations. Our Group's track record since the commencement of our business in 2011 spans several industries, and our solutions have been used in various types of operations, such as factories, theme parks, government buildings, and more recently, public infrastructure. By integrating several key operational functions from C&C, surveillance, security, access, and communication, our Group's solutions optimise the operations of our customers by, amongst others, improving security, increasing efficiency, and empowering employees to better deliver necessary actions in a timely manner, thereby increasing value to their businesses. Notably, our solutions allow for the transformation and/or migration of customers' existing analogue systems to digital without overhaul of their existing systems.

Our solutions require communication with our customers to provide them with design, development, customisation, implementation, testing and integration of the solutions to meet their application needs. We also provide our customers with maintenance and support services for the IT solutions that we deliver.

The diagram below summarises our Group's principal activities:

Business segments	**Design and implementation of enterprise IT security and automation solutions**	**Maintenance and support services**
Description	Provision of IT security and automation solutions on a turnkey basis including design, development, customisation, installation, configuration, integration, implementation, testing, commissioning, and enhancement services.	Provision of maintenance and support services for IT hardware, software and infrastructure on a preventative, comprehensive, or reactive basis.
Product and Services	• Integrated command and control systems • Extra low-voltage systems • Physical security integrated management • Business video intelligence • Electronic payment and operating systems • Integrated facility management • Sourcing and procurement of hardware and software products • Supply and customisation of related hardware	• Hardware maintenance and support • Software maintenance and support • Contracted or ad-hoc services • Upgrading of systems • Sourcing and procurement of hardware and software products
Geographical Market	• Malaysia • Singapore	
Customer Industries	• Transportation • Utilities • Hospitality and leisure • IT and Security • Logistics	

Further details of our Group and our business model are set out in Sections 6 and 7.

The breakdown of our Group's revenue by business segment for FYE 2021 to 2023 and FPE 2024 is as follows:

	Audited							
Revenue by business segment	**FYE 2021**		**FYE 2022**		**FYE 2023**		**FPE 2024**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design and implementation services	23,240	79.1	37,516	88.8	56,229	90.4	23,478	77.9
Maintenance and support services	6,142	20.9	4,723	11.2	5,978	9.6	6,642	22.1
Total	**29,382**	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**30,120**	**100.0**

The breakdown of our Group's revenue by country for FYE 2021 to 2023 and FPE 2024 based on the place of domicile of the customers which are as follows:

	Audited							
Revenue by country	**FYE 2021**		**FYE 2022**		**FYE 2023**		**FPE 2024**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	28,074	95.5	41,077	97.2	59,844	96.2	29,781	98.9
Singapore	1,308	4.5	1,162	2.8	2,363	3.8	339	1.1
Total	**29,382**	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**30,120**	**100.0**

2.3 INTERRUPTION TO BUSINESS AND OPERATIONS

Our Group had not experienced any other interruptions in our business and operations which had a significant effect on our Group for the past 12 months preceding LPD.

Further details on the impact of COVID-19 are set out in Section 7.8.

2.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth are built on the following competitive strengths:

(a) We have experienced and knowledgeable key management team. The leadership and experience of our key management team enables us to continuously provide our IT security and automation solutions to our customers in accordance with their requirements. As such, we believe that the combined experience and respective competencies of our key management team will enable us to continue the growth of our business and our market presence;

(b) We are able to offer a diverse range of comprehensive IT security and automation solutions catering to our customers' specific needs. Our Group has been involved in the IT services industry since our incorporation in 2011 and we are able to provide our customers with security and automation solutions which encompass services such as consultation and assessment; designing the solutions; procuring hardware and/or software; implementing the solutions; and maintenance and support services; and

(c) We have a diverse and reputable customer base. We have customers in the public and private sectors and they are involved in a range of business activities from transportation and hospitality and leisure, to utilities and logistics. It should be noted that for FYE 2021, FYE 2022, FYE 2023, and FPE 2024, our major customer Setia Utama, contributed 77.4%, 78.2%, 62.0% and 30.7% respectively to our revenue. This is due to the size of the LRT3 Project, which was scheduled to complete by November 2024. Delays in the handover of the site by our customer to our Group prevented us from commencing work at certain sites. On 12 November 2024 and 6 November 2024, our Group has submitted the extension of time request for LRT3 EAC Project and LRT3 AFC Project respectively, from 1 December 2024 to 30 June 2025 as well as 1 December 2024 to 7 August 2025, respectively, to our customer and is awaiting confirmation from our customer pending evaluation. Subsequently, our Group had vide a letter to Setia Utama dated 9 January 2025 submitted a revised work programme and request for an updated timeline to complete the works for LRT3 EAC Project and LRT3 AFC Project by 23 August 2025 and 30 August 2025, respectively, and is awaiting confirmation from our customer, pending evaluation. Nonetheless, as at LPD, our Group has an order book amounting to RM104.7 million and tender book amounting to RM647.2 million, which spans across several industries.

Further details of our competitive strengths are set out in Section 7.15.

2.5 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our business and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies:

(a) To enhance our business activities, our Group intends to expand our business development team, which as at LPD consists of 6 personnel. The business development team will be segmented into several teams focused to develop projects from other different end-user industries. Their roles include planning and executing sales and marketing activities, attending inquiries from prospective customers, preparing detailed proposals and presentation to customers as well as preparation of tender and quotations;

(b) To support our growth, we intend to purchase additional equipment as well as IT software. We intend to allocate approximately RM2.0 million of the gross proceeds from our Public Issue for purchasing of additional equipment as well as IT software; and

(c) Our Group has been awarded projects related to the RTS link between Singapore and Malaysia. As such, we intend to set up a branch office in Danga Bay, Johor Bahru to ensure that we are able to improve on the timeliness and efficiency of our services. We also believe that by expanding our geographical presence, we will be able to offer our services to more potential customers and further grow our brand.

Further details of our business strategies are set out in Section 7.16.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

(a) We are dependent on our major customer, Setia Utama. We have been providing design and implementation services to Setia Utama since 2019 and they have accounted for 77.4%, 78.2%, 62.0% and 30.7% of our revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively;

(b) Our Group's prospects and financial performance is dependent on our ability to continuously secure new projects from existing and new customers on a timely basis. Any loss of our customers or our inability to secure new customers, or additional projects from our existing customers could adversely affect our financial performance;

(c) Our IT security and automation solution projects are subject to unanticipated delays or interruptions caused by various factors which include but are not limited to, changes in project scope, unavailability of resources, inaccurate cost estimation, inaccurate project timeline estimation, all of which may hinder the implementation of our projects. Such interruptions will result in delays in the progress of our projects, our timing of delivery which may consequently reduce our Group's profit margin, delay the recognition of our revenue and exposure us to additional costs, any of which could adversely affect our Group's financial performance;

(d) We may face cost overruns and LAD claims in our projects. Our cash flow and profitability are dependent upon our ability to accurately estimate the time and costs associated with the implementation of our projects which may be affected by a variety of factors, including technical difficulties, issues with integration to third party vendors' products, procurement of additional hardware and other unforeseeable issues and circumstances. Any one of these factors could result in a delay in the completion of a project or cause cost overruns, which would adversely impact our financial performance;

(e) We are dependent on customers within the public land transportation sector. They have in aggregate accounted for approximately 82.2%, 90.3%, 83.6% and 64.9% of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively. Any material change in the policies or directions in the public land transportation sector could adversely affect the financial performance and prospects of our Group;

(f) Our present and future success are largely dependent upon the continuous efforts and invaluable experience of our Executive Directors, and key senior management. As such, the loss of our Managing Director, Executive Director and experienced key senior management team members without suitable and timely replacements, may create an unfavourable impact on our Group's business and prospects;

(g) Our reputation may be affected if the security of confidential information or personal information of our customers is breached or otherwise subject to unauthorised access or disclosure. As a result, our business and financial performance may be negatively affected;

(h) We may face early termination of our contracts. Our business with our customers are on project basis through contracts or purchase orders which may include clauses for early termination in addition to standard clauses allowing for termination for reasons such as failure to fulfil service terms, neglect of obligations, involvement in corruption or unlawful activities, or insolvency faced by us. Any early termination of our contracts, will result in loss of revenue which may have an adverse impact on the financial performance and prospects of our Group; and

(i) We are reliant on the timely supply of such software and hardware components procured from our technology partners and vendors to facilitate the delivery of our services. Any interruptions in supply and/ or prolonged shortages of the required components, or operational issues or financial constraints faced by our suppliers which prevents them from fulfilling their obligations to us, the progress and delivery of our projects may be delayed. This will in turn adversely affect our business and financial performance.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Dato' Ab Rahim bin Abu Bakar	Independent Non-Executive Chairman
Tan Hock Lim	Managing Director
Mohd Fadzil bin Mohd Daud	Executive Director
Datin Shafinaz binti Abdul Rani	Independent Non-Executive Director
Yap Choo Cheng	Independent Non-Executive Director
Lim Su May	Independent Non-Executive Director
Key senior management	
Susie Chung Kim Lan	Chief Financial Officer
Petr Obsel	Chief Technology Officer
Juraj Zidzik	Chief Information Officer
Mohd Afiq bin Mustaffa	Head of Engineering
Fong Lai Kuan	Manager – Contract & Risk

Further details of our Directors and key senior management are set out in Section 5.

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2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

		[(1)]Before IPO				[(2)]After IPO			
		Direct		Indirect		Direct		Indirect	
Name	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Hock Lim	Malaysian	295,156,250	78.7	-	-	295,156,250	59.0	-	-
Mohd Fadzil bin Mohd Daud	Malaysian	79,687,500	21.3	-	-	54,687,500	11.0	-	-

Notes:

(1) Based on the share capital of 375,000,000 Shares before our IPO.

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

Further details of our Promoters and substantial shareholders are set out in Section 5.

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2.9 UTILISATION OF PROCEEDS

The gross proceeds to be raised by our Company from our Public Issue of RM25.0 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	[(1)]Estimated timeframe for utilisation
Working capital	11,480	45.9	Within 24 months
Repayment of bank borrowings	5,000	20.0	Within 6 months
Recruitment of business development personnel	2,718	10.9	Within 30 months
Capital expenditure	2,302	9.2	Within 24 months
Estimated listing expenses	3,500	14.0	Within 1 month
Total	**25,000**	**100.0**	

Note:

(1) From the date of listing of our Shares.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

2.10 FINANCIAL HIGHLIGHTS

2.10.1 Combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for FYE 2021 to 2023 and FPE 2023 to 2024:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	29,382	42,239	62,207	19,910	30,120
GP	10,406	10,965	15,064	5,475	6,705
Other income	192	[(4)]1,209	290	150	1,948
PBT	9,102	9,375	10,496	3,098	3,723
PAT	6,762	7,212	7,722	2,070	2,840
GP margin (%)[(1)]	35.4	26.0	24.2	27.5	22.3
PAT margin (%)[(2)]	23.0	17.1	12.4	10.4	9.4
Diluted EPS (sen)[(3)]	1.35	1.44	1.54	0.41	0.57

Further details on the financial information are set out in Sections 12 and 13.

Notes:

(1) Calculated based on GP over revenue.

(2) Calculated based on PAT over revenue.

(3) Calculated based on PAT over our enlarged share capital of 500,000,000 Shares after our IPO.

(4) Comprises RM0.9 million which relates to the reversal of overprovision of completed project, being the unutilised defect liability provided for LRT Ampang line infotainment system upgrade project after expiry of the DLP.

There were no exceptional items during the financial years under review. Our audited financial statements for the past financial years under review were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.

2.10.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the effects of the Acquisition, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma combined statements of financial position as set out in Section 14.

		I	II	III	IV
	As at 31 July 2024	**After adjustment for material subsequent events(1)**	**After I and Acquisition**	**After II and Public Issue**	**After III and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
ASSETS					
Total non-current assets	36,083	39,146	39,146	39,146	39,146
Total current assets	66,142	66,142	66,142	91,142	83,589
TOTAL ASSETS	**102,225**	**105,288**	**105,288**	**130,288**	**122,735**
EQUITY AND LIABILITIES					
Share capital	-*	-*	32,062	57,062	55,461
Invested equity	12,000	12,000	-	-	-
Retained profits	22,913	22,913	22,913	22,913	21,961
Reorganisation reserve	-	-	(20,062)	(20,062)	(20,062)
TOTAL EQUITY	**34,913**	**34,913**	**34,913**	**59,913**	**57,360**
Total non-current liabilities	31,326	33,806	33,806	33,806	31,146
Total current liabilities	35,986	36,569	36,569	36,569	34,229
TOTAL LIABILITIES	**67,312**	**70,375**	**70,375**	**70,375**	**65,375**
TOTAL EQUITY AND LIABILITIES	**102,225**	**105,288**	**105,288**	**130,288**	**122,735**
No. of Shares in issue ('000)	-*	-*	375,000	500,000	500,000
NA per Share (RM)	34,913,000	34,913,000	0.09	0.12	0.11
Borrowings	38,440	41,503	41,503	41,503	36,503
Gearing (times)	1.10	1.19	1.19	0.69	0.64

Notes:

* Representing RM1 of 1 ordinary share.

(1) On 31 December 2024, TSM entered into a hire purchase facility-i agreement with PLC Credit & Factoring Sdn Bhd amounting to RM50.0 million. The proceeds were partially drawn down on 31 December 2024 amounting to RM2.6 million to pay suppliers for the purchase ICT equipment to rent to a Government agency under a finance lease arrangement. The ICT equipment has been fully paid upon drawdown of the hire purchase loan.

On 10 September 2024, TSM signed a hire purchase agreement with Public Bank Berhad. The proceeds were drawn down on 10 September 2024 amounting to RM0.5 million for the acquisition of a motor vehicle.

2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

During FYE 2021 to 2023, FPE 2024 and up to LPD, we have declared and paid the following dividends:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 August 2024 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	-	300	-	-	-

The dividends declared and paid in FYE 2022 were funded via internally generated funds. We do not intend to declare and pay any dividends from the LPD up to the point of our Listing.

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

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3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 3 October 2024, approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(1)	Submission of the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	To be complied
(2)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(3)	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	Complied
(4)	Make the relevant announcement pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(5)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of TechStore on the first day of Listing;	To be complied
(6)	In relation to the Public Issue to be undertaken by TechStore, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of TechStore arising from the Public Issue, if any.	To be complied
(7)	TechStore / M&A 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 TechStore to the Official List.	To be complied

3. APPROVALS AND CONDITIONS *(Cont'd)*

3.1.2 SC approval

Our IPO 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 18 October 2024, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies.

The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	TechStore is to allocate shares equivalent to 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved by MITI in conjunction with the Listing; and	To be complied
(b)	TechStore is to make available at least 50.0% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors.	To be complied

The effect of our Listing on our equity structure is as follows:

	As at LPD		After Listing	
Category of shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Bumiputera				
- Bumiputera investors approved by MITI[(1)]	-	-	62,500,000	12.5
- Bumiputera public investors via balloting[(1)]	-	-	12,500,000	2.5
- Others[(2)]	-	-	55,552,350	11.1
Total Bumiputera	**-**	**-**	**130,552,350**	**26.1**
Non-Bumiputera	1	100.0	368,547,650	73.7
Malaysians	**1**	**100.0**	**499,100,000**	**99.8**
Foreigners[(3)]	-	-	900,000	0.2
	1	**100.0**	**500,000,000**	**100.0**

Notes:

(1) Based on the assumption that Shares offered to Bumiputera investors approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.

(2) Comprises:
- 54,687,500 Shares held by Mohd Fadzil bin Mohd Daud (our Promoter, Executive Director and substantial shareholder);
- 156,250 Shares held by Nor Azman bin Abd Razak (Director of TSM) and assuming that 108,600 Shares offered under his Pink Form Allocations shall be fully subscribed; and
- The assumption that 600,000 Shares offered to Bumiputera Independent Directors and key senior management under the Pink Form Allocations shall be fully subscribed.

(3) Based on the assumption that 500,000 Shares and 400,000 Shares offered to Petr Obsel and Juraj Zidzik (both our foreign key senior management), respectively under the Pink Form Allocations shall be fully subscribed.

3. APPROVALS AND CONDITIONS *(Cont'd)*

SAC had classified our Shares as shariah-compliant based on our audited financial statements for FYE 2023 on 13 September 2024.

3.1.3 MITI approval

The MITI had, vide its letter dated 1 August 2024, taken note and has no objection to our Listing.

3.2 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:

(a) 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**");

(b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and

(c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

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3. APPROVALS AND CONDITIONS *(Cont'd)*

Details of our Specified Shareholders and their Shares which will be subject to the abovesaid moratorium, are set out below:

	Year 1				Year 2		Year 3	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
Specified Shareholders	**No. of Shares[1]**	**[2]%**	**No. of Shares[1]**	**[2]%**	**No. of Shares[1]**	**[2]%**	**No. of Shares[1]**	**[2]%**
Tan Hock Lim	295,156,250	59.0	175,000,000	35.0	115,000,000	23.0	55,000,000	11.0
Mohd Fadzil bin Mohd Daud	54,687,500	11.0	50,000,000	10.0	35,000,000	7.0	20,000,000	4.0
	349,843,750	**70.0**	**225,000,000**	**45.0**	**150,000,000**	**30.0**	**75,000,000**	**15.0**

Notes:

(1) After Offer for Sale.

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

The moratorium has been fully accepted by our abovementioned 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 abovementioned Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 22 January 2025 and will remain open until 5.00 p.m. on 4 February 2025. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus / Opening of Application	22 January 2025
Closing of Application	4 February 2025
Balloting of Application	6 February 2025
Allotment of IPO Shares to successful applicants	14 February 2025
Date of Listing	18 February 2025

In the event there is any change to the timetable, we will advertise the notice of such changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(a) Public Issue

A total of 125,000,000 Issue Shares, representing 25.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

25,000,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 12,500,000 Issue Shares made available to public investors; and

(bb) 12,500,000 Issue Shares made available to Bumiputera public investors.

(ii) Eligible Persons

25,000,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3.

(iii) Private placement to Bumiputera investors approved by MITI

62,500,000 Issue Shares, representing 12.5% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

(iv) Private placement to selected investors

12,500,000 Issue Shares, representing 2.5% of our enlarged share capital, are reserved for private placement to selected investors.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue 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 Directors.

Upon completion of our Public Issue, our share capital will increase from RM32,062,501 comprising 375,000,000 Shares to RM57,062,501 comprising 500,000,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

(b) Offer for Sale

Our Selling Shareholder will undertake an offer for sale of 25,000,000 Offer Shares, representing 5.0% of our enlarged share capital at our IPO Price. The Offer Shares shall be undertaken by way of private placement to selected investors.

(c) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM57.1 million comprising 500,000,000 Shares shall be listed on the ACE Market.

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

4.3.2 Selling Shareholder

Details of our Selling Shareholder are as follows:

Name/ Residential address	Relationship with our Group	[(1)]Before our IPO		Offer Shares offered			After our IPO	
		No. of Shares	[(2)]%	No. of Shares	[(2)]%	[(3)]%	No. of Shares	[(3)]%
Mohd Fadzil bin Mohd Daud/ D2-04-04 Pangsapuri Damai Jalan Tasik Raja Lumu U4/17 Taman Subang Delima Seksyen U4 40150 Shah Alam Selangor	Promoter, Executive Director and substantial shareholder	79,687,500	21.3	25,000,000	6.7	5.0	54,687,500	11.0

Notes:

(1) After completion of the Acquisition but before our IPO.

(2) Based on the share capital of 375,000,000 Shares before our IPO.

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

Further details of our Selling Shareholder, who is also our substantial shareholder can be found in Section 5.1.

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4.3.3 Pink Form Allocations

We have allocated 25,000,000 Issue Shares under the Pink Form Allocations to our Eligible Person(s) as follows:

Category	No. of Eligible Person(s)	Aggregate no. of Issue Shares allocated
Eligible Directors	4	800,000
Eligible employees	51	3,934,500
Persons who have contributed to the success of our Group	89	20,265,500
	144	**25,000,000**

Pink Form Allocations which are not accepted by certain Eligible Person(s) will be re-allocated among the other eligible Directors mentioned in the table above and other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors (as approved by our Board, wherein the interested Directors have abstained from deliberation on their respective allocation) are based on amongst others their anticipated contribution to our Group.

Tan Hock Lim (our Managing Director) and Mohd Fadzil bin Mohd Daud (our Executive Director) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders.

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Dato' Ab Rahim bin Abu Bakar	Independent Non-Executive Chairman	200,000
Datin Shafinaz binti Abdul Rani	Independent Non-Executive Director	200,000
Yap Choo Cheng	Independent Non-Executive Director	200,000
Lim Su May	Independent Non-Executive Director	200,000
		800,000

(b) Allocation to our eligible employees (including director of our subsidiary)

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

(i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;

(ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and

(iii) Full time employee of at least 18 years of age.

Included in the allocation to our eligible employees are the proposed allocations to:

(i) Director of subsidiary

Name	Designation	No. of Issue Shares allocated
Nor Azman bin Abd Razak	Director of TSM/Head of Design	108,600

(ii) Key senior management

Name	Designation	No. of Issue Shares allocated
Susie Chung Kim Lan	Chief Financial Officer	500,000
Petr Obsel	Chief Technology Officer	500,000
Juraj Zidzik	Chief Information Officer	400,000
Mohd Afiq bin Mustaffa	Head of Engineering	200,000
Fong Lai Kuan	Manager – Contract and Risk	400,000
		2,000,000

(c) Allocation to persons who have contributed to the success of our Group

Persons who have contributed to the success of our Group include business associates, subcontractors, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group, as approved by our Board.

4.3.4 Placement and underwriting arrangement

Our Underwriter will underwrite 50,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 75,000,000 Issue Shares from the Public Issue and 25,000,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will not be underwritten and will be placed out by our Placement Agent.

Any of our Issue Shares not subscribed by the Malaysian Public and Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

(a) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by our Eligible Persons. Likewise, any Issue Shares which are not taken up by our Eligible Persons, will be allocated to the Malaysian Public.

(b) After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified.

(c) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms and conditions of the Underwriting Agreement.

The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

(a) Any unsubscribed Issue Shares allocated to Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting.

(b) After (a) above, the remaining portion will be made available for:

  (i) Malaysian Public, in the event of an oversubscription; or

  (ii) application by way of private placement to selected investors to be identified,

  the proportion of which will be determined by our Board and Placement Agent.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI.

4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market.

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

As at LPD, save as disclosed in Section 4.3.3, to the extent known to our Company:

(a) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and

(b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

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

Details	No. of Shares	RM
Share capital		
As at the date of incorporation	1	1
Issued pursuant to the Acquisition	374,999,999	32,062,500
As at date of this Prospectus	**375,000,000**	**32,062,501**
To be issued under our Public Issue	125,000,000	25,000,000
Enlarged share capital upon our Listing	**500,000,000**	**57,062,501**

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

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer 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 paid-up on the 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.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. On a poll, every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

(a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;

(b) To gain recognition through our listing status to enhance our reputation and to retain and attract new, skilled employees from our related industry;

(c) To provide an opportunity for the Malaysian Public, including our Eligible Persons to participate in our equity; and

(d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

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

(a) Our pro forma NA per Share as at 31 July 2024 after the Acquisition, our Public Issue and utilisation of proceeds of RM0.11, calculated based on our pro forma NA after the Acquisition, our Public Issue and utilisation of proceeds as at 31 July 2024 of approximately RM57.4 million and enlarged share capital of 500,000,000 Shares upon Listing;

(b) The PE Multiple of our IPO Price of approximately 13.0 times based on our diluted EPS of approximately 1.54 sen for FYE 2023, calculated based on our PAT for FYE 2023 of RM7.7 million and enlarged share capital of 500,000,000 Shares upon Listing;

(c) Our historical financial track record as follows:

	Audited			**Unaudited**	**Audited**
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	29,382	42,239	62,207	19,910	30,120
GP	10,406	10,965	15,064	5,475	6,705
PAT	6,762	7,212	7,722	2,070	2,840

(d) Our competitive strengths as set out in Section 7.15;

(e) Our business strategies and prospects as set out in Section 7.16; and

(f) Our unbilled order book of RM104.7 million as at LPD.

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

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 500,000,000 Shares upon Listing, our total market capitalisation will be RM100.0 million.

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4.8 DILUTION

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

	RM
IPO Price	0.20
Pro forma NA per Share as at 31 July 2024 after Acquisition but before our Public Issue	0.09
Pro forma NA per Share as at 31 July 2024 after the Acquisition, our Public Issue and utilisation of proceeds	0.11
Increase in pro forma NA per Share attributable to existing shareholders	0.02
Dilution in pro forma NA per Share to our new public investors	(1)0.09
Dilution in pro forma NA per Share as a percentage of our IPO Price	45.0%

Note:

(1) The dilution in pro forma NA per Share to our new public investors is derived as follows:

	RM
IPO Price	0.20
Less: Pro forma NA per Share as at 31 July 2024 after the Acquisition, our Public Issue and utilisation of proceeds	0.11
Dilution in pro forma NA per Share to our new public investors	**0.09**

Further details of our pro forma NA per Share as at 31 July 2024 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	(1)No. of Shares received	Total consideration	Average effective cost per Share
		RM	RM
Tan Hock Lim	295,156,249	25,235,859	0.0855
Mohd Fadzil bin Mohd Daud	79,687,500	6,813,281	0.0855
Nor Azman bin Abd Razak	156,250	13,360	0.0855
	374,999,999	**32,062,500**	

Note:

(1) Being Shares issued under the Acquisition.

Save as disclosed above and the Pink Form Allocations to our Eligible Persons, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4.9 UTILISATION OF PROCEEDS

4.9.1 Public Issue

The estimated gross proceeds from our Public Issue of RM25.0 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	[(1)]Estimated timeframe for utilisation
Working capital	(a)	11,480	45.9	Within 24 months
Repayment of bank borrowings	(b)	5,000	20.0	Within 6 months
Recruitment of business development personnel	(c)	2,718	10.9	Within 30 months
Capital expenditure	(d)	2,302	9.2	Within 24 months
Estimated listing expenses	(e)	3,500	14.0	Within 1 month
	Total	**25,000**	**100.0**	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

Note:

(1) From the date of Listing.

(a) Working capital

Our working capital requirements are expected to increase in tandem with the expected growth in our business. As such, our Group intends to allocate majority of our proceeds towards addressing the anticipated working capital requirements for our future projects and employee-related costs. RM11.5 million is allocated for this purpose to be utilised over 24 months from the date of our Listing.

Based on internal management estimates, the allocation of the proceeds to be utilised to expand our working capital base for future projects and employee-related costs are as follows:

Description	RM'000
Tender bonds and performance bonds for projects[(1)]	8,000
Employee-related costs[(2)]	3,480
	11,480

Notes:

(1) Being tender bonds and performance bonds for our future projects. As at LPD, our Group has an order book amounting to RM104.7 million as set out in Section 12.13 and tender book amounting to RM647.2 million.

(2) Being staff salaries, allowances, bonuses, statutory contributions and staff welfare for an increased headcount of 11 project staff over 2 years to undertake more projects in the future.

For information purposes, performance bonds typically come in the form of a bank guarantee issued by financial institutions. A tender bond is issued by the bidder when submitting a bid or tender, providing assurance to the customer or project owner that the bidder will undertake the contracted services if awarded.

In contrast, a performance bond is issued upon the signing of the contract. The performance bond is issued by the bidder to the customer or project owner that the bidder will fulfil its contractual obligations, particularly meeting the project deadline and other specific requirements set out in the contract.

The validity of a tender bond lapses upon the end of the tender period whereas the validity of a performance bond is up to the end of DLP. Typically, in the event the bidder is awarded the contract, the tender bond will be substituted with a performance bond. If the bidder is not selected, the tender bond will be returned in full.

In order for a financial institution to issue a bank guarantee for tender bond or performance bond in favour of our customers, we are required to maintain a security deposit in the form of fixed deposits pledged with licensed banks. These security deposits generally amount to 30.0% to 50.0% of the value of the tender bonds or performance bonds ("**Security Margin**"). As such, this results in the lock-up of a portion of our working capital thereby affecting our liquidity.

The tender bond or performance bond required by the project owner and/or end user is generally 5.0% to 10.0% of the project value. The amount to be maintained by us with licensed banks for Security Margin purposes is expected to increase in line with the growth of our business and value of contracts awarded to us.

Taking into consideration the Security Margin requirement as well as the value of contracts and potential contracts that we are currently pursuing, we have earmarked RM8.0 million of the proceeds raised from our Public Issue to partially fulfill the Security Margin requirement of 2 years amounting to RM11.0 million. The remaining Security Margin requirement of RM3.0 million will be funded via internally generated funds and/or bank borrowings.

The allocation of proceeds raised from our Public Issue for our working capital requirements will allow us to undertake more and larger projects concurrently.

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(b) Repayment of bank borrowings

Our Group has allocated RM5.0 million to partially repay our bank borrowings which were mainly drawn down to finance the working capital and properties of our Group.

For illustrative purpose, the details of our borrowings as at LPD are set out as follows, among which we have indicated where the RM5.0 million repayment will be made to:

Financial institution/ Type of facility	Purpose	Effective interest rate per annum	Maturity date	Balance as at LPD	Amount to be repaid	Annual interest savings
				RM'000	RM'000	RM'000
HSBC Amanah Malaysia Berhad/ Term loan	For working capital	7.23%	March 2027	914	900	65
Maybank Islamic Berhad/ Property loan	For purchase of property	4.35%	April 2042	1,245	1,100	48
CIMB Islamic Bank Berhad/ Property loan	For purchase of property	4.02%	April 2047	877	700	28
Koperasi Co-opbank Pertama Malaysia Berhad/ Term loan	For working capital	5.00%	May 2029	29,695	1,700	85
Standard Chartered Bank Malaysia Berhad/ Term loan	For working capital purposes	8.70%	January 2028	665	600	52
			Total	**33,396**	**5,000**	**278**

In relation to the facility provided by CIMB Islamic Bank, our Group is subject to early settlement charges for repayment made during the lock-in period, being 3 years from the first disbursement date (i.e. May 2022). Save for the facility provided by CIMB Islamic Bank, there is no lock in period and penalty for early repayment of the abovementioned loans. Nonetheless, it is envisaged that the early settlement charges may be avoided as the lock-in period is close to expiry. For avoidance of doubt, our Group is required to provide a written notice and/or to obtain consent from respective banks for early release of the abovementioned loans.

The repayment is expected to result in interest saving of RM0.3 million per annum based on the interest rates as stated above. Following the repayment of bank borrowings, our Group's pro forma gearing ratio is expected to reduce to 0.64 times (based on the total borrowings of RM36.5 million and pro forma total equity of RM57.4 million of our Group after our Acquisition, Public Issue and utilisation of proceeds raised from our Public Issue) as compared to 1.19 times (based on our Group's pro forma total equity after our Acquisition but before our Public Issue) as at 31 July 2024.

(c) Recruitment of business development personnel

Aligned with our objectives for business expansion, we recognise that enhancing our workforce is essential for sustained growth. Accordingly, our Group intends to allocate RM2.7 million to expand our business development team by increasing the headcount from 6 as at LPD to 18. The business development team is responsible for planning and executing sales and marketing strategies, attending to inquiries from prospective customers, preparing detailed proposals and presentations to customers as well as preparation of tenders and quotations. The additional headcount will enable the team leaders to carry out the sales and marketing strategies more swiftly and effectively.

The total costs of the recruitment of business development personnel was arrived at based on our salary records and estimates. These costs include the salaries and benefits for 2.5 years of business development personnel, which will be entirely funded from the proceeds raised from our Public Issue as set out below:

Description	**Estimated cost (RM'000)**
Salaries and benefits for 2.5 years of business development personnel comprising:	
- 2 Managers	598
- 4 Senior Executives	900
- 8 Executives	1,220
	2,718

Any initial cost of the recruitment (such as hiring advertisement) will be funded via internally generated funds.

In the event that the allocated proceeds are insufficient for the recruitment of business development personnel, any shortfall will be funded via internally generated funds. Conversely, if the actual cost is lower than the amount budgeted above, the excess will be allocated for our working capital requirements.

(d) Capital expenditure

Our Group recognises the increasing demand for technology application and infrastructure solutions in all industries and we wish to strengthen our technology capabilities in order to maintain our competitiveness. We propose to install a rooftop solar photovoltaic system as part of the capital expenditure towards achieving our long-term environmental, social and governance, which will also contribute to lower utility costs.

(i) Capital expenditure on equipment, computer and hardware, and IT software

Our Group intends to allocate RM2.0 million from the proceeds raised from our Public Issue to purchase equipment, computer and hardware, and IT software as follows:

Description	**RM'000**
Equipment(1)	659
Computer and hardware(2)	530
IT software(3)	818
Total	**2,007**

Notes:

(1) Being 4 motor vehicles, a hydraulic lift and a rooftop solar photovoltaic system, for our operational needs. For reference, the estimated annual cost savings in utility cost from the installation of the rooftop solar photovoltaic system is approximately RM18,000.

(2) Being 72 computers and 2 photocopy machines to cater for our growth in headcount and increased office space.

(3) Being enhancement of our existing ERP software, human resources management software, computer aided design software and enterprise project portfolio management software for real-time visibility of project expenditure.

The total cost of RM2.0 million was derived from our management's estimates of the prices of the identified equipment and software after taking into consideration, amongst others, the quotations of equipment and our management's research on the prices of the said equipment.

(ii) Setting up a new branch office in Johor Bahru

Our Group intends to set up a new branch office in Danga Bay, Johor Bahru where we are carrying out projects related to the RTS link between Singapore and Malaysia. The set up for a new branch office will allow us to better carry out our business development and project management functions.

We intend to allocate RM0.3 million from the proceeds raised from our Public Issue for the set up of our new branch office in Johor Bahru which was arrived at based on quotations from contractor.

The proceeds will be used for renovation, purchase of furniture and fittings, and hardware equipment, details as follows:

Description	**RM'000**
Renovation costs	68
Fittings, including purchase office furniture and hardware equipment	227
	295

The new branch office is expected to measure approximately 1,000 sq ft to 1,200 sq ft. We expect to identify the required branch office unit, enter into the required tenancy agreement (which shall be funded internally), and commence the renovation process by second quarter of 2025, which will take up to 3 months to complete.

In addition, our Group intends to hire 8 additional employees for our new branch office in Johor Bahru using internally generated funds.

In the event that the allocated proceeds are insufficient for our capital expenditure, any shortfall will be funded via internally generated funds and/or bank borrowings. Conversely, if the actual cost is lower than the amount budgeted above, the excess will be allocated for our working capital requirements.

(e) **Estimated listing expenses**

An amount of RM3.5 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:

Estimated listing expenses	**RM'000**
Professional fees(1)	2,321
Fees payable to authorities	68
Underwriting, placement and brokerage fees	783
Printing, advertising fees and contingencies(2)	328
	3,500

Notes:

(1) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR and Issuing House.

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

If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds.

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM5.0 million which will accrue entirely to our Selling Shareholder and we will not receive any of the proceeds.

The Selling Shareholder shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.1 million.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association or Issuing House.

4.10.2 Placement fees

Our Placement Agent will place out a total of 75,000,000 Issue Shares and 25,000,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be paid by our Selling Shareholder.

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 50,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 50,000,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.4.

The following are the salient terms in the Underwriting Agreement:

4.11.1 Conditions precedent

The several obligations of our Underwriter under the Underwriting Agreement shall further be conditional upon:

(a) the acceptance of our Listing and the clearance of registrable prospectus from Bursa Securities, and the lodgement of registrable prospectus with the ROC respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of this Prospectus to the public;

(b) the issuance of this Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date of the Underwriting Agreement or such extension as consented by our Underwriter;

(c) there having been, as at any time hereafter up to and including the date adopted in the Prospectus as the last date for acceptance and receipt of application for the subscription to Issue Shares or such other later date as our Company and Underwriter may agree upon ("**Closing Date**"), no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of our Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in this Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;

(d) the issue, offering and subscription of the Issue Shares in accordance with the provisions of the Underwriting Agreement and this Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

(e) all necessary approvals and consents required in relation to our Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;

(f) our Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;

(g) the delivery to our Underwriter prior to the date of registration of this Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of our Board and the shareholders in general meeting approving the Underwriting Agreement, this Prospectus, our Public Issue and authorising the execution of the Underwriting Agreement and the issuance of this Prospectus; (ii) a certificate dated the date of this Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in sub-section (c);

(h) the delivery to our Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Board as our Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and

(i) our Underwriter being satisfied that our Company will, following completion of our Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market without undue delay.

4.11.2 Non-fulfilment of conditions precedent

In the event any of the conditions as set out in Section 4.11.1 are not satisfied by the Closing Date, our Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the Closing Date and upon such termination, our Company and our Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). Our Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice our Underwriter's rights under the Underwriting Agreement.

4.11.3 Termination

Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:

(a) there is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from our Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our Public Issue, or the distribution of the Issue Shares; or

(b) there is withholding of information of a material nature from our Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of our Public Issue, or the distribution of the Issue Shares; or

(c) there shall have occurred, happened or come into effect in the opinion of our Underwriter any material and/or adverse change to the business or financial condition of our Group; or

(d) there shall have occurred, happened or come into effect any of the following circumstances:

(i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to interbank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or our Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of our Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of our Public Issue, or the distribution of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

(iii) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

(1) on or after the date of the Underwriting Agreement; and

(2) prior to the allotment of the Issue Shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or

(iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or

(e) there is failure on the part of our Company to perform any of our respective obligations contained under the Underwriting Agreement; or

(f) any matter which arose immediately before the date of this Prospectus would have constituted a material and adverse omission in the context of our Public Issue; or

(g) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

		(1)Before IPO / As at LPD				(2)After IPO			
		Direct		Indirect		Direct		Indirect	
Name	Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Hock Lim	Malaysian	295,156,250	78.7	-	-	295,156,250	59.0	-	-
Mohd Fadzil bin Mohd Daud	Malaysian	79,687,500	21.3	-	-	54,687,500	11.0	-	-

Notes:

(1) Based on the share capital of 375,000,000 Shares before our IPO.

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

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group and there is no arrangement between our Group and our shareholders with any third parties, which may at a subsequent date result in a change in control of our Company.

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5.1.2 Profiles of Promoters and substantial shareholders

(a) Tan Hock Lim

Tan Hock Lim, a Malaysian, aged 51, is our Promoter, substantial shareholder, and Managing Director. He was appointed to our Board on 23 January 2024. He is responsible for overseeing the day-to-day operations and strategic direction of our Group through setting goals, developing plans, and ensuring our Group's activities align with the overall vision and objectives of our Group.

He obtained a Technician Diploma of Electrical / Electronic Engineering from Pertama Institute of Technology in March 1999.

He began his career in June 1995 as a Service Technician with Amtel Communications Sdn Bhd, a company involved in the design, implementation, and management of telecommunication projects. He was responsible for providing repair and after-sales service support for users, and ensuring the information of claims, logistic, stock of the equipment, claims from the principal were recorded. He was promoted to Assistant Manager (Service Manager) in October 1995 where he was responsible for managing service centres, quality management, and project deployment. He left the company in October 1998.

In November 1998, he joined Cellstar Amtel Sdn Bhd, a company involved in the distribution of telecommunication products, as an Assistant Service Manager where he was in charge of liaising with principal and understanding direction and execution, and standardisation in engineering scope. He was also responsible for overseeing the operation and coordination of internal staff management. He left the company in December 1999.

In October 1999, he co-established Unitech Communication, a cell phone service centre, where he was involved in servicing cell phones. The partnership was terminated in April 2000. In May 2000, he co-established Wings-Tech Electrical & Engineering to provide service and maintenance for television satellite systems in commercial and household buildings. The partnership was terminated in August 2001. In September 2000, he established a sole proprietorship, Prima Techtronic Engineering Sales & Service, to provide consulting services regarding telecommunications. The sole proprietorship was terminated in November 2004.

In January 2001, he was appointed as a director of Wings Care Sdn Bhd, a company which assumed the operations of Wings-Tech Electrical & Engineering and Prima Techtronic Engineering Sales & Service. He resigned as a director of the company in May 2020.

In January 2002, he was appointed as a director in Juice Asia Marketing Sdn Bhd, a company acting as importers, exporters, distributors, wholesalers, and general merchants of telecommunications accessories such as batteries, cables and chargers, where he was responsible for overseeing the day-to-day operations and strategic direction of the company. The company was dissolved in August 2020.

Together with Petr Obsel, Abdul Razak Lew bin Abdullah, and Chew Yee Sang, he incorporated Secure Depot Sdn Bhd (currently known as TSM) in February 2011 and was appointed as a director and Chief Executive Officer of the company. He was responsible for the business development and operations of the company. Upon incorporation of TSM, he was no longer involved in the day-to-day operations of Wings Care Sdn Bhd and Juice Asia Marketing Sdn Bhd. In January 2024, he was re-designated as the Managing Director, a position he currently holds.

In July 2012, he incorporated SeeTec Asia together with Petr Obsel and was appointed as a director of the company, where he was responsible for setting strategic goals, decision-making and overseeing the overall direction of the company. He resigned as a director of SeeTec Asia in May 2020 and exited as shareholder of SeeTec Asia in June 2020 to focus on the expansion of TSM. He was appointed as a director of SeeTec Asia in January 2024, a position which he currently holds.

Kindly refer to Section 5.2.3(b) for his involvement(s) in other business activities outside our Group.

(b) Mohd Fadzil bin Mohd Daud

Mohd Fadzil bin Mohd Daud, a Malaysian, aged 40, is our Promoter, substantial shareholder, and Executive Director. He was appointed to our Board on 10 May 2024. He is primarily responsible for overseeing the operational aspects of projects to ensure their successful delivery while aligning with the company's strategic objectives and maintaining client satisfaction.

He obtained a Bachelor of Electrical and Electronics Engineering (Honours) from Universiti Tenaga Nasional in August 2010. He has been a graduate engineer certified by the Board of Engineers Malaysia since June 2011, and a Professional Technologist (Electrical & Electronics Technology) from Malaysia Board of Technologists since July 2021.

He began his career as an Engineer in CMC Engineering Sdn Bhd, a company involved in the provision of rail transportation services in May 2011. He was involved in designing, installing, testing, and commissioning of communications systems. He left the company in May 2014.

In June 2014, he joined Arena Hakikat Sdn Bhd, a company involved in engineering and communication. He worked as a Project Delivery Manager where he oversaw project management which involved delivering projects on a timely and cost-effective manner. He left the company in June 2017.

He then joined ZHRB Adaptiv Sdn Bhd, a company involved in engineering services for industries such as telecommunications and transportation, in July 2017. He worked as a Project Manager cum Head of Operations where his responsibilities included overseeing the operations of the company and managing projects to ensure projects were delivered timely and cost-effectively. He left the company in July 2020.

He subsequently joined TSM in August 2020 as a Project Manager where he was in charge of project management which involved delivering projects on a timely and cost-effective manner. In March 2021, he was appointed as the Managing Director of the company and was responsible for overseeing the company's financial and operational matters. He was re-designated as a director of TSM in January 2024, a position which he currently holds. He was appointed as a director of SeeTec Asia in January 2024, a position which he currently holds.

He does not hold any directorships in other companies outside our Group.

5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

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

	As at incorporation				(1)Before our IPO				(2)After our IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Hock Lim	1	100.0	-	-	295,156,250	78.7	-	-	295,156,250	59.0	-	-
Mohd Fadzil bin Mohd Daud	-	-	-	-	79,687,500	21.3	-	-	54,687,500	11.0	-	-

Notes:

(1) Based on the share capital of 375,000,000 Shares before our IPO.

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

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the issuance of our Shares as disclosed in Section 6.2, dividends paid to our Promoters and substantial shareholders as disclosed in Section 12.16; and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.4, 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.

5.2 DIRECTORS

Our Board takes note of the recommendations under the MCCG released on 28 April 2021. As at LPD, our Board has adopted all relevant recommendations of the MCCG in respect of our Board composition, which amongst others include the following:

(a) at least half of our Board comprises of independent directors;

(b) our Chairman is not a member of our Audit and Risk Management Committee, Nomination Committee and Remuneration Committee;

(c) our Board comprises at least 30% woman directors; and

(d) the tenure of an Independent Non-Executive Director shall not exceed a cumulative term limit of 9 years. Upon completion of the 9 years tenure, an Independent Non-Executive Director may continue to serve on our Board as a Non-Independent Non-Executive Director. If our Board intends to retain an Independent Non-Executive Director beyond 9 years, it shall seek annual shareholders' approval through a two-tier voting process.

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after IPO are set out below:

		(1)Before IPO				(2)(3)After IPO			
		Direct		Indirect		Direct		Indirect	
Name	**Designation/ Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Ab Rahim bin Abu Bakar	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	200,000	<0.1	-	-
Tan Hock Lim	Managing Director/ Malaysian	295,156,250	78.7	-	-	295,156,250	59.0	-	-
Mohd Fadzil bin Mohd Daud	Executive Director/ Malaysian	79,687,500	21.3	-	-	54,687,500	11.0	-	-
Datin Shafinaz binti Abdul Rani	Independent Non-Executive Director/ Malaysian	-	-	-	-	200,000	<0.1	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

		(1)Before IPO				(2)(3)After IPO			
		Direct		Indirect		Direct		Indirect	
Name	**Designation/ Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Yap Choo Cheng	Independent Non-Executive Director/ Malaysian	-	-	-	-	200,000	<0.1	-	-
Lim Su May	Independent Non-Executive Director/ Malaysian	-	-	-	-	200,000	<0.1	-	-

Notes:

(1) Based on the share capital of 375,000,000 Shares before our IPO.

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

(3) Assuming that he/she will fully subscribe for his/her respective entitlements under the Pink Form Allocations.

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5.2.2 Profiles of Directors

The profiles of Tan Hock Lim and Mohd Fadzil bin Mohd Daud are set out in Section 5.1.2. The profiles of our other Directors are as follows:

(a) Dato' Ab Rahim bin Abu Bakar

Dato' Ab Rahim bin Abu Bakar, a Malaysian, aged 74, is our Independent Non-Executive Chairman. He was appointed to our Board on 10 May 2024.

He graduated with a Bachelor of Engineering from NED University of Engineering & Technology, Pakistan in July 1982.

He began his career with EPE Power Corporation Berhad, a company involved in property development, energy and utilities supply, and engineering and construction as Marketing Executive in January 1984 where he was responsible for marketing and selling company products. In July 1990, he was promoted to Marketing Manager, where he was responsible for promoting products including latest developments of products, as well as ensuring products are compliant with the customers' technical requirements. In August 1993, he was promoted to the position of General Manager, Marketing and Project Division, where he oversaw the marketing and project division. He left the company in December 2002.

He subsequently joined Schneider Electric (M) Sdn Bhd, a company involved in assembling of electrical products and components, and provision of engineering and support services, as a General Manager (Commercial) in January 2003. He was responsible for commercial sales, including marketing and selling the company's products to industrial customers. He left the company in April 2006.

In May 2006, he joined Arab Malaysian SGB Sdn Bhd (currently known as SGB My Sdn Bhd), a company involved in manufacturing transformers, industrial automation, and textiles industry, as General Manager, where he undertook similar role as in Schneider Electric (M) Sdn Bhd. He left the company in May 2008 and began working as a freelance advisor providing advice to his clients in relation to the power industry.

In January 2010, he joined Nouva ASP (M) Sdn Bhd (currently known as Omnipro Engineering Sdn Bhd), a company involved in design and manufacture of electrical security equipment for explosion proof and watertight electrical plants, as the Chief Executive Officer. He was responsible for overseeing the marketing team and marketing activities, primarily for the oil and gas products of the company. He left the company in November 2019.

In August 2013, he was appointed as an independent non-executive director of KUB Malaysia Berhad, a company listed on the Main Market of Bursa Securities. He subsequently resigned in 2020.

In December 2019, he joined ZTE (Malaysia) Corporation Sdn Bhd, a company involved in the development of integrated telecommunication networking solutions and its related software for fixed mobile data and telephone. He served as a consultant, where he provided advice to clients in respect of the telecommunications industry. He retired and left the company in June 2021.

Kindly refer to Section 5.2.3(a) for his involvement(s) in other business activities outside our Group.

(b) Datin Shafinaz binti Abdul Rani

Datin Shafinaz binti Abdul Rani, a Malaysian, aged 51, is our Independent Non-Executive Director. She was appointed to our Board on 10 May 2024.

She graduated with a Bachelor of Laws (Honours) from University of East Anglia, Norwich, United Kingdom in July 1997. She obtained her Certificate of Legal Practice in November 2001 from the Legal Profession Qualifying Board and was called to the High Court of Malaya in November 2014.

She began her career as an Executive in Cofreth (M) Sdn Bhd, a company involved in the provision of facility management, and operations and maintenance of M&E systems, in December 1998. She was involved in tendering exercise and client negotiations. She was promoted to Contracts Manager in March 2000 where she was responsible for preparing business proposals, tender submissions, site mobilisation planning, drafting and negotiation on agreements. She was also in charge of the procurement process and subcontractors' management, providing legal advice, and risk management, as well as liaising with customers and government agencies.

She left the company in August 2002 and in the same month joined Philips Malaysia Sdn Bhd, an electrical and electronics appliances manufacturer, as a Legal Executive where she was involved in providing legal support to various business units or divisions in the company. She was also responsible for undertaking litigation control, matters pertaining to contracts, tenancy, licencing, mergers and acquisitions, company secretarial works. She was promoted to Senior Legal Executive in November 2003 where she was responsible for conducting legal audits on business units and related companies, as well as representing the company in meetings and discussions with various agencies including Malaysian International Chamber of Commerce and Industry (MICC) as well as the Government agency, Ministry of Domestic Trade and Customer Affairs regarding intellectual property matters. She left the company in March 2004.

She joined Insignia Engineering Sdn Bhd, a company involved in engineering works, as a director (business development and contracts) in September 2004. She was involved in various tendering and bidding exercises, preparation of business proposals and tender submissions. She was also responsible for site mobilisation planning, drafting and contract negotiations, payment claims, liaison with customers and government agencies, among others. She left the company in September 2007.

In October 2007, she joined Bombardier (Malaysia) Sdn Bhd, a company involved in the provision of rail transportation works and services. As a Contracts Manager, she was in charge of managing all contracts and commercial aspects of the LRT Kelana Jaya line upgrades whilst reporting to the project director and supporting the representative of Bombardier-Hartasuma Consortium. She resigned from the company in February 2012.

In the same month, she joined CMC Engineering Sdn Bhd, a company involved in the provision of rail transportation services, as a Contract Manager. She was responsible for providing legal and contract management support to the project team. She left the company in February 2013.

In March 2013, she began her pupillage with Kamaruzaman Arif, Amran & Chong. Upon completion of her pupillage in November 2014, she continued her tenure with Kamaruzaman Arif, Amran & Chong as an Associate in the corporate department (contract & construction) where she was involved in providing services in legal and contract management support for clients in rail transportation projects until December 2020. In January 2021, Kamaruzaman Arif, Amran & Chong changed its name to Kamaruzaman Arif & Sofiah, where she continues her practice as an Associate to date, carrying out similar responsibilities.

In January 2024, she was empanelled with the Asian International Arbitration Centre as an Adjudicator where she presides and adjudicates formal disputes.

In September 2024, she established Fortis Arch Global PLT, a partnership involved in the provision of cultural education and programs, and learning and development services. She is currently a partner and is involved in developing short term academic experience or programs for local students aged 13 to 17 years old on international platform. The programs will be a blend of academic subjects, learning and cultural experience.

Kindly refer to Section 5.2.3(c) for her involvement(s) in other business activities outside our Group.

(c) Yap Choo Cheng

Yap Choo Cheng, a Malaysian, aged 51, is our Independent Non-Executive Director. She was appointed to our Board on 10 May 2024.

She obtained her Bachelor of Science with Honours in Accountancy from the Queen's University of Belfast, United Kingdom in July 1996. She is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants since May 2000 and June 2001 respectively. In May 2005, she was admitted as a Fellow Member of the Association of Chartered Certified Accountant.

She began her career with KPMG Desa Megat & Co in September 1996 as an Audit Assistant and was later promoted to Audit Senior in January 1999, where she was involved in statutory audit as well as transaction services for listing exercises, and mergers and acquisitions.

She left KPMG Desa Megat & Co in December 2000 to join Petra Resources Sdn Bhd in April 2001, a then subsidiary of Petra Perdana Berhad (presently known as Perdana Petroleum Berhad) ("**Perdana Petroleum**"), a company listed on the Main Market of Bursa Securities, as an Assistant Accounts Manager where she was responsible for the financial reporting and taxation matters of the company. In March 2005, she was promoted to Group Accountant of Perdana Petroleum, where she oversaw the group's financial reporting, tax planning and corporate treasury management. In April 2012, she was promoted to Financial Controller. During her tenure with Perdana Petroleum, she was involved in several of the company's corporate exercises. She left Perdana Petroleum in December 2015 to pursue her personal interests.

She returned to the corporate sector in June 2017 when she joined Only World Group Berhad, a company listed on the Main Market of Bursa Securities, as its Chief Financial Officer. She was responsible for managing the finance department where she oversaw the financial planning, budgeting, implementation of accounting policies and procedures of the company and its subsidiaries. She left Only World Group Berhad in October 2018.

In the same month, she joined TCS Group Holdings Berhad, a company listed on the ACE Market, as its Chief Financial Officer where she was responsible for overseeing the group's financial functions which include financial planning and review, cash flow management, and financial reporting. She left TCS Group Holdings Berhad in February 2022.

In March 2022, she joined Minox International Group Berhad, a company listed on the ACE Market, as Chief Financial Officer, a position she currently holds, where she oversees the corporate and financial management of the group.

Kindly refer to Section 5.2.3(d) for her involvement(s) in other business activities outside our Group.

(d) Lim Su May

Lim Su May, a Malaysian, aged 52, is our Independent Non-Executive Director. She was appointed to our Board on 10 May 2024.

She graduated with a Bachelor of Science (Economics) Degree majoring in Economics and Management Studies from University of London, United Kingdom in August 1996.

In October 1996, she began her career with Crystal Edge Sdn Bhd, a company involved in providing marketing services as Marketing Sales Executive where she was responsible for identifying new market ideas to enhance product marketability and executing marketing events.

She left in May 1997 and in June 1997 joined Perdana Merchant Bankers Berhad, a banking institution principally involved in merchant banking business, as a Trainee Executive, Corporate Finance where she was involved in various corporate finance transactions. She left the company in December 1999.

In January 2000, she joined Commerce International Merchant Bankers Berhad (currently known as CIMB Investment Bank Berhad, a company listed on the Main Market of Bursa Securities) as Executive, Corporate Finance where she was involved in various corporate finance transactions. She was promoted to Assistant Manager, Corporate Finance in July 2001 and subsequently to Manager, Investment Banking in July 2002. She left the bank as Manager, Equity Capital Markets in April 2004.

In April 2004, she joined RHB Sakura Merchant Bankers Berhad (currently known as RHB Investment Bank Berhad) until January 2005, as Assistant Vice President, Investment Banking Group. During her tenure, she assisted in the set-up of the Investment Banking Group Department and was amongst the pioneer team.

Thereafter, she joined Unicorn International Islamic Bank Malaysia Berhad (last known as Alkhair International Islamic Bank Berhad) in February 2005 as Assistant Vice President where she was involved in amongst others, securing joint-venture partners, originating non-RM deals in collaboration with both local and foreign banks, and sourcing for funding, underwriting and placement for the bank's various products. In January 2008, she was promoted to Head of Strategic Planning & Direct Investments where she was involved in growing the bank's footprint in East Asia and supporting the Chief Executive Officer's office with strategic planning of the local outfit's business. She left the bank in September 2009.

From October 2009 until January 2011, she was Director of Ascendo Group Sdn Bhd, a boutique consulting company, where she was responsible for assisting its client's growth and business development strategies.

From January 2011 to June 2019, she joined Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (currently known as MUFG Bank (Malaysia) Berhad) as Vice President, Head of Investment Banking Department. During her tenure, she spearheaded the bank's new investment banking department, diversifying and growing its investment banking to provide alternative funding via debt capital markets products to clients as well as growing new clientele base. She was also involved in promoting the Malaysian capital markets to foreign investors/ corporations which include amongst others, issuance of RM denominated bonds to be subscribed by Japanese investors and encouraging foreign/ Japanese corporations to issue RM denominated bonds/ sukuk in Malaysia to be placed to local and foreign/ Japanese investors.

In June 2019, she joined Bursa Malaysia Berhad ("**Exchange**") as Executive Vice President, Listing Development. During her tenure there, she headed the promotional/marketing and market development team to promote both primary markets (i.e. initial public offerings on LEAP Market, ACE Market and Main Market of Bursa Securities) and secondary fund-raising activities via equity, fixed income or hybrid instruments. She was also responsible for administrating the Exchange's research scheme and overseeing the long-term market development initiatives of the Exchange. She left the Exchange in June 2022.

In July 2022, she joined SCS Global Advisory (M) Sdn Bhd, a company involved in the provision of mergers and acquisitions advisory services, as Director, Corporate Advisory and Mergers and Acquisitions where she is currently providing corporate advisory services.

In July 2022, she was appointed as an independent non-executive director of Inter-Pacific Asset Management Sdn Bhd, a company involved in unit trust and portfolio management. In the same month, she was appointed as an independent non-executive director of Inter-Pacific Securities Sdn Bhd, a company involved in futures and stock broking. She resigned from both directorships in February 2023.

In August 2022, she joined KYM Holdings Berhad, a company listed on the Main Market of Bursa Securities, principally involved in design, manufacture and marketing of corrugated fibreboards, carton boxes and multi-wall industrial paper bags, as Chief Investment Officer where she currently oversees the company's investment activities.

She was appointed as an independent non-executive director of Aurora Italia International Berhad, a company listed on the LEAP Market of Bursa Securities, in August 2022, a position that she still currently holds.

In December 2022, she was appointed as an independent non-executive director of SSF Home Group Berhad, a company listed on the ACE Market. She currently still holds the position.

Kindly refer to Section 5.2.3(e) for her involvement(s) in other business activities outside our Group.

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Dato' Ab Rahim bin Abu Bakar

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Transmission Technology Sdn Bhd	Engineering, construction and commissioning of transmission lines and substations	Director	1 June 2023	-	-	-
Naza Energies Sdn Bhd (previously known as Berjaya Energies Sdn Bhd)	Generation and sale of electricity	Director	1 April 2019	-	-	-
Past involvement						
Berjaya EnviroParks Sdn Bhd	Treatment of waste, involving among others, the development, design, construction, management, operation and maintenance of sanitary landfill and construction activities	Director	1 April 2019	25 June 2020	-	-
KUB Gas Terminal Sdn Bhd	Warehousing and storage services, wholesale of liquefied petroleum gas and operation of terminal facilities	Director	12 July 2018	24 September 2020	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
KUB Malaysia Berhad (listed on Main Market of Bursa Securities)	Investment holding company with subsidiaries involved in importation, bottling and trading of liquefied petroleum gas, property management, assembly and commissioning of telecommunication equipment, supply and erection of electrical substations and transmission lines and liquefied petroleum gas storage	Director	5 August 2013	24 September 2020	-	-

(b) Tan Hock Lim

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Infinite Evolution Holdings Sdn Bhd	Dormant and previously involved in investment holding in IEH Technologies Sdn Bhd	Director / Shareholder	2 October 2013	-	59.0	-
The Chinese Palace Sdn Bhd	Food and beverage business and general trading	Shareholder	-	-	10.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Past involvement						
IEH Technologies Sdn Bhd (previously known as Techstore Technologies Sdn Bhd)	Dissolved on 11 November 2024. Previously involved in the export and import of security systems, computer hardware, software and peripherals as well as variety of goods without any particular specialisation	Director / Indirect Shareholder	4 October 2013	11 November 2024	-	[1]59.0
Juice Asia Marketing Sdn Bhd	Dissolved on 3 August 2020. Previously involved as importers, exporters, distributors, wholesalers and general merchants of telco accessories	Director / Shareholder	29 January 2002	3 August 2020	99.9	-
Wings Care Sdn Bhd	Real estate activities with own or leased property	Director	16 January 2001	22 May 2020	-	-
Tech-Store International Pte Ltd	Dissolved on 4 September 2023. Previously involved in wholesale trade of a variety of goods without a dominant product	Director / Indirect Shareholder	28 September 2011	4 September 2023	-	[1]59.0

Note:

(1) Deemed interested by virtue of his shareholdings in Infinite Evolution Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

(c) Datin Shafinaz binti Abdul Rani

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Fortis Arch Global PLT	Cultural education and programmes, and learning and development services	Partner	13 September 2024	-	-	-
Past involvement						
Iman Development Sdn Bhd	Dissolved on 2 December 2024. Previously involved as quarry proprietors, quarry operators, stone, sand and granite merchant, dealers and exporter, builders and contractors for construction and other related works	Shareholder	24 October 2012	Resigned as a director on 27 September 2019	5.0	-

(d) Yap Choo Cheng

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Nil						
Past involvement						
Hikmat Duta Holdings Berhad	Activities of holding companies with subsidiaries involved in provision of water supply and sewerage engineering works and other civil engineering works	Director	19 May 2022	30 November 2022	-	-

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Mybrainmax PLT	Educational support services for provision of non-instructional services	Partner	14 December 2015	2 April 2024	-	-

(e) Lim Su May

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Aurora Italia International Berhad (listed on LEAP Market of Bursa Securities)	Investment holding with subsidiaries involved in design, marketing distribution and sales of jewellery and gold gram bars	Independent Non-Executive Director	1 August 2022	-	-	-
SSF Home Group Berhad (listed on ACE Market)	Investment holding company with subsidiaries involved in retailing of furniture, home décor and home living products	Independent Non-Executive Director/ Shareholder	16 December 2022	-	<0.1	-
Past involvement						
Berjaya Mutual Berhad (previously known as Inter-Pacific Asset Management Sdn Bhd)	Unit trust and portfolio management	Independent Non-Executive Director	22 July 2022	28 February 2023	-	-
Inter-Pacific Securities Sdn Bhd	Futures and stock broking	Independent Non-Executive Director	22 July 2022	28 February 2023	-	-

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Additionally, the involvement of our Directors in those business activities are either as passive investor and/or directors to discharge their fiduciary duties in these companies. They are not actively involved in the day-to-day operations of these companies. Therefore, their involvement in these companies does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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5.2.4 Directors remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2022 to 2024 are as follows:

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
			RM'000			
FYE 2022 (Paid)						
Tan Hock Lim	68	114	11	58	-	251
Mohd Fadzil bin Mohd Daud	-	215	9	-	-	224
FYE 2023 (Paid)						
Tan Hock Lim	-	737	71	-	67	875
Mohd Fadzil bin Mohd Daud	-	234	12	-	-	246
FYE 2024 (Proposed)						
Dato' Ab Rahim bin Abu Bakar	(1)40	-	-	-	-	40
Tan Hock Lim	-	800	(2)-	-	-	800
Mohd Fadzil bin Mohd Daud	-	255	(2)-	-	-	255
Datin Shafinaz binti Abdul Rani	(1)40	-	-	-	-	40
Yap Choo Cheng	(1)40	-	-	-	-	40
Lim Su May	(1)40	-	-	-	-	40

Notes:

(1) Pro-rated based on their date of appointment to our Board.

(2) The bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

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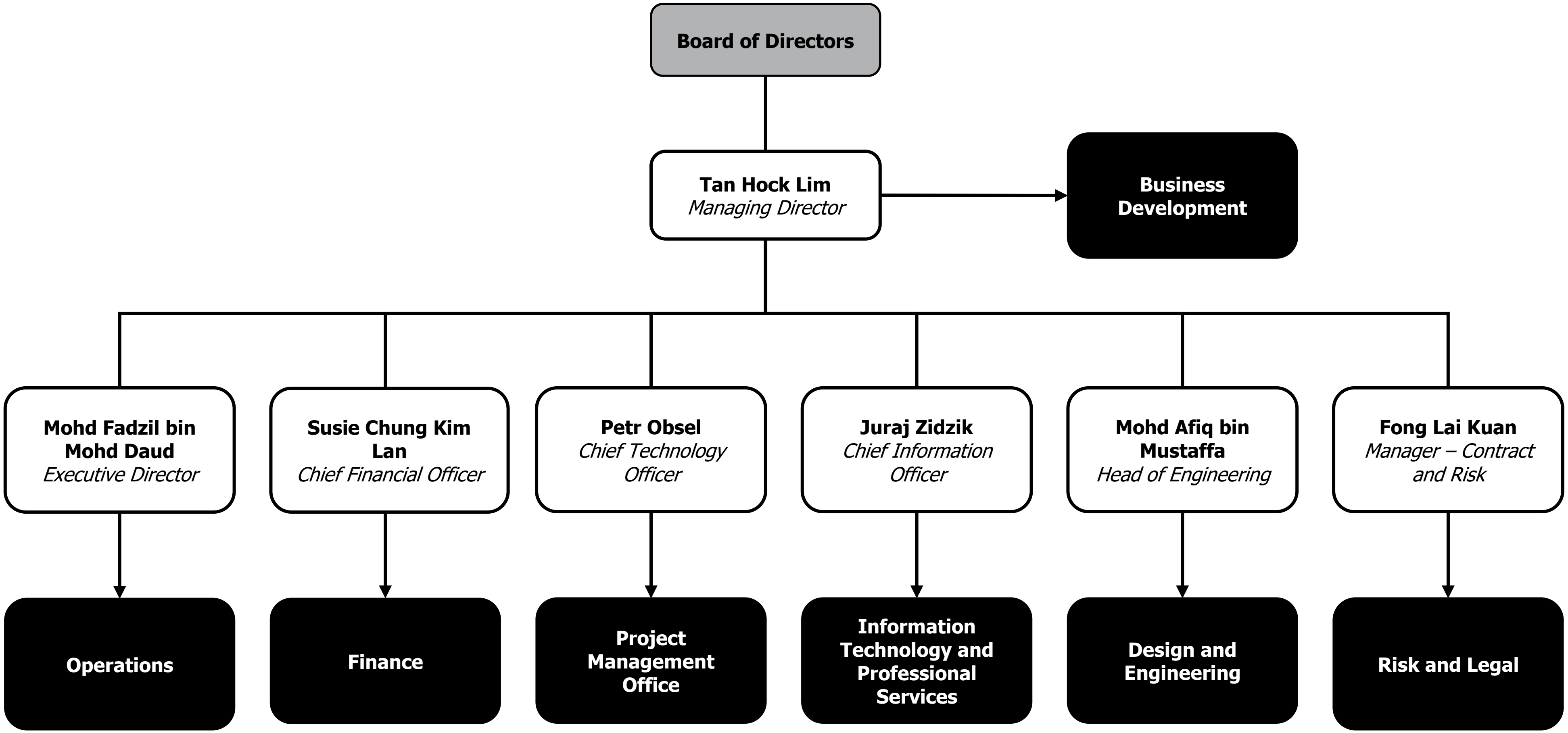
5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



5.3.2 Key senior management shareholdings

The shareholdings of our key senior management before and after IPO, save for our Executive Directors (including our Managing Director), which are disclosed in Section 5.2.1 are set out below:

		[1]Before IPO				[2][3]After IPO			
		Direct		Indirect		Direct		Indirect	
Name	**Designation/ Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Susie Chung Kim Lan	Chief Financial Officer/ Malaysian	-	-	-	-	500,000	0.1	-	-
Petr Obsel	Chief Technology Officer/ Czech	-	-	-	-	500,000	0.1	-	-
Juraj Zidzik	Chief Information Officer/ Slovak	-	-	-	-	400,000	<0.1	-	-
Mohd Afiq bin Mustaffa	Head of Engineering/ Malaysian	-	-	-	-	200,000	<0.1	-	-
Fong Lai Kuan	Manager – Contract and Risk/ Malaysian	-	-	-	-	400,000	<0.1	-	-

Notes:

(1) Based on the share capital of 375,000,0000 Shares before our IPO.

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

(3) Assuming he/she will fully subscribe for his/her entitlement under the Pink Form Allocations.

5.3.3 Profiles of key senior management

Save for the profiles of Tan Hock Lim and Mohd Fadzil bin Mohd Daud which are set out in Section 5.1.2, the profiles of the other key senior management of our Group are as follows:

(a) Susie Chung Kim Lan

Susie Chung Kim Lan, a Malaysian, aged 50, is our Chief Financial Officer. She is responsible for overseeing our Group's financial functions which include financial planning and review, cash flow management, and financial reporting.

In April 2003, she graduated with a Bachelor of Business in Accounting/Finance from Charles Sturt University, Australia. She is a member of CPA Australia since July 2006 as well as a member of the Malaysian Institute of Accountants since November 2006.

Her career started in May 1995 when she joined KPMG PLT, in Sandakan, Sabah as an Audit Assistant where she was involved in audit matters. She left the firm in November 1999 to pursue her tertiary education.

In August 2003, she joined Total Solutions M&E Sdn Bhd, a company providing air-conditioning, mechanical and ventilation retrofitting services and related services, as an Account Executive where she was involved in the preparation of the company's accounts and payroll for staff. She left the company in March 2005 to focus on attaining her CPA qualification.

From July 2006 to February 2008, she joined Uniprint (Int) Sdn Bhd, a printing company, as an Accountant where she was responsible for preparation of the company's accounts and overseeing its administrative functions.

Between July 2008 to December 2008, she was the Internal Auditor for DK Leather Seats Sdn Bhd, a company involved in the manufacturing of leather goods where she handled internal audit matters.

In July 2009, she joined MXM International Sdn Bhd, a company involved in providing healthcare and medical protection, as an Accountant, handling accounting affairs of the company. She left the company in March 2013.

Subsequently in the same month, she joined Far East Maju Engineering Works Sdn Bhd, a company involved in the manufacturing, trading, and wholesale of commercial refrigerator air-conditioners, as an Assistant Finance Manager where she was responsible for supervising the accounting and human resource departments. Subsequently in February 2015, she was seconded to Far East Refrigeration (M) Sdn Bhd, a related company involved in the distribution and wholesale of pre-manufacturing products and parts for refrigeration system, where she was responsible for overseeing the finance team and financial management of the company. She left the company in May 2015 and began to provide freelance accounting services until August 2017.

In September 2017, she joined Respontrade Sdn Bhd, a telecommunications company, as Head of Department (Accounts) where she was responsible for the financial reporting related matters. She left the company in November 2019.

In the same month, she joined Samaiden Group Berhad, a company listed on the Main Market of Bursa Securities, as a Chief Financial Officer where she oversaw the company's accounting, human resource, administration, IT, and financial matters. She left the company in December 2020 and joined our Group in March 2021 where she assumed her current position.

She was appointed as an independent non-executive director of Borneo Oil Berhad, a company listed on the Main Market of Bursa Securities in April 2022, a position she currently holds.

Kindly refer to Section 5.3.4(a) for her involvement(s) in other business activities outside our Group.

(b) Petr Obsel

Petr Obsel, a citizen of the Czech Republic, aged 47, is our Chief Technology Officer. His role involves making technological decisions and he is overall responsible for the further development of our Group's technology and solutions. This includes keeping abreast with the different technologies and systems available on the market and evaluating risks to ensure the technology selected for our Group's services are safe and reliable.

He graduated with a diploma from the Gymnázium J. G. Mendela, Brno, Czech Republic in May 1996. He obtained a Master of Business Administration from the Central European Management Institute, Prague, Czech Republic in September 2022. He has been a member of the Project Management Institute since May 2024.

He joined Security Technologies a.s., a company in Brno, Czech Republic involved in the design, supply, installation, and service for security and ICT, in May 1998. As a Sales & Presales Manager, he was involved in technical project management, systems development and integration for customers such as government agencies, banks, and supermarket chains. He left the company in September 2001.

In the same month, he joined Maxprogres, s.r.o., a company in Brno, Czech Republic involved in the design, supply, installation, and service for security and ICT as well as design and construction for telecommunications infrastructure, as a Sales & Presales Manager. He was responsible for sales, marketing, and technical presales management, managing accounts for existing customers such as government agencies, telecommunications providers, and financial institutions. During his time with the company, he was also involved in setting up branch offices in Prague, Czech Republic and Bratislava, the Slovak Republic. He left the company in April 2005.

In May 2005, he joined CPE, spol, s.r.o, in Prague, Czech Republic, an IT solution service provider for government command centres, security surveillance and technology integration, as a Business Development Manager. He was responsible for the company's international expansion into the Middle East, Africa, and Asia by identifying opportunities for joint ventures and acquisitions or setting up branch offices. He was also in charge of identifying local project and partnerships as well as overseeing a team to provide commercial and technical support. He left the company in October 2008.

During his time with CPE, spol, s.r.o, he was sent to Malaysia and in January 2008 he decided to establish MSITS Sdn Bhd (formerly known as Regional Security Academy Sdn Bhd), a company involved in security system servicing, security consulting, and ICT system security. He was appointed as a director of the company and was responsible for providing training and educational services for IT security professionals. He resigned as a director and disposed his shareholdings in the company in April 2018 and August 2020, respectively.

Together with Juraj Zidzik, he established Hasam Laboratories Sdn Bhd (formerly known as Codeberry Laboratories Sdn Bhd), a company involved in the provision of development of software and security systems, in February 2008. He was appointed as a director of the company and was responsible for strategic partnership and product development roadmap of the company. The company has been struck off in November 2017.

Together with Tan Hock Lim, Abdul Razak Lew bin Abdullah, and Chew Yee Sang, he incorporated Secure Depot Sdn Bhd (currently known as TSM) in February 2011 and was appointed as a director and assumed his current position.

He was also appointed as a director of SeeTec Asia in July 2012 and resigned as a director of the company in May 2020.

Kindly refer to Section 5.3.4(b) for his involvement(s) in other business activities outside our Group.

(c) Juraj Zidzik

Juraj Zidzik, a citizen of the Slovak Republic, aged 45, is our Chief Information Officer. He is responsible for the conceptualisation, design, development, and implementation of software solutions for our Group's projects.

He graduated with a Diploma in Faculty of Management Science and Informatics from University of Žilina, Slovak Republic in June 2005. He has been a member of Project Management Institute since December 2016, a member of the British Computer Society, the Chartered Institute for IT since April 2018, and a member of the Malaysian Institute of Management since July 2018.

During his tertiary education, he began his career as an Analyst cum Software Developer cum Project Manager with WebDesign Studio Praha, s.r.o., in Prague, Czech Republic, a company involved in IT R&D in January 2004, where he was responsible for designing and developing international web-based systems for data management and processing. He left the company in June 2005.

From August 2005 to January 2007, he joined Z.L.D, s.r.o, in Prague, Czech Republic, a company involved in the provision of consulting and R&D for IT-related matters, as Chief Analyst and Project Manager. He oversaw analytical teams to design and develop complex information systems in the area of disaster management, command and control centres and wide technology integration. He was also involved in providing consultation in the utilisation of information systems for critical applications as well as designing and implementing unique crisis management systems.

In February 2007, he joined CPE, spol, s.r.o, in Prague, Czech Republic, as an IT solution service provider for government command centres, security surveillance and technology integration. He served as a Solution Architect, providing consultation and reparation of solution designs for complex integration projects in various countries in Europe, the Middle East, and Asia. He resigned from his position in August 2008.

During his time with CPE, spol, s.r.o, he was sent to Malaysia and in February 2008, he decided to establish Hasam Laboratories Sdn Bhd (formerly known as Codeberry Laboratories Sdn Bhd) together with Petr Obsel. The company was involved in the development of software and security systems. He was appointed as the Director of R&D in September 2008. He was responsible for developing custom-based solutions and products related to technology integration, software equipment for command and monitoring centres, and CCTV surveillance software development. He left the company in September 2015.

In the same month, he joined our Group as our Chief Information Officer of TSM where he was responsible for designing and implementing specific integrated solutions as well as overseeing IT-related project matters. In March 2020, he was appointed as Chief Information Officer of SeeTec Asia. Currently, he is our Chief Information Officer.

Kindly refer to Section 5.3.4(c) for his involvement(s) in other business activities outside our Group.

(d) Mohd Afiq bin Mustaffa

Mohd Afiq bin Mustaffa, a Malaysian, aged 36, is our Head of Engineering. His role includes overseeing a team of engineers to ensure timely deliverables of all project technical and design deliverables, ensuring the compliance of technical and safety requirement for all projects as well as reviewing all design and technical documentation.

He obtained a Diploma in Electrical Engineering from the Universiti Teknikal Malaysia Melaka in August 2010 and a Bachelor of Electrical Engineering (Power Electronics & Drives) with Honours from the same institution in October 2013.

He began his career in August 2014 as Project Engineer at United Straits M&E Sdn Bhd, a company involved in the provision of supply, installation, repair and maintenance of air-conditioners. He was involved in construction projects on site, covering installation of equipment, providing technical solutions, and ensuring projects were progressing according to schedule. He also prepared project billings for collections based on progress on site. He left the company in August 2015.

In September 2015, he joined our Group as a Project Engineer where he was responsible for preparing design and technical documentation, as well as overseeing and ensuring the system design meets project and safety requirements. He was promoted to Assistant Engineering Manager in March 2018 where he was involved in assisting the Head of Engineering and overseeing a team of engineers, ensuring the timely submission of all technical and design deliverables, compliance to technical and safety requirements for all projects as well as reviewing all design and technical documentation prior to submission. In April 2022, he was promoted to his current position.

He does not hold any directorships in other companies outside our Group.

(e) Fong Lai Kuan

Fong Lai Kuan, a Malaysian, aged 59, is our Manager – Contract and Risk, where she oversees contract management and risk management for awarded projects within our Group.

She completed her Malaysia Higher School Certificate in December 1985 from Sekolah Menengah Kebangsaan Methodist (ACS), Ipoh, Perak and pursued further education in secretarial studies, obtaining a Private Secretary's Certificate from the London Chamber of Commerce and Industry in June 1991, a Secretarial Group Certificate from Pitman Examination Institute London in August 1991, and a Certificate in Private Secretaryship from Goon Institution in September 1991.

Her career began as a Clerk with Herbho Management Services Sdn Bhd, a company in Ipoh, Perak providing tax and accounting services, from July 1986 to May 1988. She then joined Syarikat Mofokcintong, a housing development company in Ipoh, Perak, where she served as Personal Secretary to the proprietor from June 1988. She left in May 1989 after the company was wound up, and thereafter joined the Perak Turf Club, a thoroughbred horse racing facility in Ipoh from June 1989 as a Racing Clerk, providing administrative support to the personal assistant and the club secretary as well as preparing verbatim transcriptions of racing fraternity inquiries.

She resigned from her position in July 1990 and in the same month joined Kvik (Malaysia) Sdn Bhd, a company in Ipoh, Perak specialising in the manufacturing of complete knock down wooden cabinets and other related wood products. As a Secretary, she provided administrative support to the General Manager and the Factory Manager as well as liaising with local authorities on permits and licenses related matters. She also oversaw the Human Resources Department for a transition period from February 1991 to May 1991. She left the company in March 1992.

She joined The Pan Pacific Resort, Pangkor, Perak from April 1992 to July 1996. She started as a Management Secretary, providing administrative support to the General Manager, and the Executive Assistant Manager. In January 1993, she was promoted to Executive Secretary, where she supported 4 executive committee members. In January 1996, she was promoted to Business Services Manager, overseeing the Resort Business Centre and overseeing administrative support for conventions in addition to managing the executive office. She also conducted training sessions on administration duties for resort staff. During a major upgrade of the resort in 1995 and 1996, she co-ordinated the operations and migration of the executive office. She resigned from her position in July 1996.

In August 1996, she joined MEASAT Broadcast Network Systems Sdn Bhd, a company which operates the ASTRO satellite pay television and services, initially based in Ipoh, Perak. She started as Area Executive – Administration, overseeing the administration, accounts and sales support departments for Perak, Pahang, Kelantan and Terengganu, and assisted in setting up the regional office, and the customer service centre in Ipoh, Perak. From January 2000 to August 2000, she was seconded to the Klang Valley regional office as part of a team to establish the fulfilment centre for centralised stock management and distribution for ASTRO offices nationwide. In September 2000, she returned to the Ipoh regional office where she developed and implemented semi-automated tracking of ASTRO activation reports for all regional and area offices nationwide. She was redesignated as Project Executive in November 2002 and transferred to ASTRO headquarters in Kuala Lumpur, charged with tracking activations and reconciling inventory movements for the nationwide upgrade of ASTRO boxes for customers. Subsequently as Sales & Distribution Department lead, she successfully completed ASTRO's group-wide upgrade of their financial, inventory and billing management systems. In February 2008, she was promoted to Senior Executive – Sales Operations, and as Division lead, she successfully completed the upgrade and migration of ASTRO's Customer Relationship Management (CRM) System as well as development and maintenance of Local Operating Procedures and Business Continuity Plan, and setting up the Sales & Control Compliance Unit for the Division. She resigned from her position in October 2011.

From October 2011 to December 2014, she served as Support Manager at Theta Service Partner Sdn Bhd in Kuala Lumpur, a consulting services company specializing in financial software systems. She managed onsite accounts, co-ordinated requirements gathering, proposals, functional documentation, scheduling of enhancements and new developments and reviewed contracts for IT software solutions to banks.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

In February 2015, she joined TSM as Administration Manager, overseeing an administration team for the preparation and review of documents for tender submissions. She was promoted to Manager – PMO Administration, managing administrative support for awarded projects. Thereafter in September 2019, she was promoted to Manager – Contract and Risk, where she was responsible for contract management and for risk management of our Group's awarded projects. In October 2022, she was appointed as Manager – Contract and Risk of SeeTec Asia. Currently, she is our Manager – Contract and Risk.

She does not hold any directorships in other companies outside our Group.

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5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.3 and below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years preceding the LPD:

(a) Susie Chung Kim Lan

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Borneo Oil Berhad (listed on Main Market of Bursa Securities)	Investment holding company with subsidiaries involved in mining operations and trading of raw material, property management, plantation, trading of construction materials and construction	Independent Non-Executive Director	1 April 2022	-	-	-
Past involvement						
Nil						

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(b) Petr Obsel

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Infinite Evolution Holdings Sdn Bhd	Dormant and previously involved in investment holding in IEH Technologies Sdn Bhd	Director / Shareholder	2 October 2013	-	20.0	-
Past involvement						
IEH Technologies Sdn Bhd (previously known as Techstore Technologies Sdn Bhd)	Dissolved on 11 November 2024. Previously involved in the export and import of security systems, computer hardware, software and peripherals as well as variety of goods without any particular specialisation	Director / Indirect Shareholder	4 October 2013	11 November 2024	-	(1)20.0
Tech-Store International Pte Ltd	Dissolved on 4 September 2023. Previously involved in wholesale trade of a variety of goods without a dominant product	Director / Indirect Shareholder	28 September 2011	4 September 2023	-	(1)20.0

Note:

(1) Deemed interested by virtue of his shareholdings in Infinite Evolution Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

(c) Juraj Zidzik

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Infinite Evolution Holdings Sdn Bhd	Dormant and previously involved in investment holding in IEH Technologies Sdn Bhd	Shareholder	-	-	20.0	-
Past involvement						
IEH Technologies Sdn Bhd (previously known as Techstore Technologies Sdn Bhd)	Dissolved on 11 November 2024. Previously involved in the export and import of security systems, computer hardware, software and peripherals as well as variety of goods without any particular specialisation	Indirect Shareholder	-	-	-	(1)20.0
Tech-Store International Pte Ltd	Dissolved on 4 September 2023. Previously involved in wholesale trade of a variety of goods without a dominant product	Indirect Shareholder	-	-	-	(1)20.0

Note:

(1) Deemed interested by virtue of his shareholdings in Infinite Evolution Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2023 and 2024 are as follows:

	[(1)]Remuneration band	
	FYE 2023 (Paid)	[(2)]FYE 2024 (Proposed)
	RM'000	
Susie Chung Kim Lan	150 – 200	150 – 200
Petr Obsel	450 – 500	450 – 500
Juraj Zidzik	300 – 350	300 – 350
Mohd Afiq bin Mustaffa	100 – 150	100 – 150
Fong Lai Kuan	100 – 150	100 – 150

Notes:

(1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.

(2) The bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board has adopted the following responsibilities for the effective discharge of its functions:

(a) to provide leadership and oversee the overall conduct of our Group's businesses to ensure that the businesses are being properly managed;

(b) to review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;

(c) to review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and the employees and assets and to ensure compliance with applicable laws and regulations;

(d) to ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by MCCG;

(e) to review and approve the annual business plans, financial statements and annual reports;

(f) to monitor the relationship between our Group and the management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and

(g) to appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Constitution, at the first annual general meeting of the Company, all the Directors shall retire from office and be eligible for re-election and an election of Directors shall take place each year at the annual general meeting of our Company, where one-third of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office. This is provided always that all Directors shall retire from office once at least in every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name	Date of appointment as Director	Date of expiration of the current term in office	Approximate no. of months in office as at LPD
Dato' Ab Rahim bin Abu Bakar	10 May 2024	At the 2024 AGM of our Company	7
Tan Hock Lim	23 January 2024	At the 2024 AGM of our Company	11
Mohd Fadzil bin Mohd Daud	10 May 2024	At the 2024 AGM of our Company	7
Datin Shafinaz binti Abdul Rani	10 May 2024	At the 2024 AGM of our Company	7
Yap Choo Cheng	10 May 2024	At the 2024 AGM of our Company	7
Lim Su May	10 May 2024	At the 2024 AGM of our Company	7

The members of our Board are set out in Section 5.2.

5.4.2 Audit and Risk Management Committee

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility on the oversight of the integrity of our Group's accounting and financial reporting matters. The Audit and Risk Management Committee's duties and responsibilities, as stated in its terms of reference, include, amongst others, the following:

(a) to review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;

(b) to review and recommend our quarterly and annual financial statements for approval by our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

(c) to review and monitor any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;

(d) to oversee and recommend the risk management framework of our Group;

(e) to review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategies, operational, financial and compliance risk;

(f) to implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;

(g) to review the risk profile of our Group and to evaluate the measures taken to mitigate the business risks;

(h) to review the adequacy of our management's response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite;

(i) to perform the oversight function over the administration of whistleblowing policy that is approved and adopted by our Board and to protect the values of transparency, integrity, impartiality and accountability where our Group conducts its business and affairs;

(j) to consider the major findings of internal investigations and management's response;

(k) to do the following:

    (i) establishment of an internal audit function (either in house or outsourced , as applicable) which is independent of the activities its audits and to ensure that the head of the internal audit function reports directly to the Audit and Risk Management Committee;

    (ii) review the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

    (iii) review the internal audit plan and results of the internal audit assessments undertaken and ensure that the appropriate action is taken on the recommendation of the internal auditors;

    (iv) consider the internal audit reports and findings by the internal auditors, fraud investigation and actions and steps taken by our management in response to audit findings;

    (v) appraise or assess the performance of members of the internal audit function; and

    (vi) monitor the overall performance of our Company's internal audit function;

(l) to consider other areas as defined by our Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time; and

(m) to perform such other functions that may be mutually agreed upon by our Audit and Risk Management Committee and our Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at LPD are as follows:

Name	Designation	Directorship
Yap Choo Cheng	Chairperson	Independent Non-Executive Director
Datin Shafinaz binti Abdul Rani	Member	Independent Non-Executive Director
Lim Su May	Member	Independent Non-Executive Director

Our Nomination Committee will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

5.4.3 Nomination Committee

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

(a) to assist our Board in ensuring that our Board is of an effective composition, mix of skills, independence, diversity, size and commitment to discharge its responsibilities and duties adequately;

(b) to ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of our Board committees. In identifying candidates for appointment of directors, the Nomination Committee should not rely solely on the recommendations from existing directors, management or major shareholders and independent sources should be utilised to identify suitably qualified candidates;

(c) in determining the process for the identification of suitable candidates, our Nomination Committee will assess if appropriate review is undertaken to ensure the requirement and qualification of the candidate nominated is based on a prescribed set of objective criteria and merit comprising but not limited to the following;

  (i) skills, knowledge, expertise, experience, age, cultural background and gender;

  (ii) professionalism;

  (iii) integrity;

  (iv) existing number of directorships held, including on boards of non-listed companies;

  (v) confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and

(vi) in the case of candidates being considered for the position of independent director, such potential candidates should have the ability to discharge such responsibilities/functions as expected from independent non-executive directors. Amongst others, the potential candidates must fulfil the criteria used in the definition of "independent directors" prescribed by the Listing Requirements and be able to bring independent and objective judgment to our Board,

Where required, the members of our Nomination Committee would meet up with potential candidates for the position of director to assess their suitability;

(d) to assist our Board in assessing and evaluating circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses upon receiving the declaration of the same from our Director and thereafter, to inform our Audit and Risk Management Committee of the same. After deliberation with our Audit and Risk Management Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest;

(e) to evaluate the performance and effectiveness of our Board and Board committees annually;

(f) to ensure that every Director, including our Managing/Executive Directors, shall be subject to retirement at least once every 3 years. A retiring Director shall be eligible for re-election;

(g) for Independent Director whose terms have exceeded 9 years' tenure, to review his/her independence and if deem appropriate for continuance in the office, to provide justification to our Board for consideration prior recommendation to our shareholders for approval;

(h) to review the term of office and performance of our Audit and Risk Management Committee and each of its members annually to determine whether our Audit and Risk Management Committee and its members have carried out their duties following the terms of reference;

(i) to ensure an appropriate framework and succession planning for our Board and management succession, including our future Chairman, Managing/Executive Directors and Chief Executive Officer; and

(j) to consider any other matters as defined by our Board.

The recommendations of our Nomination Committee are subject to the approval of our Board.

The members of our Nomination Committee as at LPD are as follows:

Name	**Designation**	**Directorship**
Lim Su May	Chairperson	Independent Non-Executive Director
Datin Shafinaz binti Abdul Rani	Member	Independent Non-Executive Director
Yap Choo Chong	Member	Independent Non-Executive Director

5.4.4 Remuneration Committee

Our Remuneration Committee is primarily responsible for assisting the Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The duties and responsibilities as stated in the terms of reference of our Remuneration Committee include the following:

(a) to recommend a remuneration framework for our Managing Director, Executive Directors, and key senior management for our Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of caliber, and yet not excessive. The framework should cover all aspects of remuneration including our Director's fee, salaries, allowance, bonuses, options and benefit-in-kind and take into account the complexity of our Company's business and the individual's responsibilities;

(b) to recommend remuneration packages for our Managing Director, Executive Directors and key senior management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not depend on short-term performance to avoid incentives for excessive risk-taking. The remuneration should also be aligned with the business strategy and long-term objectives of our Company; and take into consideration our Company's performance in managing material sustainability risks and opportunities;

(c) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Managing Director, Executive Directors and key senior management;

(d) to determine and recommend the payment of directors' fees and other benefits for our Non-Executive Directors, including our Non-Executive Chairman, for our Board as a whole where the individual concerned shall abstain from discussion of their own fees and benefits. No individual shall take part in any discussion concerning specifically his or her own fees and benefits; and

(e) to perform any other functions as defined by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at LPD are as follows:

Name	Designation	Directorship
Datin Shafinaz binti Abdul Rani	Chairperson	Independent Non-Executive Director
Yap Choo Cheng	Member	Independent Non-Executive Director
Lim Su May	Member	Independent Non-Executive Director

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

There are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key senior management which provide for benefits upon termination of employment.

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

(a) in the last 10 years, a petition under any bankruptcy or insolvency laws that was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;

(b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(d) in the last 10 years, any judgment that was entered against him, 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;

(e) in the last 10 years, was 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;

(f) being 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;

(g) in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(h) has any unsatisfied judgment against him.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON TECHSTORE

Our Company was incorporated in Malaysia under the Act on 23 January 2024 as a private limited company under the name of TechStore Sdn Bhd. On 6 June 2024, we were converted into a public limited company and adopted our present name.

On 9 January 2024, TSM also completed the acquisition of SeeTec Asia, which forms a key part of the Group's business. Please refer to Section 7.1 for further information.

Our principal activity is investment holding. Through our subsidiaries, we are primarily involved in the provision of enterprise IT services, primarily involving the IT security and automation solutions to support our customers' operations. Please refer to Section 7.1 for detailed information of our Group's history. Save as disclosed therein, there has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD.

As at LPD, our share capital is RM32,062,501 comprising 375,000,000 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital
			RM
23 January 2024	1	RM1/ Subscriber's share	1
18 October 2024	374,999,999	RM32,062,500/ Consideration for the Acquisition	32,062,501

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

Upon completion of our IPO, our enlarged share capital will increase to RM57,062,501 comprising 500,000,000 Shares.

6.2 DETAILS OF THE ACQUISITION

In preparation for our Listing, we have undertaken the Acquisition. On 6 May 2024, we entered into a conditional share sale agreement with Tan Hock Lim, Mohd Fadzil bin Mohd Daud and Nor Azman bin Abd Razak to acquire 12,000,000 ordinary shares representing the entire equity interest in TSM comprising a purchase consideration of RM32,062,500 which was satisfied by the issuance of 374,999,999 new Shares to Tan Hock Lim, Mohd Fadzil bin Mohd Daud and Nor Azman bin Abd Razak at an issue price of RM0.0855 each.

Details of the Acquisition and the number of Shares issued to the vendors pursuant to the Acquisition are set out below:

	Shareholdings in TSM			
Vendors of TSM	**No. of shares acquired**	**% of share capital**	**Purchase consideration**	**No. of Shares issued**
			RM	
Tan Hock Lim	9,445,000	78.7	25,235,859	295,156,249
Mohd Fadzil Bin Mohd Daud	2,550,000	21.3	6,813,281	79,687,500
Nor Azman Bin Abd Razak	5,000	<0.1	13,360	156,250
	12,000,000	**100.0**	**32,062,500**	**374,999,999**

The purchase consideration for the Acquisition which was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of TSM as at 31 December 2023 of RM32.1 million.

The Acquisition was completed on 30 October 2024. Thereafter, TSM became our wholly-owned direct subsidiary. Accordingly, SeeTec Asia became our wholly-owned subsidiary through TSM.

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

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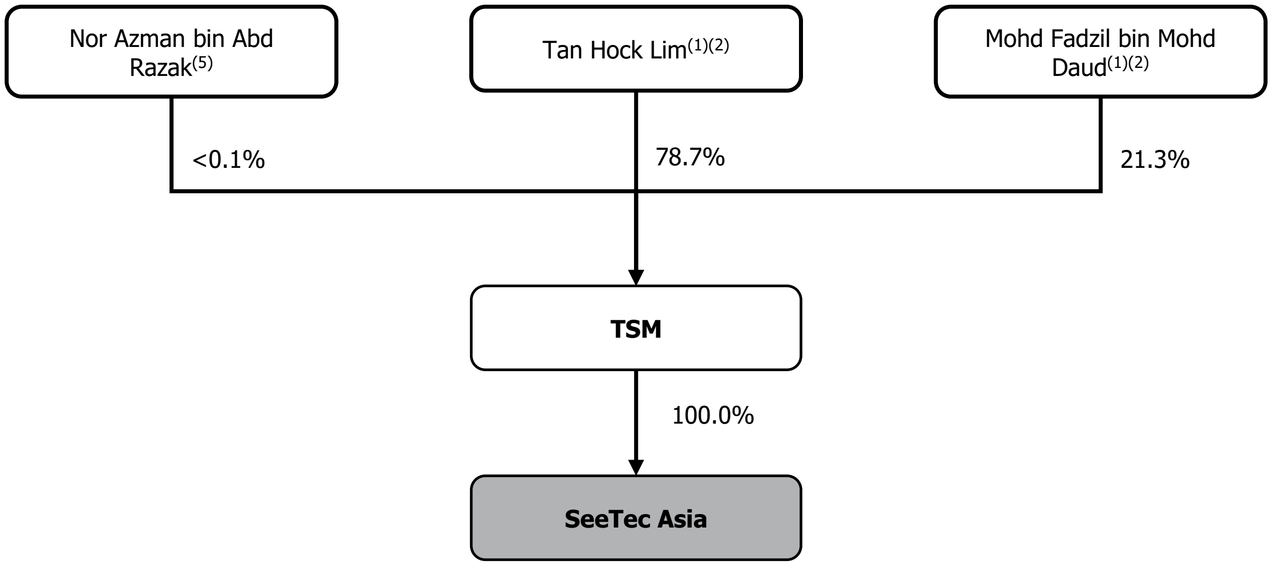
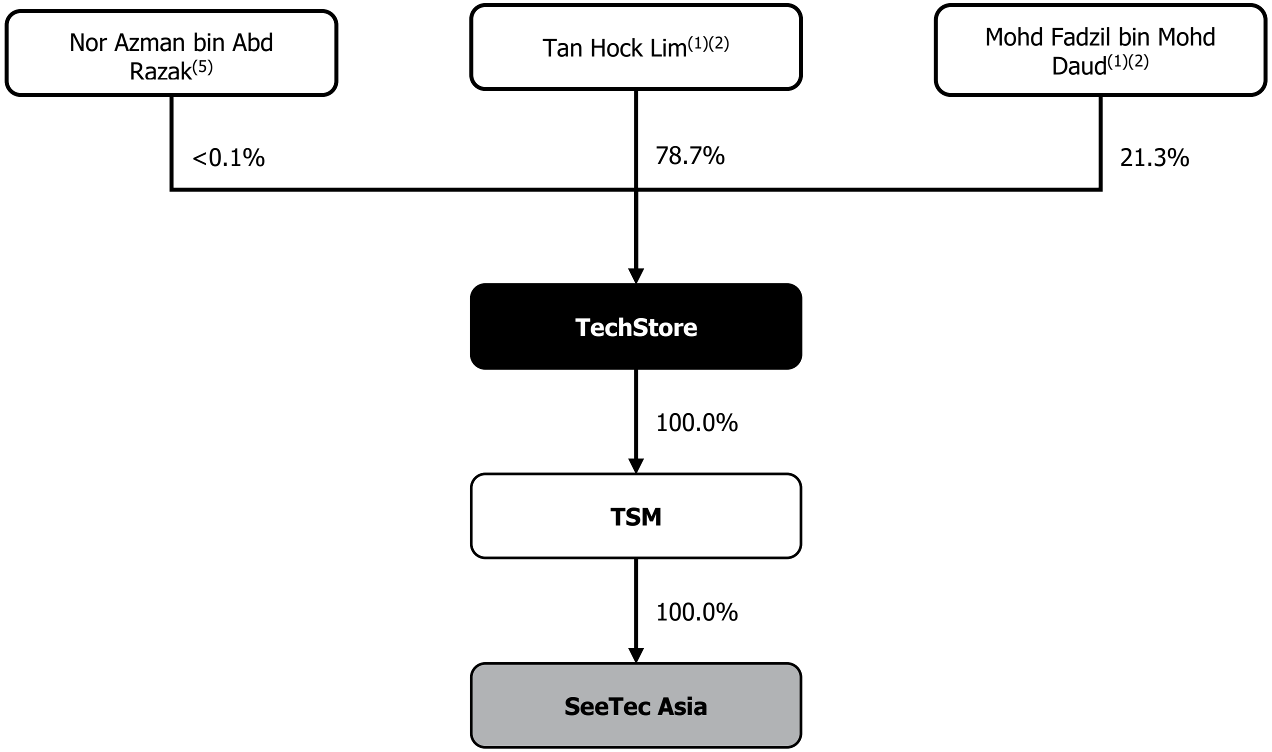
6.3 GROUP STRUCTURE

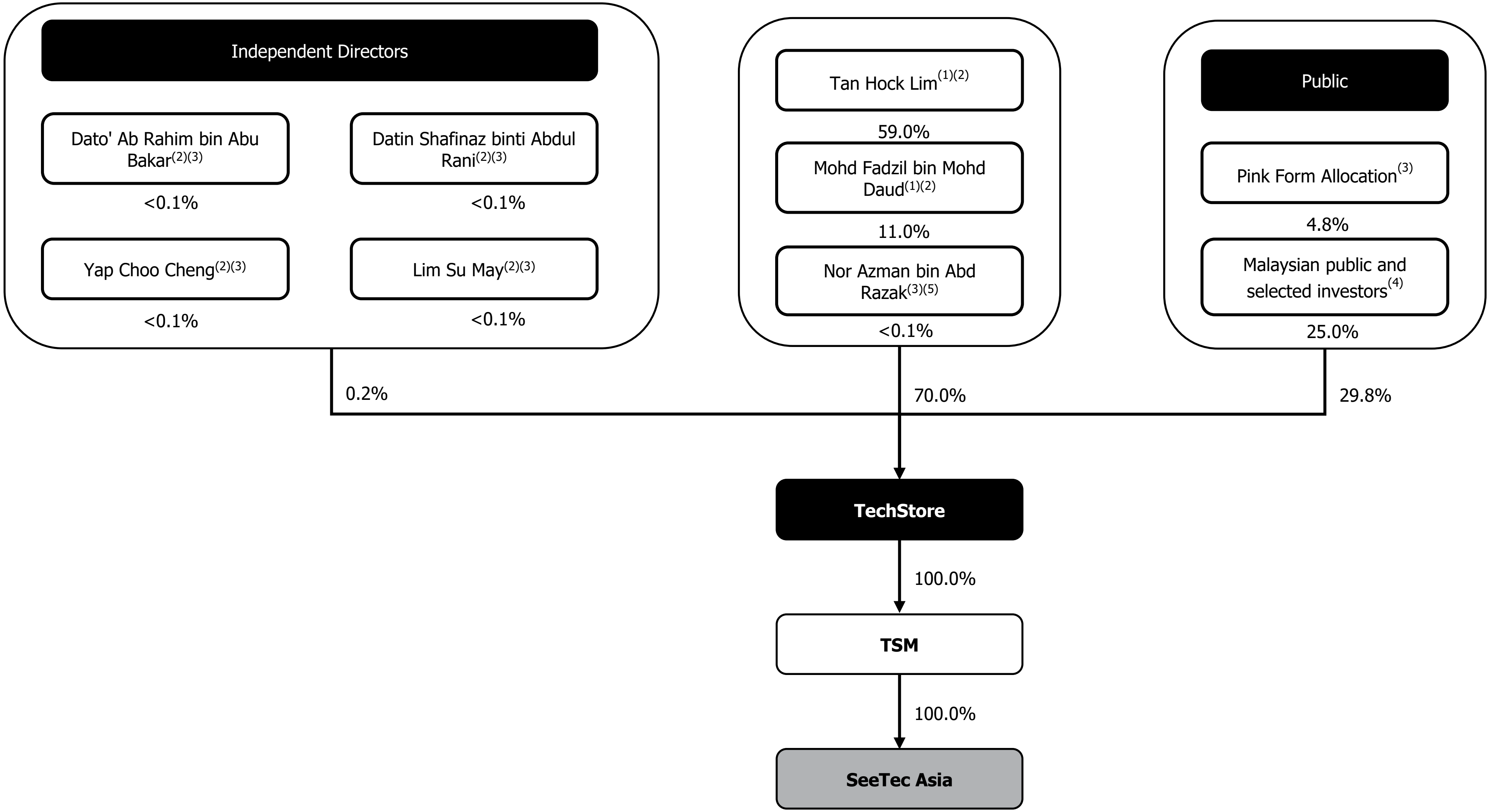
Before the Acquisition



After the Acquisition but before our IPO



After our IPO



Notes:

(1) Relates to our Promoters.

(2) Relates to our Directors.

(3) Assuming that all our Eligible Persons will subscribe for the Pink Form Allocations.

(4) Includes Bumiputera investors approved by MITI.

(5) Nor Azman bin Abd Razak is a director of TSM as well as our Head of Design.

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6.4 SUBSIDIARIES AND ASSOCIATED COMPANY

Details of our subsidiaries as at LPD are summarised as follows:

Company/ Registration no.	Date/ Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
			RM	%	
TSM/ 201101003927 (932067-M)	9 February 2011/ Malaysia	Malaysia	12,000,000	100.0	Distribution and providing professional service in relation to software and hardware for security and ICT products
Held through TSM					
SeeTec Asia/ 201201025310 (1009800-X)	13 July 2012/ Malaysia	Malaysia	200,000	100.0	Business of security consulting, security systems, ICT, video and behavioural analytics, and development of middleware for third party hardware and system integration

Details of the share capital of our subsidiaries are set out in Section 15.2.

As at LPD, we do not have any associated company.

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6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2021 to 2023 and up to LPD:

(a) sale and purchase agreement dated 24 November 2021 between Tuen Kam Sim (as vendor) and TSM (as purchaser) for the acquisition of a 2-storey shop office held under H.S.(D) 314968, PT82493, Mukim Petaling, Daerah Petaling, Negeri Selangor bearing postal address at 21 & 21-1, Jalan Suria Puchong 4, Pusat Perniagaan Suria Puchong, 47110 Puchong, Selangor by TSM for a cash consideration of RM1.1 million, which was completed on 8 April 2022;

(b) conditional share sale agreement dated 6 May 2024 between our Company, Tan Hock Lim, Mohd Fadzil bin Mohd Daud and Nor Azman bin Abd Razak for the Acquisition, which was completed on 30 October 2024; and

(c) Underwriting Agreement dated 6 January 2025 between our Company and M&A Securities for the underwriting of 50,000,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

6.6 PUBLIC TAKE-OVERS

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

(a) no public take-over offers by third parties in respect of our Shares; and

(b) no public take-over offers by our Company in respect of other companies' shares.

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6.7 MAJOR APPROVALS AND LICENCES

As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(a)	TSM/ CIDB	23 May 2024/ 17 September 2025	Certificate of Registration in respect of the following: (i) Grade 7, B (Building); (ii) Grade 7, CE (Civil Engineering); and (iii) Grade 7, ME (Mechanical and Electrical Engineering).	(i) The certificate is non-transferable;	Noted
				(ii) The contractor shall not participate in any tender or perform any construction work after the expiry of this certificate until it is renewed;	Noted
			Grade[(1)] / **Category[(2)]** / **Specialist[(3)]** G7 / B / B04 B28 G7 / CE / CE06 CE13 CE21 G7 / ME / E01 E02 E03 E06 E08 E10 E11 E13 E14 E16 E17 E21 E32 M01 M04 M15 M23	(iii) The contractor shall not undertake to build any construction project that exceeds the value of construction work specified under the registered grade and shall not carry out any construction project outside its registered category;	Complied
			Notes:	(iv) The contractor shall submit the information regarding any construction work or contract within a period of 14 days after being awarded or before work has begun whichever is earlier;	Noted
			Grade[(1)] / **Tender value / construction work value:** G7 / Unlimited	(v) The contractor shall apply for renewal registration within 60 days prior to the expiry date specified in the certificate; and	Noted
			Category[(2)] / **Description** B / Construction building CE / Civil engineering construction ME / Mechanical and electrical	(vi) The contractor shall appoint skilled construction workers and site supervisors accredited and certified by CIDB.	Complied

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

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences		Equity and/or major conditions imposed	Compliance status
			Specialist[(3)]	**Description**		
			B04	Building construction works – construction works of any building and plant		
			B28	Additional works, changes or amendments to structural or architectural/decorative or mechanical/electrical or combined elements or to existing buildings		
			CE06	Construction and maintenance of drainage and irrigation structures such as tunnels, canals, ditches, aqueducts, pipes, sewers, flood control structures such as retention ponds, reservoirs and dams, water control structures such as tires, water gates (flap gate, screwdown gate, roller gate), ogee weir, barrage, pumping system, parallel dam and so on		
			CE13	Installation of any billboard including support structure		
			CE21	Civil engineering construction – construction works, maintenance and repair of any civil engineering construction		

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences		Equity and/or major conditions imposed	Compliance status
			E01	Installation and maintenance works of public broadcasting systems, video surveillance systems, conference systems, intercom systems and so forth		
			E02	Installation and maintenance of security control systems, surveillance systems, security alarms, parking lot surveillance systems and access card systems, CCTV, sensor/detection systems and platform alarm systems		
			E03	Installation and maintenance of building automation, industrial and process control systems including installation and maintenance of microprocessors or computerized building control systems and industrial process control systems		
			E06	Installation and maintenance of stadium lights, floodlights, laser system "high mast" lights, stage lights, special effects lights, directional pandas,		

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences		Equity and/or major conditions imposed	Compliance status
				park lights, underwater lighting, rig lighting, petrochemical plant lighting, gas processing plant lighting, refinery lighting oil and so on		
			E08	Installation, testing and maintenance of underground telecommunications cables, overhead lines, and cables in underground pipelines		
			E10	Installation and maintenance of uninterrupted power supply system		
			E11	General Electrical Work that does not involve electrical work as defined under the ESA 1990 and Electricity Regulations including the installation and equipment of "generating plant" not exceeding 1 KV		
			E13	Installation, repair, overhaul and maintenance of railway service encryption and telecommunication systems		

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences		Equity and/or major conditions imposed	Compliance status
			E14	Network cable installation works for computers including construction and installation of IT equipment		
			E16	Installation and maintenance of street lights and traffic lights		
			E17	Low voltage underground cable installation and maintenance works		
			E21	Installation and maintenance of low voltage overhead lines		
			E32	Installation and maintenance of low voltage power hardware and equipment not exceeding 1KV		
			M01	Installation, testing, maintenance and repair of air conditioners, cold room coolers and air distribution systems		
			M04	Installation, testing, maintenance and repair of industrial building automation systems and process control systems including microprocessor systems or computer control systems for building and industrial process control systems		

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
			M15 Miscellaneous mechanical M23 Installation, testing, maintenance and repair of Supervisory Control and Data Acquisition (SCADA) and telemetry systems		
(b)	TSM/ CIDB	12 September 2022/ 17 September 2025	Certificate of Government Procurement in respect of the following grades and categories: **Grade** / **Category** G7 / B G7 / CE G7 / ME G2 / ME	(i) This certificate shall not be used as a license for commencing or undertaking any construction works. This certificate can only be used for government procurement works or other government agency procurement works;	Complied
				(ii) This certificate should be provided together with Certificate of registration when the company tenders for government contracts;	Noted
				(iii) This certificate should be renewed together with the Certificate of registration issued by CIDB;	Noted
				(iv) The company or certificate holder shall not lend, lease, transfer, allow or cause this certificate to be used by other persons not named in this certificate for the purpose of obtaining government procurement works;	Complied

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
				(v) The contractor shall not be involved in tender or any construction works after the expiry of this certificate and until such time this certificate has been renewed; and	Noted
				(vi) Any change in information must be notified to CIDB within 30 days from the date of occurrence of the change.	Complied
(c)	TSM/ Energy Commission Malaysia	18 August 2022/ 17 August 2025	Certificate of Registration as an Electrical Contractor to carry on electrical works as an Electrical Contractor at 20-2, Jalan Suria Puchong 6, Pusat Perniagaan Suria Puchong, 47110 Puchong, Selangor under Class C	Nil	N/A
(d)	TSM/ MOF	6 December 2024/ 22 March 2028	Certificate of Registration with the MOF for the provision or supply of services for 29 field code categories	**General Conditions**	
				(i) The company shall ensure that the field that have been registered in this certificate do not overlap with the fields that have been approved for any of the following companies:	
				• Having the same shareholders or Board of Directors, management and employees; or	Complied
				• Operating at the same premises.	Noted

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
				(ii) The MOF reserves the right to conduct an audit visit or inspection at any time without prior notice. Failure to comply with the registration requirements, field code and/ or registration of the company may be suspended/ cancelled, and companies, shareholders and the Board of Directors are subject to disciplinary action including being blacklisted without any notice in the event the information provided is incorrect.	Noted
				(iii) Newly registered companies are not allowed to make any changes to the shareholding or Directors during the period six (6) months from the date the Company is registered.	Noted
				Suspension / Cancellation of Registration	
				(i) The registration of the company will be suspended/cancelled if it is found that the company has committed the following offences:	Noted
				• The company/ shareholders/ partnership/ Directors/ any member of management has committed a crime and was found guilty by a court in Malaysia or abroad or have civil liability.	Noted

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
				• The company withdraws the offer before the tender is considered or rejects it after the offer is made.	Noted
				• The company failed to perform any of the obligations in the contracts signed with the Government.	Noted
				• The company was found to have fraudulently amended the Certificate of Registration of the company or for other purposes.	Noted
				• The company allows the Certificate of Registration of the company to be misused by other individuals/companies.	Noted
				• The company was found to have entered into price alliances with other companies when entering into Government tenders or subcontracts without the prior consent of the Government agencies that are involved.	Noted
				Renewal	
				(i) The company must submit an application for renewal of registration three months prior to the expiry of the registration period.	Noted

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
				(ii) Applications received after the expiration of the registration period are considered renewal registration.	Noted
				Rights of the Government	
				(i) The Certificate of Registration of Company issued virtually is the rights of the Government. The Government reserves the right to withdraw/suspend/cancel such registration if the Company has been subjected to disciplinary action in accordance with 1PP/PK8 (Treasury Circular/ Government Procurement 8).	Noted
				Participation in Government Procurement	
				(i) The company must ensure that the registration with the MOF is still valid throughout the period the contract is in force.	Noted
(e)	TSM/ MBSJ	15 May 2024/ 23 June 2025	Business and advertising licence in respect of 20, 20-1, 20-2, 20-3, Jalan Suria Puchong 6, Pusat Perniagaan Suria, 47110 Puchong, Selangor	(i) Licence shall be displayed at the business premise; and	Complied
				(ii) Save for temporary status licence, to renew the licence within 3 months prior to the expiry date of the licence.	Noted

No.	Licencee/ Issuing authority	Date of issue/ expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(f)	TSM/ MBSJ	5 September 2024/ 10 March 2025	Business and advertising licence in respect of 21, 21-1, Jalan Suria Puchong 4, Pusat Perniagaan Suria Puchong, 47110 Puchong, Selangor	(i) Licence shall be displayed at the business premise; and	Complied
				(ii) Save for temporary status licence, to renew the licence within 3 months prior to the expiry date of the licence.	Noted
(g)	SeeTec Asia/ MBSJ	15 May 2024/ 15 June 2025	Business and advertising licence in respect of 22, 22-1, 22-2, Jalan Suria Puchong 6, Pusat Perniagaan Suria Puchong, 47110 Puchong, Selangor	(i) Licence shall be displayed at the business premise; and	Complied
				(ii) Save for temporary status licence, to renew the licence within 3 months prior to the expiry date of the licence.	Noted

Save for the business and advertising licences disclosed in (e), (f) and (g) above, our Group's business or profitability depends on the other major licences and permits disclosed as at LPD, without which our Group's operations may not be carried out in the respective purviews of each license.

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6.8 INTELLECTUAL PROPERTIES

As at LPD, our Group does not own any other brand names, trademarks, industrial design or other intellectual property rights other than those disclosed below:

6.8.1 Trademark

No.	Trademark	Registered owner	Trademark application no./ Class	Approving authority/ Place of application or registration	Status/ Registration validity
1.	TECHSTORE	TSM	2017069620/ 9(1)	MyIPO/ Malaysia	Registered/ 6 October 2017 to 6 October 2027
2.	TECHSTORE	TSM	2017069623/ 35(2)	MyIPO/ Malaysia	Registered/ 6 October 2017 to 6 October 2027
3.	TECHSTORE	TSM	2018062710/ 37(3)	MyIPO/ Malaysia	Registered/ 5 July 2018 to 5 July 2028
4.	TECHSTORE	TSM	2018062714/ 42(4)	MyIPO/ Malaysia	Registered/ 5 July 2018 to 5 July 2028
5.	SeeTec	SeeTec Asia	TM2023027664/ 42(4)	MyIPO/ Malaysia	Registered/ 13 September 2023 to 13 September 2033
6.	SeeTec	SeeTec Asia	2017069615/ 35(2)	MyIPO/ Malaysia	Registered/ 6 October 2017 to 6 October 2027

Notes:

(1) Close circuit television apparatus; security alarms systems (other than for vehicles); automatic access security apparatus; door security devices of metal for buildings (electric); electric access security apparatus; electric security apparatus for buildings; security control apparatus; video cameras adapted for security purposes; all included in class 9.

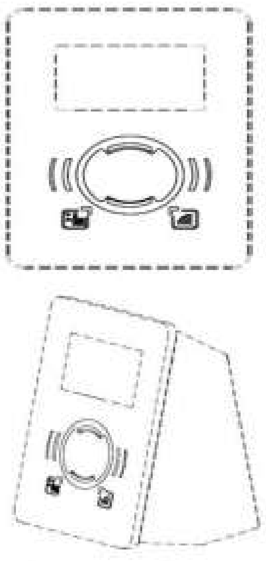
(2) The bringing together, for the benefit of others, of a variety of goods, enabling customer to conveniently view and purchase those goods; such services may be provided by retail stores, wholesale outlets, through mail order catalogues or by means of electronic media, for example, through web sites or television shopping programme; all included in class 35.

(3) Bricklaying; building construction supervision; building sealing; building insulating; building of fair stalls and shops; burglar alarm installation and repair; carpentry services; construction; construction information; construction consultancy; demolition of buildings; electric appliance installation and repair; elevator installation and repair; fire alarm installation and repair; freezing equipment installation and repair; furnace installation and repair; furniture maintenance; furniture restoration; heating equipment installation and repair; hydraulic fracturing services; installation and repair of air-conditioning apparatus; installation, maintenance and repair of computer hardware; installation of doors and windows; interference suppression in electrical apparatus; kitchen equipment installation; laying of cable; machinery installation, maintenance and repair; office machines and equipment installation, maintenance and repair; paper hanging; pipeline construction and maintenance; plastering; repair information; repair of security locks; repair of power lines; safe maintenance and repair; strong-room maintenance and repair; telephone installation and repair; upholstering; upholstery repair; all included in class 37.

(4) Architectural services; architectural consultancy; authenticating works of art; biological research; calibration (measuring); cartography services; cloud seeding; cloud computing; computer programming; computer software design; rental of computer software; computer system analysis; computer system design; computer software consultancy; computer virus protection services; computer technology consultancy; computer security consultancy; construction drafting; consultancy in the design and development of computer hardware; consultancy in the field of energy-saving; conversion of data or documents from physical to electronic media; conversion of computer programs and data, other than physical conversion; creating and maintaining web sites for others; creating and designing website-based indexes of information for others (IT services); data security consultancy; data encryption services; design of interior decor; interior design; digitization of documents (scanning); duplication of computer programs; electronic data storage; electronic monitoring of personally identifying information to detect identity theft via the internet; electronic monitoring of credit card activity to detect fraud via the internet; engineering; graphic arts design; handwriting analysis (graphology); hosting computer sites (web sites); industrial design; IT consultancy; providing information on computer technology and programming via a web site; installation of computer software; internet security consultancy; maintenance of computer software; mechanical research; monitoring of computer systems by remote access; monitoring of computer systems to detect breakdowns; monitoring of computer systems for detecting unauthorized access or data breach; off-site data backup; outsource service providers in the field of IT; recovery of computer data; research and development of new products for others; research in the field of environmental protection; provision of scientific information, advice and consultancy in relation to carbon offsetting; scientific laboratory services; scientific research; server hosting; software as a service (SaaS); styling (industrial design); surveying; technical research; conducting technical project studies; technical writing; technological consultancy; telecommunications technology consultancy; material testing; underwater exploration; unlocking of mobile phones; updating of computer software; urban planning; all included in class 42.

For avoidance of doubt, in the event that the trademarks are not successfully renewed or registered, our business and profitability will not be materially affected as our Group's business and profitability are not materially dependent on the trademarks listed above.

6.8.2 Industrial Design

No.	Industrial Design	Registered owner	Industrial design filing no./ Class of Article/ Name of Article	Approving authority/ Place of application or registration	Status/ Registration validity
1.		TSM	MY 17-E0299-0101/ 14-02/ Barcode reader	MyIPO/ Malaysia	Registered/ 19 September 2017 to 19 September 2027

In the event that the industrial design is not successfully renewed or registered, our business and profitability will not be materially affected as our Group's business and profitability are not materially dependent on the industrial design listed above.

6.8.3 Copyright Voluntary Notification

We have registered the following copyrights to protect our intellectual property rights over the design and development of the PSDS software by our Group:

No.	Title of Work/ Category of Work	Registered owner	Copyright filing no.	Approving authority/ Place of application or registration	Status/ Date of Notice
1.	IEP 2023 Central Platform Manager/ Literary	TSM	LY2024W01198	MyIPO/ Malaysia	Registered/ 21 October 2024
2.	IEP 2023 DCU Configuration Tools/ Literary	TSM	LY2024W01197	MyIPO/ Malaysia	Registered/ 21 October 2024
3.	IEP 2023 Diagnose Pro/ Literary	TSM	LY2024W01196	MyIPO/ Malaysia	Registered/ 21 October 2024
4.	IEP 2023 Display Agent/ Literary	TSM	LY2024W01195	MyIPO/ Malaysia	Registered/ 21 October 2024
5.	IEP 2023 LCP HMI/ Literary	TSM	LY2024W01194	MyIPO/ Malaysia	Registered/ 21 October 2024

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6.9 PROPERTY, PLANT AND EQUIPMENT

6.9.1 Properties owned by our Group

A summary of the material properties owned by our Group as at LPD are set out below:

No.	Registered Owner/ Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area (sq ft)	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 July 2024
						RM'000
(a)	TSM/ 21 & 21-1, Jalan Suria Puchong 4, Pusat Perniagaan Suria Puchong, 47110 Puchong, Selangor/ H.S.(D) 314968, PT 82493, Mukim Petaling, Daerah Petaling, Negeri Selangor	Two-storey shop office/ Office/ 99-year leasehold expiring on 27 May 2097 (Approximately 73 years as at LPD)/ Building	2,002.1/ 3,746.0	24 November 2021/ 10 February 2012	Charged in favour of CIMB Islamic Bank Berhad on 28 April 2022	1,041
(b)	TSM/ 22, 22-1 & 22-2, Jalan Suria Puchong 6, Pusat Perniagaan Suria Puchong, 47110 Puchong, Selangor/ H.S.(D) 314982, PT 82507, Mukim Petaling, Daerah Petaling, Negeri Selangor	Three-storey shop office/ Office/ 99-year leasehold expiring on 27 May 2097 (Approximately 73 years as at LPD)/ Building	2,787.9/ 5,826.0	15 November 2013/ 10 February 2012	Charged in favour of Maybank Islamic Berhad on 9 May 2022 Private caveat lodged by Maybank Islamic Berhad on 17 February 2022	1,910
					Total	**2,951**

The properties owned by our Group are not in breach of any other land use conditions and/or non-compliance with current requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

6.9.2 Property rented by our Group

The summary of the material property rented by our Group as at LPD are set out below:

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Land area/ Built-up area (sq ft)	Period of tenancy / Rental per annum
(a)	20, 20-1, 20-2 & 20-3, Jalan Suria Puchong 6 Pusat Perniagaan Suria Puchong 47110 Puchong Selangor	Chow Chui Yee[(1)]/ TSM	Four-storey shop office/ Office and headquarters	2,744.8/ 8,000.0	1 May 2023 to 30 April 2025 RM125,400

Note:

(1) Chow Chui Yee is the spouse of Tan Hock Lim, our Group's Promoter, Managing Director and substantial shareholder. Kindly refer to Section 10.1 for further details of this tenancy.

The property rented by our Group is not in breach of any other land use conditions and/or non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

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6.9.3 Acquisition of property

Save as disclosed below, we have not acquired nor entered into any agreements to acquire any properties during FYE 2021 to 2023, FPE 2024 and up to LPD:

No.	Date of purchase	Registered Owner/ Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area	Date of CCC	Audited NBV as at 31 July 2024	Purchase value
						RM'000	RM'000
(a)	24 November 2021	TSM/ 21 & 21-1, Jalan Suria Puchong 4, Pusat Perniagaan Suria Puchong, 47110 Puchong, Selangor/ H.S.(D) 314968, PT 82493, Mukim Petaling, Daerah Petaling, Negeri Selangor	Two-storey shop office/ Office/ 99-year leasehold expiring on 27 May 2097/ Building	2,002.1/ 3,746.0	10 February 2012	1,041	1,050

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6.9.4 Material machinery

Our Group does not have any material machinery and equipment as at LPD.

6.9.5 Material capital expenditures and divestitures

(a) Material capital expenditures

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us for FYE 2021 to 2023, FPE 2024 and up to LPD:

		At cost			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**	**1 August 2024 up to LPD**
Capital expenditures	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Buildings	-	[(1)]476	-	-	-
Leasehold lands	-	[(1)]608	-	-	-
Computer and software	119	150	500	124	53
Equipment	50	35	52	63	23
Furniture and fittings	10	17	12	4	-
Motor vehicles	-	27	35	-	547
Renovation	-	4	6	18	-
	179	**1,317**	**605**	**209**	**623**

Note:

(1) Being the purchase of double storey shop office located at Puchong for RM1.1 million of which RM0.6 million is accounted for under right-of-use asset due to accounting for the leasehold land on which the building is situated.

FYE 2021

For FYE 2021, our capital expenditure was mainly related to purchase of computer and software amounting to RM0.1 million.

FYE 2022

For FYE 2022, our capital expenditure was mainly related to the purchase of:

(i) buildings amounting to RM0.5 million being our office building;

(ii) leasehold lands amounting to RM0.6 million accounted for as right-of-use asset; and

(iii) computer and software amounting to RM0.2 million.

FYE 2023

For FYE 2023, our capital expenditure was mainly related to the purchase of computer and software amounting to RM0.5 million in line with our expanding headcount and business growth.

FPE 2024

For FPE 2024, our capital expenditure mainly related to the purchase of computer and software amounting to RM0.1 million and purchase of testing and office equipment amounting to RM0.1 million.

From 1 August 2024 up to LPD

From 1 August 2024 up to LPD, our capital expenditure was mainly related to the purchase of 1 unit of motor vehicle amounting to RM0.5 million for general transportation use.

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

(b) Material capital divestitures

There were no other capital divestitures made by us for FYE 2021 to 2023, FPE 2024 and up to LPD.

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.9.6 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our IPO to finance the capital expenditure as set out in Section 4.9.1, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

(a) CIDB Act

The CIDB Act and the regulations made thereunder govern the establishment of the CIDB and provide for its function in relation to the construction industry and all matters in connection therewith.

Section 25 of the CIDB Act prescribes that a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB in order to carry out or complete, undertake to complete any construction works or hold himself as a contractor. Failure to comply with the above shall render a person liable to a fine of not less than RM10,000 but not more than RM100,000.

As at LPD, TSM holds a valid certificate of registration and certificate of government procurement issued by CIDB.

(b) LGA 1976

The LGA 1976 empowers every local authority to grant licences or permits for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor. As we operate in various jurisdiction in Malaysia, we are subject to the by-laws of the respective states.

As our offices are located in Puchong, Selangor, we fall under the jurisdiction of MBSJ.

The relevant by-laws governing the conduct of our business in our offices would be the Licensing of Trades, Businesses and Industries (Subang Jaya City Council) By-Laws 2007 ("**By-Laws 2007**"). By-Laws 2007 provides that it is an offence for a person to operate any trade, business and industry activity under Schedule 2 without a valid licence issued by MBSJ. Businesses falls within Schedule 2 of By-Laws 2007. Any person who contravenes any provisions of the By-Laws 2007 commits 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 such fine and imprisonment.

As at LPD, our Group holds and maintains valid business licences for all our operating business premises. In addition, our Group maintains valid advertising licences in respect of all premises with external signboards.

(c) OSHA

The OSHA regulates the safety, health and welfare of persons at work, protecting others against the risks of safety or health in connection with the activities of persons at work.

Pursuant to Section 29 of the OSHA, an occupier of a place of work to which this section applies shall employ a competent person to act as a safety and health officer at the place of work. An occupier who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to a term of imprisonment not exceeding 6 months or to both. The employer of the class or description of industries that shall employ a safety and health officer can be found under Order 3 of the Occupational Safety and Health (Safety and Health Officer) Order 1997, which includes any work of engineering construction where the total contract price of the project exceeds RM20.0 million.

Pursuant to Section 30 of the OSHA, every employer shall establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work or the Director General of the Department of Occupational Safety and Health directs the establishment of such a committee at the place of work. A person who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both.

As at LPD, our Group is in compliance with the relevant provisions under the OSHA.

(d) ESA 1990 and Electricity Regulations

The ESA 1990 including the Electricity Regulations regulate the electricity supply industry, the supply of electricity, the licensing of any electricity installation, as well as the registration of any electrical contractors, manufacturers, importers and any competent person involved in the supply or use of electricity.

Pursuant to Regulation 75 of the Electricity Regulations, no person shall perform or carry out any electrical work unless he holds a valid certificate of registration as an electrical contractor under the Electricity Regulations. A person who contravenes the provisions of this Regulation shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 1 year or to both.

"Electrical work" is defined under the Electricity Regulations as any work performed or carried out on an electrical installation and includes the installing, constructing, erecting or repairing thereof, the altering of the structure, the replacing of any of its parts, the adding of any part thereto or the carrying out of any work thereon for the purposes of its maintenance, but does not include work in relation to the manufacturing of an electrical installation or the assembling thereof in the course of, or in connection with, its manufacture for the purpose of producing a new article, or the oiling, greasing, cleaning or painting of an electrical installation.

As at LPD, our Group holds a valid certificate of registration as an electrical contractor issued by the Energy Commission Malaysia.

(e) Personal Data Protection Act 2010 (as amended pursuant to the Personal Data Protection (Amendment) Act 2024)

The Personal Data Protection Act 2010 regulates the processing of personal data in commercial transactions in Malaysia. Personal data relates directly or indirectly to a data subject, who is identified or identifiable from that information or from that and other information in the possession of a data controller, including any sensitive personal data and expression of opinion about the data subject. The processing of personal data by a data controller must comply with the Personal Data Protection Principles as provided under the Personal Data Protection Act 2010. A data controller who fails to comply with the Personal Data Protection Principles commits an offence and shall, on conviction, be liable to a fine not exceeding RM1,000,000 or to imprisonment for a term not exceeding 3 years or to both.

Our Group collects personal data of our customers including information on our customers' operations, IT policies and IT systems which is required to carry out our services. Since our inception and up to LPD, our Group has not encountered any breaches pursuant to the Personal Data Protection Act 2010. As at LPD, our Group complies with the Personal Data Protection Principles as provided under the Personal Data Protection Act 2010.

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 6.7. Save as disclosed therein, as at LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations.

6.11 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

As at LPD, there are no environmental, social and governance issues which may materially affect our Group's business or operations. The formation and initiation of a Management Working Sustainability Committee is in motion to formulate and monitor environmental, social and governance compliance with our Group's sustainability related framework, policies and strategies.

Our Group has implemented and is committed to implementing the following environmental, social and governance ("**ESG**") practices and measures in line with Bursa Securities issued Sustainability Reporting Guide 3rd Edition ("**Sustainability Guide**"):

(a) Environmental

(i) Energy efficient management

Effective energy efficiency usage and management are crucial in promoting environmental sustainability. Aligned with the Government's initiative for a balanced and sustainable energy future, our Group has contributed to this effort by implementing power-saving practices in our daily operations, purchase and usage of energy-efficient equipment as well as promoting energy-saving modes on all devices.

As a working commitment towards better energy efficiency, our Group has taken the initiative in investing in renewable energy sources. We intend to install grid-connected photovoltaic systems with a total capacity of 19.80 kilowatt peak at our office, which are expected to save approximately 25,146 kilowatt-hour of electricity and RM13,935 annually.

(ii) Waste management

Our Group is developing strategies for responsible waste management by encouraging the implementation of digitalisation and optimising usage of materials via recycling and repurposing initiatives.

Presently, we are obtaining the services of locally sourced licensed waste management vendors to manage our waste disposal and resource management processes. Bins and containers are made available to segregate the waste and regular checks are conducted.

(iii) Carbon footprint reduction

By adopting a hybrid work model and prioritising virtual meetings, our Group is committed to reducing travel-related emissions, enhance operational efficiency and promoted a more sustainable and flexible work environment.

Through these initiatives, our Group endeavours to set a benchmark in sustainable practices, aiming for a positive impact alongside maintaining operational excellence. Moreover, we are actively pursuing ISO 14001:2015 Environmental Management Systems certification to further strengthen our commitment to environmental stewardship.

(b) Social

(i) Safety and healthy workplace

Our Group is committed to maintaining a safe and healthy workplace for our employees. Our Site Safety Supervisor and Safety and Health Officer oversee the stringent implementation and compliance to the OSHA Guidelines which is reflective of current Malaysian laws, rules and regulations.

We provide all relevant personnel with adequate and necessary safety tools, information, training and personal protective equipment. These efforts underscore our Group's strong commitment on the wellbeing of our employees by fostering a healthy and secure work environment.

All these initiatives are meticulously outlined in our Safety Management Plan. Additionally, our adherence to ISO 45001:2018 for Occupational Health and Safety Management underscores our dedication to maintaining high standards of safety across our operation.

(ii) Employment diversity and equal labour practices

Our Group is committed to serving the interests of stakeholders, including our valued employees, by actively promoting gender and cultural diversity and inclusion in our workplace. This commitment is evident as we embrace and celebrate diverse genders and cultures among both our Board members and employees. We remain steadfast in our ongoing efforts to foster an environment where every individual is valued, respected and empowered to contribute their unique perspectives and talents.

In addition, our commitment to fair practices encompasses equitable wages, prohibiting discrimination and respecting the labour rights of all employees. We ensure that minimum wage requirements are met and regularly benchmark market rates to guarantee competitive compensation.

(iii) Community engagement

Further, our Group is committed to corporate social responsibility, undertaking initiatives aimed at meeting community needs, fostering employment opportunities and supporting local development initiatives. We actively engage with local communities through philanthropic endeavours and volunteer programs, including donations during the festivities and for cancer research. Strategic plans are also in place to further our involvement by facilitating educational and training initiatives.

(iv) Supply chain management

Furthermore, our Group prioritises the quality of our solutions. We ensure this by adhering to responsible sourcing practices for IT hardware & software equipment, installation components, devices and maintenance services. Our rigorous approach includes a thorough evaluation of potential new suppliers and subcontractors prior to onboarding, followed by annual performance assessments to drive continual improvement.

To further enhance our commitment to sustainable supply chain management, we refer to the Sustainability Guide and have made a steadfast pledge to engage with more local suppliers and subcontractors moving forward.

(c) Governance

Our Group is committed to conducting our business ethically and in compliance with all relevant laws and regulations as disclosed in Section 6.10.

(i) Corporate governance compliance

Our Group is progressively adopting the principles and practices of the MCCG, where appropriate.

In seeking to conduct our business ethically, our Group has adopted a zero-tolerance policy towards any form of bribery and corruption in our business dealings and as such we have put in place policies and procedures to manage our corporate liability risks. This includes the formalisation and adaptation of the Whistleblowing Policy; Anti-Bribery and Anti-Corruption Policy; Personal Data Protection Act Policy; and Code of Ethics. In addition, we are also certified under MS ISO 37001:2016 to reflect our commitment to maintaining effective Anti-Bribery Management Systems.

Moving forward, our Group will adhere to the relevant and applicable good corporate governance practices as outlined in the MCCG.

(ii) Risk management

In line with our Group's Risk Management Framework, our management continuously updates our Group Risk Register to capture the current strategic, operational, financial and regulatory risks we face.

We regularly monitor the mitigation plans and actions to ensure that identified risks remain at acceptable levels in relation to achieving our objectives. Our Group is committed to transparent reporting on risk exposure and mitigation measures, particularly regarding the unique risks associated with our industry.

(iii) Board composition

Additionally, our Group is dedicated to achieving diverse representation on the Board, ensuring a broad spectrum of perspectives and expertise. Our Board comprises 6 professionals with specialised knowledge in engineering, telecommunications, legal, manufacturing, general business management, accountancy and finance.

This diverse composition enhances our Board discussions and decision-making processes, fostering innovation and robust governance practices across all facets of our operations.

Furthermore, we uphold the integrity of the Board by having 4 Independent Directors and 2 Executive Directors, of which 3 are women, meeting the requirement of 30% female representation.

(iv) Integrity in corporate reporting

Our Group's financial statements are audited by our independent auditors to provide a true and fair view of the financial positions of the entities within our Group.

We also hold meetings to review and approve the audited financial statements, discuss the prospects and performance of our Group, and address other pertinent matters.

Our Board acknowledges that our Group operates in a dynamic business environment, necessitating the continuous evolution of our ESG practices to stay aligned with these challenges. Consequently, our Board will proactively direct and develop initiatives and action plans to further enhance our ESG practices as needed.

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6.12 EMPLOYEES

As at LPD, we have a total workforce of 133 employees, which consist of 75 permanent and 58 contractual employees. Our foreign employees are Petr Obsel who is a Czech Republic citizen and Juraj Zidzik who is a Slovak Republic citizen, both of whom are permanent employees.

The breakdown of our employees as at 31 July 2024 and LPD are as follows:

	No. of employees				
Department	**Permanent**		**Contract**		**Total**
	Local	**Foreigner**	**Local**	**Foreigner**	
As at 31 July 2024					
Directors	3	-	-	-	3
Key senior management	3	2	-	-	5
Business development	5	-	1	-	6
Contract	2	-	1	-	3
Finance	5	-	-	-	5
Human resources and administration	4	-	1	-	5
Professional services	5	-	3	-	8
Design and engineering	10	-	2	-	12
Project management office	39	-	36	-	75
- Project management	14	-	19	-	33
- Service and support	5	-	4	-	9
- Installation and testing and commissioning	20	-	13	-	33
IT	1	-		-	1
	77	**2**	**44**	**-**	**123**
As at LPD					
Directors	3	-	-	-	3
Key senior management	3	2	-	-	5
Business development	5	-	1	-	6
Contract	3	-	-	-	3
Finance	4	-	-	-	4
Human resources and administration	4	-	1	-	5
Professional services	4	-	13	-	17
Design and engineering	8	-	2	-	10
Project management office	38	-	41	-	79
- Project management	14	-	25	-	39
- Service and support	4	-	4	-	8
- Installation and testing and commissioning	20	-	12	-	32
IT	1	-	-	-	1
	73	**2**	**58**	**-**	**133**

The breakdown of our employees by company as at 31 July 2024 and LPD are as follows:

	No. of employees	
Company	**As at 31 July 2024**	**As at LPD**
TSM	111	120
SeeTec Asia	12	13
	123	**133**

As at LPD, all of our foreign employees have valid working permits.

There were no significant changes in the number of employees of our Group for FPE 2024 and up to LPD.

None of our employees belong to any labour union and as at LPD, there is no material dispute between our management and our employees. Over FYE 2021 to 2023 and FPE 2024, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

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7. BUSINESS OVERVIEW

7.1 HISTORY OF OUR GROUP

Our Company was incorporated in Malaysia under the Act on 23 January 2024 as a private limited company under the name TechStore Sdn Bhd. On 6 June 2024, we converted into a public limited company and assumed our current name. Our Company is an investment holding company. Through our subsidiaries, we are primarily involved in the provision of enterprise IT services, primarily involving the IT security and automation solutions to support our customers' operations.

TSM was incorporated on 9 February 2011 under the name Secure Depot Sdn Bhd by Tan Hock Lim (25.0%), our Chief Technology Officer, Petr Obsel (25.0%), other third party shareholders Abdul Razak Lew bin Abdullah (25.0%), and Chew Yee Sang (25.0%), who were also its directors. The company's name was subsequently changed to Tech-Store Malaysia Sdn Bhd on 19 April 2011. Through the years, TSM underwent a series of shareholdings changes for purposes of bidding for projects, resulting in the Promoters becoming the shareholders of TSM in 2021 i.e. Tan Hock Lim (48.9%), Mohd Fadzil bin Mohd Daud (51.0%) and one of the Group's senior engineers, Nor Azman bin Abd Razak (0.1%). Subsequently, in 2022, Tan Hock Lim, Mohd Fadzil bin Mohd Daud and Nor Azman bin Abd Razak were allotted additional shares in TSM, and in 2023, Tan Hock Lim was allotted further additional shares in TSM, which led to its current shareholding structure of Tan Hock Lim (78.7%), Mohd Fadzil bin Mohd Daud (21.3%) and Nor Azman bin Abd Razak (<0.1%), as set out in Section 6.3.

SeeTec Asia was originally incorporated in 2012 by Tan Hock Lim (50.0%) and Petr Obsel (50.0%), as a distributor of video management system by SeeTec GmbH. Over the years up to 2022, SeeTec Asia has been a key supplier of our Group dedicated entirely to carry out specialised IT services for development of middleware and interfaces for integration of video management system for TSM's projects. During this period, SeeTec Asia was restructured to be wholly owned by TSM in 2013, then Infinite Evolution Holdings Sdn Bhd in 2014, which was then owned by Tan Hock Lim (30.0%), Tan Mee Hong (30.0%) and Petr Obsel (40.0%). As such, SeeTec Asia forms a key part of our Group's business, and was thus acquired by TSM on 9 January 2024 in view of the Listing. For FYE 2021 to 2023, TSM was the sole customer of SeeTec Asia. During this period, the operations of SeeTec Asia were headed by Juraj Zidzik, together with Tan Hock Lim as project consultant, and Tan Mee Hong being responsible for administrative matters, and also being the sole director and shareholder of the company.

Our Group's track record since the commencement of business in 2011 spans several industries as we have grown to serve customers in industries ranging from transportation and hospitality and leisure to utilities and logistics, and our solutions have been used in various types of operations, such as factories, theme parks, government buildings, and more recently, public infrastructure. By integrating several key operational functions from C&C, surveillance, security, access, and communication, our solutions optimise the operations of our customers by, amongst others, improving security, increasing efficiency, and empowering employees to better deliver necessary actions in a timely manner, thereby increasing value to their businesses. Notably, our solutions allow for the transformation and/or migration of customers' existing analogue systems to digital without overhaul of their existing systems.

For the railway transportation industry, there are 7 key subsystems, namely: rolling stock & depot equipment; trackwork; signalling; power; communication; AFC; and information and communication systems & computerised maintenance management system. As at LPD, our Group can implement several systems under the rolling stock & depot equipment; signalling; power; communication; AFC; and information and communication systems & computerised maintenance management system subsystems. Our experience in the rolling stock & depot equipment subsystem includes the Ampang LRT infotainment system, the on-board NVR solution for trains on the MRT Kajang line, and the ETS3 PIS Project, while our experience in the signalling subsystem includes the LRT Kelana Jaya line operation control centre upgrading works and the PSDS Project. Under the power subsystem, we have undertaken design consultation for depot equipment and service vehicles and uninterruptible power supply for the RTS link between Malaysia and Singapore. Our experience in the communication subsystem includes the LRT3 EAC Project and installation and commissioning of CCTV systems. Our experience in the AFC subsystem includes the LRT3 AFC Project while our experience in the information and communication systems & computerised maintenance management system subsystem includes the RTS ERP Project.

Our solutions require communication with our customers to provide them with design, development, customisation, implementation, testing and integration of the solutions to meet their application needs. We also provide our customers with maintenance and support services for the IT solutions that we deliver.

7.2 KEY ACHIEVEMENTS AND MILESTONES

Year	Achievement or Milestones
2011	• TSM began as a value-added distributor for the design and supply of IT security and automation solutions to its customers. TSM's solutions allowed for the transformation and/or migration of customers' existing analogue systems to digital without overhaul of its existing systems. TSM would also provide its customers with training on using the solutions. • Secured a contract to supply and install hardware and software as well as conduct configuration, testing, and commissioning of an integrated security management system for the Deputy Prime Minister's residence.
2012	• SeeTec Asia was incorporated on 13 July 2012 by Tan Hock Lim and Petr Obsel. • Secured a contract to supply and install hardware and software, as well as conduct testing and commissioning of an integrated C&C monitoring system for a money printing plant, representing our Group's first foray into the finance and banking industry. • Penetrated the railway transportation industry after securing a contract to undertake a human factor study for the LRT Kelana Jaya line extension project. Amongst established international competitors, TSM was able to secure the contract due to its capabilities. Subsequently, we secured a contract to design, supply, install, test and commission a large screen projector system (video wall) for the LRT Kelana Jaya line extension project, marking the growth of our Group from undertaking a human factor study to the supply and installation of visual equipment.

Year	Achievement or Milestones
	• Secured a contract to supply and install hardware and software as well as conduct set up, configuration, testing, and commissioning of a central monitoring system for a bank, which paved the way for our Group to provide similar services for other banks in Peninsular Malaysia.
2013	• Secured a contract to supply and install, set up, configure, test, and commission a city video surveillance system for visitor data analysis, traffic and crowd management, and safety in the Iskandar Region, Johor.
	• Secured a contract for the supply and installation, testing and commissioning, verification of system set up configuration, and design verification of an integrated security management system for the Prime Minister's residence.
	• Secured a contract for engineering, construction, testing and commissioning of a telecommunications system for the MRT Kajang line, thereby expanding our Group's coverage to two major rail lines.
2015	• Secured a contract for the design, engineering, installation, testing and commissioning of the OCC upgrading works for the LRT Kelana Jaya line extension project. This marks further growth of our Group's capabilities in the public infrastructure sector as we demonstrated our ability to undertake works for an OCC for a rail line covering a C&C centre, meeting rooms, security, prayer rooms, and data centre.
	• Secured a contract to provide consultancy services including task analysis, human factor study, liquid-crystal display and digital light projection video wall, and renovation works of the CCR operations for the LRT Ampang line extension project. This marks our Group's expansion in covering a third major rail line.
	• Secured a contract to conduct design and engineering, procurement, delivery, installation, and testing and commissioning of on-board NVR solution for trains on the MRT Kajang line. This was a significant project for our Group as the provision of equipment or solutions on-board trains is generally undertaken by the owner/ operator of the rail line as it involves monitoring the health of the train and safety of the passengers.
	• Secured a contract for the supply, testing and commissioning of a BVI solution to monitor security for an oleochemical factory, representing our Group's first project for a factory. The BVI solution provided by our Group allowed for central monitoring of the factory from different countries.
	• Secured a contract for the design, engineering, installation, cabling, fit out, setup, integration, testing and commissioning of the equipment, interiors, centralised environment control and integrated security system for the CCR upgrading works for the LRT Ampang line extension project.

Year	Achievement or Milestones
2016	• Secured a contract for the design, delivery, installation, integration, testing, and commissioning of a bus integrated system for Rapid Bus in Penang, representing our Group's first foray into providing our services for bus transportation. The bus integrated system included journey planning, monitoring, CCTV, kiosk for employee self-service (clock in and out, roster planning) and passenger journey planner, POS, video wall, passenger access communication. • Secured a contract for the design, manufacture, delivery, installation, configuration, testing and commissioning and warranty for hardware and software for entry/exit turnstiles, POS and EPOS for a theme park in Malaysia, representing our Group's first foray into the hospitality and leisure industry.
2017	• Secured our first overseas contract for the provision of an ergonomics study support works (including task analysis and human factor study) for the State Railway of Thailand Red Line in Thailand.
2018	• Our quality management system was certified with ISO 9001:2015 by Globalgroup of Companies Limited under the scope of "EPCC of Industrial Systems".
2019	• Secured a contract for the upgrading of on-board closed-loop infotainment system for trains on the LRT Ampang line. The upgrade enabled the operator to update the information on the infotainment system online via the OCC instead of updating the infotainment system on each train manually. • Secured a contract for the supply, delivery, installation and testing and commissioning of AFC system and electronic access control EAC system for the LRT3 line.
2021	• Our environmental management system was certified with ISO14001:2015 by Certification Partner Global under the scope of "EPCC". • Our occupational health & safety management system was certified with ISO45001:2018 by Certification Partner Global under the scope of "EPCC". • Secured a contract for the supply, installation, testing, and commissioning of on-board CCTV systems for KTM locomotive trains, representing our expansion in covering a fourth major rail line. • Secured contracts for design consulting, risk management and document preparation/review services for the RTS link between Malaysia and Singapore for uninterruptible power supply and depot equipment and service vehicles.
2022	• Secured a contract for the supply, delivery, installation, integration, testing and commissioning, training, and maintenance of a port access management system at a port in Peninsular Malaysia. • Secured a contract for the design, supply, delivery, installation, integration, testing and commissioning, training, and interfacing of a ERP system for the RTS link between Malaysia and Singapore.

Year	Achievement or Milestones
	• Secured a contract for the design, supply, delivery, installation, integration, testing and commissioning of the sub-systems for a PSDS and associated works for LRT Kelana Jaya line. • Secured a contract for the supply, delivery, installation, integration, testing and commissioning of AFC storage servers. Whilst upgrading the AFC storage servers, we were able to provide data migration from the main centre to the disaster recovery centre without any downtime. • Our anti-bribery management system was certified with MS ISO37001:2016 by TUV Nord (M) Sdn Bhd under the scope of "EPCC". • Obtained MOF certification, allowing us to directly tender for contracts by Government ministries and agencies. • Registered as a Grade 7 contractor with CIDB.
2023	• Secured a contract for the provision of perimeter street lighting, CCTV and associated works for the development of a large-scale solar photovoltaic project in Kedah. • Secured a contract for the provision of HRMIS for a Government agency. • Secured a contract for the development of door system test bench for the LRT Ampang line and KL monorail as part of the Industrial Collaboration Programme by the Government. • Secured a contract for the supply, rectification, testing and commissioning of earthing and lightning protection system for the MRT Kajang line. • Secured a contract from a Government agency to provide more than 6,000 laptops, more than 300 units each of printers, projectors, and charging carts to various schools in Perak under a lease arrangement until 2029.
2024 and up to LPD	• TSM completed the acquisition of SeeTec Asia premised on the fact that SeeTec Asia has been a key supplier of TSM, whereby it was dedicated entirely to carry out subcontractor services for TSM's projects. SeeTec Asia is involved in the provision of specialised IT services for development of middleware and interfaces for integration of video management system, which is part of our Group's service offerings. • Secured a contract for the design, construction, installation and completion of Malaysia Agencies Fit-out Works at Singapore Customs, Immigration and Quarantine (CIQ) centre. • Secured a contract for the supply, installation, and commissioning of on-board PIS to an international company supplying trains to KTM Berhad. • Secured a contract from a Government agency for the supply, delivery, installation, testing and commissioning, and maintenance of desktop computers, laptops, printers, scanners, and tablets under a lease arrangement until 2027.

The following is a list of our Group's significant projects above RM1.5 million in contract value:

Completed projects

No.	Project name/ Description of products and/or services provided	Location	Contract amount (RM'000)	Contract period	Period of commencement
1.	Large screen projector system/ A contract to design, supply, install, test, and commission a large screen projector system for the LRT Kelana Jaya line extension project	Selangor	2,290	13 months	August 2012
2.	Integrated security management system, Prime Minister's residence/ A contract for the supply and installation, testing and commissioning, verification of system set up configuration, and design verification of an integrated security management system for the Prime Minister's residence	Federal Territory of Putrajaya	2,060	4 months	June 2013
3.	Telecommunications system for MRT Kajang line/ A contract for engineering, construction, testing and commissioning of a telecommunications system for the MRT Kajang line	Selangor	16,975	51 months	July 2013
4.	LRT Kelana Jaya line operation control centre upgrading works/ A contract for the design, engineering, installation, testing and commissioning of the OCC upgrading works for the LRT Kelana Jaya line extension project	Selangor	5,175	8 months	March 2015

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Project name/ Description of products and/or services provided	Location	Contract amount (RM'000)	Contract period	Period of commencement
5.	Network video recorder for MRT Kajang line trains/ A contract to conduct design and engineering, procurement, delivery, installation, and testing and commissioning of on-board NVR solution for trains on the MRT Kajang line	Selangor	3,600	7 months	March 2015
6.	LRT Ampang line extension CCR upgrade/ A follow-up contract for the design, engineering, installation, cabling, fit out, setup, integration, testing and commissioning of the equipment, interiors, centralised environment control and integrated security system for the CCR upgrading works for the LRT Ampang line extension project	Selangor	1,836	11 months	March 2015
7.	Bus integrated system for bus line in Penang/ A contract for the design, delivery, installation, integration, testing and commissioning of hardware such as CCTV, passenger information display system, video wall, fare collection system, fleet tracking system, a planning, scheduling, and dispatch system, as well as software including journey planner application, centralised reporting system, ESS application, and call centre management system for buses and depots in Penang	Penang	18,000	15 months	April 2016
8.	CCTV system for buses in the Klang Valley/ A contract for the supply, installation, testing, and commissioning of on-board CCTV systems for buses in the Klang Valley	Selangor	4,500	12 months	December 2017

No.	Project name/ Description of products and/or services provided	Location	Contract amount (RM'000)	Contract period	Period of commencement
9.	LRT Ampang line infotainment system upgrade/ A contract for the design, procurement, installation, testing, and commissioning of central wireless uploading system of on-board closed-loop infotainment system for LRT Ampang line trains	Selangor	3,850	8 months	August 2019
10.	Design consultation for depot equipment and service vehicles and uninterruptible power supply for the RTS link between Singapore and Malaysia/ A contract for the design consulting, risk management, and document preparation and review for depot equipment and service vehicles and uninterruptible power supply for the RTS link assets for RTS link between Malaysia and Singapore	Selangor	2,200	24 months	June 2021
11.	EPCC for development of a solar photovoltaic plant/ A contract for EPCC of perimeter street lighting, CCTV, and associated works for the development of a large scale solar photovoltaic plant in Kedah	Kedah	3,795	9 months	March 2023
12.	Video management system upgrade for MRT Kajang line/ A contract for the supply, delivery, installation, integration, testing and commissioning to upgrade a CCTV system for MRT Kajang line	Selangor and Kuala Lumpur	5,012	9 months	August 2023
13.	ETS3 PIS Project/ Secured a contract for the supply, installation and commissioning of onboard train PIS to an international company supplying trains to KTM Berhad	Peninsular Malaysia	8,485	6 months	December 2023

Ongoing projects

No.	Project name/ Description of products and/or services provided	Location	Contract Amount (RM'000)	Contract Period	Period of Commencement	Percentage of completion as at LPD (%)	Unbilled order book as at LPD (RM'000)
1.	LRT3 EAC Project/ A contract for the design, supply, delivery, installation, testing, and commissioning of an EAC system for the LRT3 line	Selangor	14,000	48 months with an extension up to July 2024 and a further extension to November 2024(1)	October 2019	99.7	3,892
2.	LRT3 AFC Project/ A contract for the design, supply, delivery, installation, testing, and commissioning of an AFC system for the LRT3 line	Selangor	77,000	48 months with an extension up to November 2024(1)	November 2019	94.6	16,765
3.	PSDS Project/ A contract for the design, supply, install, integration, testing and commissioning of the subsystems for PSDS and associated works for LRT Kelana Jaya line	Selangor	14,543	Phase 1: 12 months Phase 2: 14 months	Phase 1: June 2022 Phase 2: February 2024	86.2	6,853

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Project name/ Description of products and/or services provided	Location	Contract Amount (RM'000)	Contract Period	Period of Commencement	Percentage of completion as at LPD (%)	Unbilled order book as at LPD (RM'000)
4.	PAMS Project/ A contract for the supply, delivery, install, integration, testing, commissioning, training and maintenance for Port Access Management System (PAMS) at a port	Johor	1,943	8 months + 36 months(2)	August 2022	90.0	194
5.	RTS ERP Project/ A contract for the design, supply, delivery, installation, testing and commissioning, training, interfacing, warranty and other related works of ERP of RTS link assets for RTS link between Malaysia-Singapore	Johor	3,315	12 months + 24 months(3)	September 2022	88.4	386
6.	HRMIS Project/ A contract for the supply, delivery, installation, testing and commissioning of hardware and software for the upgrading of a human resources management information system for a Government agency	Kuala Lumpur	18,527	36 months	January 2023	87.6	3,131

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Project name/ Description of products and/or services provided	Location	Contract Amount (RM'000)	Contract Period	Period of Commencement	Percentage of completion as at LPD (%)	Unbilled order book as at LPD (RM'000)
7.	LRT3 AFC Project (Variation Order No. 1)/ A contract for the design, supply, delivery, installation, testing, and commissioning of an AFC system for the LRT3 Line	Selangor	39,000	12 months with an extension up to November 2024[(1)]	February 2023	80.1	6,840
8.	Earthing and Lighting Protection System (ELPS)/ A contract for the supply, delivery, installation, rectification, testing and commissioning of earthing and lighting protection system for the MRT Kajang line	Selangor and Kuala Lumpur	7,900	24 months	June 2023	41.7	5,817
9.	Provision of ICT equipment rental under a leasing arrangement/ A contract for the provision of more than 6,000 laptops, more than 300 units each of printers, projectors, and charging carts to various schools in Perak	Perak	44,800	65 months	October 2023	16.7	37,333

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Project name/ Description of products and/or services provided	Location	Contract Amount (RM'000)	Contract Period	Period of Commencement	Percentage of completion as at LPD (%)	Unbilled order book as at LPD (RM'000)
10.	Fit out works at Woodlands North Custom, Immigration and Quarantine (CIQ)/ A contract for the design, construction, installation, and completion of Malaysian agencies' fit out works at Woodlands North Custom, Immigration and Quarantine (CIQ) for the RTS link between Malaysia and Singapore	Singapore	38,621	33 months	May 2024	8.9	34,759
11.	Provision of ICT equipment under a leasing arrangement/ A contract for the supply, delivery, installation, testing and commissioning, and maintenance of desktop computers, laptops, printers, scanners, and tablets for a Government agency	Putrajaya	3,775	36 months	September 2024	11.1	3,356

Notes:

(1) Delays in the handover of the site by our customer to our Group prevented us from commencing work at certain sites. As a result, our Group has sought an extension of time from our customer. On 12 November 2024 and 6 November 2024, our Group has submitted the extension of time request for LRT3 EAC Project and LRT3 AFC Project respectively, from 1 December 2024 to 30 June 2025 as well as 1 December 2024 to 7 August 2025, respectively, to our customer and is awaiting confirmation from our customer pending evaluation. Subsequently, our Group had vide a letter to Setia Utama dated 9 January 2025 submitted a revised work programme and request for an updated timeline to complete the works for LRT3 EAC Project and LRT3 AFC Project by 23 August 2025 and 30 August 2025, respectively, and is awaiting confirmation from our customer, pending evaluation.

(2) The contract for the PAMS Project encompasses both the implementation of the PAMS and subsequent support and maintenance services in lieu of the DLP. The initial contract period for the PAMS implementation was set at 8 months. However, due to delays arising from dependencies beyond our control, namely the lack of environment infrastructure readiness by the customer at the project site preventing our Group from commencing work, our Group was granted an extension of time until November 2023. Further delays, which were again outside of our control, necessitated an additional extension, which we have been granted up to 30 September 2024. For clarity, the implementation of the PAMS was completed in September 2024. The remaining 36 months of the PAMS Project refers to the period whereby our Group will provide support and maintenance services in lieu of a DLP.

(3) The contract for the RTS ERP Project encompasses both the implementation of the ERP system as well as support and maintenance services in lieu of the DLP. The initial contract period for the ERP system implementation was 12 months. Due to delay by our customer preventing our Group from commencing work, our Group was granted an extension of time until February 2024, and such implementation was completed in the same month. The remaining 24 months of the RTS ERP Project refers to the period whereby our Group will provide support and maintenance services in lieu of a DLP.

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7.3 DESCRIPTION OF OUR BUSINESS

As an enterprise IT solutions provider, we are primarily involved in the provision of enterprise IT services, primarily involving the IT security and automation solutions to support our customers' operations. We work with our customers to provide the design, development, customisation, testing and integration of IT security and automation solutions to meet our customers application needs. We also provide our customers with maintenance and support services for the IT solutions that we deliver.

The diagram below summarises our Group's principal activities:

Business segments	**Design and implementation of enterprise IT security and automation solutions**	**Maintenance and support services**
Description	Provision of IT security and automation solutions on a turnkey basis including design, development, customisation, installation, configuration, integration, implementation, testing, commissioning, and enhancement services.	Provision of maintenance and support services for IT hardware, software and infrastructure on a preventative, comprehensive, or reactive basis.
Product and Services	• Integrated command and control systems • Extra low-voltage systems • Physical security integrated management • Business video intelligence • Electronic payment and operating systems • Integrated facility management • Sourcing and procurement of hardware and software products • Supply and customisation of related hardware	• Hardware maintenance and support • Software maintenance and support • Contracted or ad-hoc services • Upgrading of systems • Sourcing and procurement of hardware and software products
Geographical Market	• Malaysia • Singapore	
Customer Industries	• Transportation • Utilities • Hospitality and leisure • IT and Security • Logistics	

Our solutions cater for a wide range of industries ranging from transportation, hospitality and leisure (i.e., amusement parks and attractions), utilities, IT and security, to logistics.

7.3.1 Design and implementation of security and automation solutions

Our customers operate in a wide range of industries and as such, we design and implement IT security and automation solutions that are customisable depending on our customers' requirements. We are able to provide our customers with IT security and automation solutions on a turnkey basis including design, development, customisation, installation, testing, commissioning, maintenance, support and enhancement services.

The solutions we provide include:

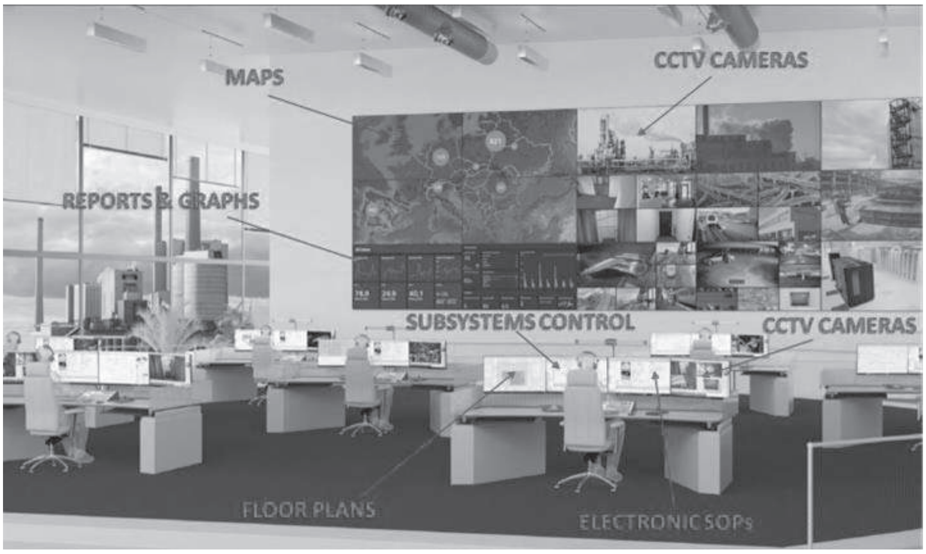
(a) ICCS

A C&C system is considered to be the place where the operations of an organisation such as monitoring, controlling, and commanding is carried out. Our ICCS integrates different systems/applications and different technologies into a single platform and allows for real-time processing of data thereby enabling our customers to make decisions more cohesively and efficiently with regards to their operations. The different systems/applications and technologies that can be integrated into the ICCS include:

(i) physical security and technologies (e.g., security cameras and fire alarms);
(ii) AI and big data processing and reporting;
(iii) ICT (e.g., telephone exchanges, smartphones, walkie-talkies, computers, and servers); and
(iv) dispatch services (i.e., an individual using the processed data from the ICCS to dispatch another individual to attend to an incident highlighted via the ICCS).

We provide turnkey services for deployment of ICCS. This includes working with our customers to design a concept, identifying the needs of our customers, 3D walkthrough models to verify customer requirements, as well as creating a prototype of the ICCS in our prototyping facility and verifying the function of the ICCS.

Additionally, our Group leverages expertise not available in-house by collaborating with external specialists in various fields such as M&E engineering, civil engineering, as well as communication and IT to develop the ICCS. In addition, we also work with other package contractors – who are responsible for delivering additional subsystems such as EAC, CCTV surveillance, telecommunications, intercom, public address system, information display system, SCADA, IoT and fire systems – to integrate such subsystems into the ICCS as a whole. The diagram below illustrates a sample render of an ICCS that can be used for rail transportation.



The figure below illustrates a sample render of a subsystems control desk that can be used for trail transportation:

In the ICCS, our customers' employees are able to monitor their entire operations remotely from one location. Employees are able to view an entire facility through maps or through detailed floorplans. In terms of monitoring the security of the facility, video surveillance from CCTV cameras placed around our customers' facilities can be transmitted and viewed on a central video wall display as well as on displays at individual subsystems control desks. Employees can also operate the access control system, allowing them to control doors and send commands to open, block, or raise alarms for a particular access area. Alarms such as fire alarms or emergency alarms can also be integrated into the ICCS. In the event of an incident, an employee would be able to pinpoint the location of said incident and continue monitoring its' progress through the CCTV camera. The employee can also use a public address system to speak to the people around the incident, when required. Furthermore, the employee in the ICCS can dispatch emergency response personnel to the site of the incident to address the situation using both desktop and mobile communication tools.

The ICCS helps our customers to automate as it can be programmed with automatic SOPs and workflows for handling of different types of incidents. The predetermined SOPs and workflows can automate actions such as automatic calls, messaging, and equipment control. The ICCS can also transmit surveillance footage of an incident automatically onto the video wall display along with other relevant data such as location and type of alarm triggered to enhance response time.

The ICCS can generate incident reports of every incident handled by our customers' employees. The report would contain information such as the operator, time of the incident, all steps and actions undertaken by the operator with detailed timestamps, all alarms and information received with timestamps, as well as a layout of where the incident was triggered. These reports are intended to be used for post-incident review, debriefing, or as evidence.

(b) ELV systems

ELV systems refer to systems in a building which operate on low voltages including but not limited to telephones, video surveillance, namely CCTV, access control system, PA system, computer networks and information displays. Our team offers design and implementation of common ELV systems based on the engineering or technical requirements of our customers. We are also able to integrate ELV systems with ICCS.

(c) PSIM

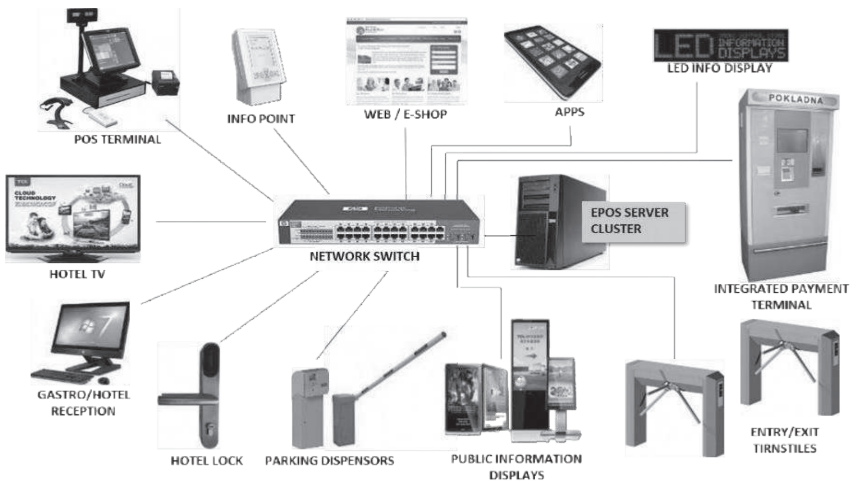
PSIM refers to a system that can integrate different types of security applications and devices into a single platform, which can then be monitored in real time. Security systems that are typically integrated into a PSIM includes access control systems, CCTV, fire detection system, intrusion detection system and security alarms. Integrating the different security systems onto a single platform allows for improved awareness, increased control, and more efficient management of the organisation's security systems. In addition to designing and implementing new PSIM systems, we are also able to integrate our PSIM system into existing facilities with legacy technologies already installed.

(d) BVI

BVI allows for real-time utilisation of video surveillance systems. Metadata such as transaction data or scanning data is combined with video data which enhances the utilisation of video surveillance systems in managing operations, making it more efficient. For example, BVI can be used to monitor visitor footfall, vehicles, crowds, as well as surveillance and security. BVI can also simplify searching through large amounts of video footage for incidents. For instance, rather than searching through large video archives for a specific incident, users can search for specific elements within the operating process and the BVI allows the user to view the video footage of that particular incident.

(e) EPOS

We provide a wide range of EPOS solutions that covers theme parks and amusement parks, sports facilities, public transport ticketing systems, parking systems and other payment applications. Our EPOS solutions can be used in tandem with manual servicing over kiosks or counters. Alternatively, our EPOS solutions can also be fully automated with the addition of certain machinery and equipment. An example of the EPOS solution we provide for hospitality and leisure operations is illustrated in the figure below.



We are able to offer our customers EPOS solutions for activities such as ticketing, mechanical barriers for pedestrian or vehicle access control, rides management, as well as food and beverage management. Additionally, our EPOS solutions can process payments in various forms ranging from cash and card payments to electronic wallets ("**e-wallets**"), vouchers, and internet payments. Our EPOS solutions can also be used with our other solutions such as the ICCS to manage operations.

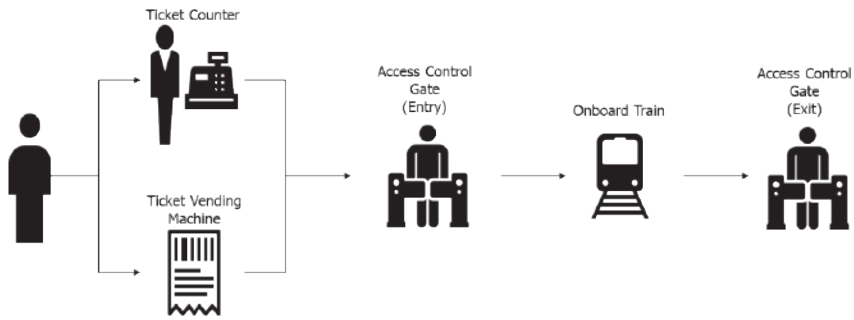
(f) IFM

IFM refers to the consolidation of all facility management efforts (e.g., heating, ventilation, and air conditioning (HVAC), maintenance, electrical, fire safety) into a single system and management team. The consolidation simplifies management of day-to-day operations and enables better communication across the different systems of a facility, thus leading to greater efficiency. The increased efficiency in utilisation of the facility's resources also allows for cost savings by eliminating duplication and redundancy across multiple systems. Our IFM solutions provide our customers with easier control of their facility as they are able to manage technical documentation, plan the maintenance budget of the entire facility in advance, or to respond to urgent maintenance needs in a timely manner. The integration of the IFM with an automatic workflow as well as approval management also allows for easier processing of maintenance requests.

(g) AFC

AFC refers to a fare collection system that electronically collects fares for public transportation instead of manually collecting fares from passengers. AFC systems generally accept various forms of payment including stored value cards (e.g., Touch 'n Go card) and tickets/tokens purchased from ticketing counters or self-service ticket vending machines.

The figure below shows a sample operational process for the AFC.



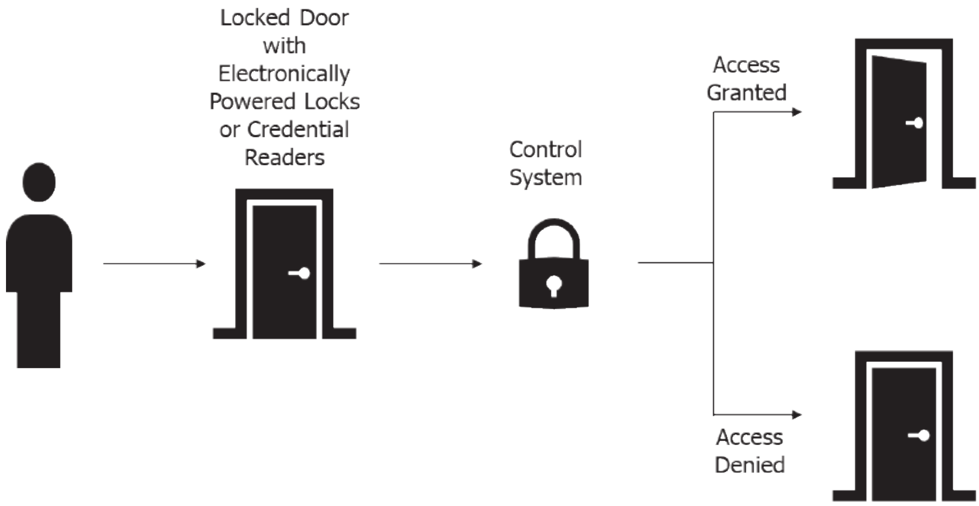
A passenger can purchase a ticket/token from or top-up their stored value card at the ticket counter. A passenger can also purchase a ticket/token from the ticket vending machine. Depending on the ticket vending machine, passengers may also be able to top-up their stored value card. Passengers can then enter the train platform by tapping their valid ticket/token or stored value card on the access control gate. Upon reaching the intended destination, passengers then exit the train platform by again tapping their valid ticket/token or stored value card on the access control gate whereby the ticket/token will be collected by the access control gate, or the fare will be deducted from their stored value card.

Features of an AFC system generally includes cashless payment, multi-modal integration, real-time fare collection, and data analysis and reporting. Cashless payment helps to improve efficiency of boarding public transport and reduces the risk of theft and pilferage. Multi-modal integration allows for passengers to enjoy a seamless and interconnected travel experience by integrating the different rail transport systems, allowing passengers to use a single payment method across different transportation systems. Real time fare collection allows for accurate fare charges for the passenger's journey based on the distance travelled. An AFC system allows for comprehensive data collection and analysis of performance such as passenger travel trends, peak travel times, popular routes, and total ridership. This allows for optimisation of operations by planning and allocating necessary resources effectively.

(h) EAC

EAC refers to a security system that uses electronically powered locks or credential readers to manage personnel access to a specific secured area.

The figure below shows a sample operational process for the EAC.



The features of an EAC system generally include credential readers, electronic locks, and control system. Credential readers are electronic devices that can identify the authorised personnel through various credentials such as physical items like keycards and fobs or through biometric data like fingerprint or facial recognition. A control system will process the information from credential readers to either grant or deny entry/access based on the programming set up. The control system will communicate with electronic locks that will then unlock upon receipt of valid credentials, thus granting/denying entry/access to the person.

(i) Enhancement/Upgrading of existing systems

Our Group also undertakes enhancement or upgrading of existing systems which have been implemented by our Group or third parties. This involves assessment of the existing systems such as identifying limitations of the existing system and determining the intended improvements to the system. We will also source and procure the new hardware and/or software required prior to installation and configuration. Once the system is enhanced or upgraded, we will provide training to our customers' employees utilising the system.

7.3.2 Provision of maintenance and support services

After the implementation and launch of new solutions to support our customers' operations, we provide maintenance and support services during the DLP as part of the design and implementation services. Generally, the duration of the DLP for our Group's project ranges from 12 months to 36 months. During the DLP, we provide back-to-back warranty on the hardware and software products we procure from the suppliers and utilise for our customers. Upon expiry of the DLP, our customers may engage us to provide maintenance and support services under a separate service level agreement or system maintenance agreement. The aforesaid agreements are typically annual agreements that are renewed based on our customers' requirements.

The maintenance and support services we provide to our customers covers software, hardware, as well as infrastructure. The overall maintenance and support services can be preventive, comprehensive, or reactive whereby we are only engaged when an issue arises. For customers with a service level agreement, a fixed fee for a predetermined period based on a predetermined scope of work applies. We offer system maintenance agreements to our customers based on a subscription basis whereby their software systems can be progressively upgraded in accordance with availability software release upgrades.

In addition to sourcing and procurement of the required hardware components and/or software products for design and implementation projects, we also source and procure hardware components and/or software products as part of our maintenance and support services to either replace or upgrade the components and/or software products.

Our suppliers include international and local hardware and/or software brand owners. We procure the necessary products directly from the brand owners or through their authorised distributors. Our Group has been appointed as a distributor and reseller of products for overseas brands such as GINA and Hikvision.

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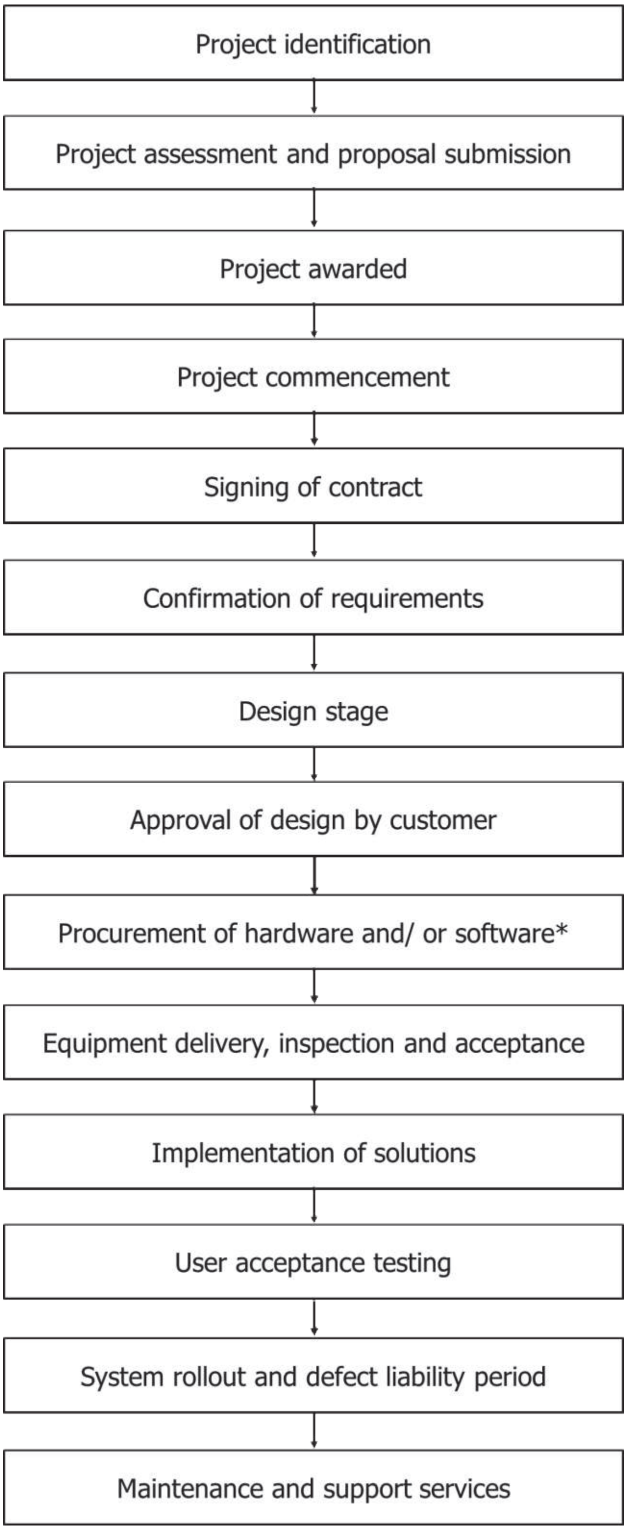
7.4 BUSINESS PROCESSES

The following details our Group's business process:



Note:

* Depending on the project requirements, there may not be a need to procure hardware and/or software.

7.4.1 Project identification

Our projects are identified either through direct engagement or through tenders.

For public sector projects, a tender notice will be published in Government portals for which we have registered including details such as a description of the project's requirements and specifications as well as the estimated contract period. For private sector projects, we may receive tender invitations, direct requests, or referrals for a quotation, or proposal from our existing customers. For projects that require a tender process, we are required to put up a tender bond which can range from RM7,500 to RM250,000.

In addition, our business development team is also involved in exploring new business opportunities by offering our IT security and automation solutions to potential customers in the public and private sectors.

7.4.2 Project assessment and proposal submission

Based on the project requirements and through the information and other relevant materials obtained from the tender documents or from our potential customers, we will conduct a technical and commercial assessment. We will also analyse the project requirements to determine the hardware and/or software products requirements, any subcontractors or suppliers to be lined up, and the manpower required. Generally, our Group will subcontract the physical installation works of hardware including but not limited to computers, monitors, entry/exit turnstiles, CCTV, and credential readers. Our Group is involved in overall project management and the implementation of software solutions.

We will submit our proposal in 2 parts, namely a technical proposal and a commercial proposal. The technical proposal sets out details including but not limited to the type of solution to be provided by our Group, manpower estimation, work approach, additional works such as civil and/or mechanical and electrical engineering, as well as hardware and software requirements. The commercial proposal sets out details such as the breakdown of costs and the payment schedule. Both proposals are then submitted concurrently to our potential customer.

7.4.3 Project awarded

If our submitted proposal is accepted by the customer, the customer will issue us a letter of award confirming the award of project with the contract sum, project commencement date, project completion date, DLP which is generally between 12 to 36 months, requirements for submission of documentations and other pertinent terms and conditions pending the execution of the official project contract agreement.

7.4.4 Project commencement

At the start of the project, we will establish a project team to plan and implement the project. The size of the project team is dependent on the project's scale, complexity, and required skills. In general, our project team will consist of a project manager, project engineer, site supervisor, quality assurance and quality control engineer, quantity surveyor, contract team, document controller, drafters, engineering & design engineers, project planner, project co-ordinator, safety officer, risk management manager, procurement, warehouse and logistics teams. We will also include our customers' representatives as well as technical personnel from our hardware and/or software suppliers.

We will also undertake a technology gap analysis at the start of the project, whereby we compare our customers' current technology infrastructure against their desired state.

7.4.5 Signing of contract

For public sector projects with government agencies, we will enter into a contract with the government agency. The contract sets out the scope of our services, payment schedules, as well as other pertinent terms and conditions.

In the private sector, projects that are simpler or more straightforward will see our customers sign the proposal for confirmation that the project is awarded to our Group. For more complex or long-term projects, we will develop a more detailed contract setting out the solutions that we can offer which we will present to our customers for final confirmation.

7.4.6 Confirmation of requirements

We work together with our customers to better understand their business, their business processes and their requirements as well as to identify and confirm their security and/or automation needs in more detail. Through this, we can determine the challenges faced by our customers during their daily operations, which allows us to propose specific solutions to address their needs.

After we have identified the gap between our customers' existing infrastructure and their desired state, we can determine the solutions and technologies we need to develop to meet the needs of our customers. We also assess how the proposed solutions can be incorporated into our customers' existing infrastructure as well as identify new processes for the new solutions to be implemented.

Our team of engineers, designers, software specialists, and planners will then conceptualise a proposal that would address our customers' needs. We will also undertake a proof of concept to test and verify that the proposal is able to meet customer's operational requirements.

In the event that additional technologies are required for the implementation of our solutions, we may partner with other technology service providers.

We will then develop the necessary IT solutions to fit our customers' requirements, including further customisation of the solutions when the need arises. We will also develop a plan for the implementation of the solutions, which is usually rolled out in phases. The development and implementation plans will be presented to our customers for their approval.

7.4.7 Design stage

The design stage is usually conducted in two stages – preliminary and final.

Upon confirmation of customer's requirements, our team will prepare our preliminary proposal documents and drawings to our customer for review and comments.

Review of the preliminary proposal will be conducted with customers to address any comments, clarification and amendments required. Upon confirmation of customers' comments and refinement/amendments, our team will update our proposal documentation and drawings accordingly.

The final proposal documents and drawings will be submitted to our customer for their final review.

7.4.8 Approval of design by customer

Upon acceptance of the final proposal and drawings, our customer will issue us their official acceptance of the submitted proposal and drawings.

7.4.9 Procurement of hardware and/or software

Depending on the requirements of the project, we may or may not need to procure hardware and/or software products. Should hardware and/or software be required for our projects, we will first select the appropriate hardware and/or software for our customers' needs from our suppliers. We will also offer our advice to customers on the hardware and/or software products that will best fit their needs. Our suppliers include approved suppliers of our Group as well as our customers' nominated suppliers. Our customers may have specific types of products or brands of products they wish us to procure. We are responsible for ensuring that the hardware and/or software to be procured conforms to the system requirements.

Procurement of hardware and/or software for the project shall commence only upon final acceptance by the customer of the design proposal submitted. If any equipment and/or material in the accepted design should not be available, official approval must be obtained from the customer for any proposed substitute equipment and/or material before procurement of said equipment and/or material.

7.4.10 Equipment delivery, inspection and acceptance

Upon delivery of procured equipment and materials, official inspection sessions shall be conducted in conjunction with the authorised representatives of the customer. Official acceptance by the customer shall only be issued upon successful inspection and verification of the delivered equipment and materials against approved design.

7.4.11 Implementation of solutions

Depending on the scope of our engagement, our customers may engage us to develop and install one or more of the IT security and automation solutions described in Section 7.3.1.

For installation of IT infrastructure, we prepare a site preparation plan and will conduct site preparation accordingly. Should third-party hardware and/or software be required, we will carry out tests such as bench tests and European Standards tests according to project requirements to ensure that the hardware and/or software products are fit for use. We will then configure the hardware and/or software according to our customers' specifications prior to installation. Thereafter, we conduct further tests such as factory acceptance test, site acceptance test, and system integration test to make sure that the infrastructure installed can perform according to our customers' specifications. We also perform updates to our customers' existing IT systems and perform data migration.

For development of systems, there are generally two types of projects that we can undertake. The first requires us to add on to our customers' existing hardware and/or software whereby we take the newly acquired hardware and/or software products and modify it as necessary to integrate the new system with the customer's existing system. The second type of project requires us to develop a new system based on our customers' specifications and requirements.

We will carry out various tests such as unit testing and system integration testing with our customers during the implementation stage to ensure that the solutions installed are operating optimally and that they meet our customers' requirements. In the event that it is not operating as it should, we will conduct troubleshooting and rectify the identified issues.

7.4.12 User acceptance testing

It is imperative that the intended users of the new IT solutions implemented can utilise them to effectively operate such solutions and improve the efficiency of the facility's operations. Some employees may find it more difficult than others to transition from one system to another, thus leading to inefficiencies in operations. Therefore, we conduct training prior to launching the new solutions for the intended users to acclimatise and troubleshoot any issues that arise.

During this phase, our customers will test the new system to determine if it is able to handle the necessary tasks that occur during our customers' real-world operations. User acceptance testing may need to be repeated until our solutions are proven to work for our customers. Once our solutions pass user acceptance testing, our customers will issue us a user's acceptance report or a form of project completion document.

For hardware provided for the project, official acceptance will be provided upon the customer's authorised representatives successfully completing inspections and verifications that the installed and commissioned hardware is according to approved project specifications.

7.4.13 System rollout and DLP

In the next phase, the accepted system is rolled out throughout our customers' organisation and goes live. We may be engaged by our customers to provide training on how to operate the system.

We also offer our customers a DLP whereby any issues will be assessed and rectified by us for a pre-determined period, generally between 12 to 36 months. Depending on the source of the issue, the issue may be covered by the DLP or be rectified at cost to our customers.

7.4.14 Maintenance and support services

After the implementation and launch of the new solutions to support our customers' operations, our customers may engage us to provide maintenance and support services under a separate service level agreement. Some customers may opt for ad-hoc maintenance and support services rather than a regular service level agreement. We also offer system maintenance agreements to our customers based on subscription fees whereby their systems can be progressively upgraded in tandem with availability of newer versions during the period of the maintenance and support contract. The aforesaid agreements are typically annual agreements that are renewed based on our customers' requirements.

When our customers encounter problems with the IT security and automation solutions that we have provided, they can contact our helpdesk for remote technical support. If the issue is not rectified remotely, we are able to offer on-site support.

The maintenance and support services that we offer will be stipulated in the service agreements with our customers and will generally include service desk and call centre support; infrastructure and systems maintenance; on-site preventative and corrective maintenance; as well as upgrading of systems as and when newer versions are released during the period of the maintenance and support contract.

7.5 BUSINESS SEGMENTS AND PRINCIPAL MARKETS

The breakdown of our Group's revenue by business segment, type of customer and country for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 is as follows:

	Audited							
Revenue by business segment	**FYE 2021**		**FYE 2022**		**FYE 2023**		**FPE 2024**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design and implementation services	23,240	79.1	37,516	88.8	56,229	90.4	23,478	77.9
Maintenance and support services	6,142	20.9	4,723	11.2	5,978	9.6	6,642	22.1
Total	**29,382**	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**30,120**	**100.0**

	Audited							
Revenue by customer type	**FYE 2021**		**FYE 2022**		**FYE 2023**		**FPE 2024**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Government	-	-	-	-	114	0.2	8,021	26.6
Government-linked companies	22,747	77.4	36,710	86.9	49,611	79.7	12,908	42.9
Private companies	6,635	22.6	5,529	13.1	12,482	20.1	9,191	30.5
Total	**29,382**	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**30,120**	**100.0**

	Audited							
Revenue by country[(1)]	**FYE 2021**		**FYE 2022**		**FYE 2023**		**FPE 2024**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	28,074	95.5	41,077	97.2	59,844	96.2	29,781	98.9
Singapore	1,308	4.5	1,162	2.8	2,363	3.8	339	1.1
Total	**29,382**	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**30,120**	**100.0**

Note:

(1) Revenue segmentation by country is based on the place of domicile of the customers.

7.6 SALES AND MARKETING

Our sales and marketing activities are conducted by our Managing Director, Tan Hock Lim as well as our business development team which comprises 6 personnel as at LPD. The business development team is headed by a manager who is supported by a team of 5 employees.

The sales and marketing strategies adopted by our Group are as follows:

7.6.1 Direct sales

Our business development team actively approach potential customers to market our services and showcase our capabilities. They are also responsible for maintaining business relationships with our existing customers and drive repeat business from them.

7.6.2 Track record and market reputation

We leverage on our track record and market reputation to provide us an edge in securing contracts from the public and private sector. Since commencing our business in 2011, we have garnered a track record in the successful deliveries of IT services related projects accomplished in a timely manner and ensuring that each project meets the specified requirements and quality standards. We have secured multiple projects for customers in the public transport, financial services, telecommunications, chemical and energy industries, providing us a strong business portfolio that demonstrates our capabilities and reliability. Our business portfolio effectively lowers the barrier to entry for us to secure projects with increasingly large scope, value, as well as higher technical complexity.

7.6.3 Registered vendor with the Government

Our Group is a registered vendor with the MOF which allows us to tender for Government projects and contracts directly. Our business development team will review the open tenders available and earmark the projects that we are able to undertake. We will then conduct an assessment to determine if we will officially tender for the project.

Although we may not be able to secure all the Government projects that we tender for, our registration with the MOF can enhance our Group's profile, making us more visible to other government agencies who are seeking the types of products and services that we are able to provide.

7.6.4 Word of mouth

Our existing customers who are satisfied with our project delivery quality may refer us to new customers who also require similar services. We believe that word of mouth is an effective marketing strategy for us to compete against other industry players who may have a stronger track record or financial capacity than us. Thus, we strive to exceed our project customers' expectations to generate positive referrals for us that also gradually enhance our market reputation.

7.7 TECHNOLOGY USED

Our Group uses a wide range of applications and tools that aid in the design and implementation of our security and automation solutions. The table below lists the major types of applications and tools used:

Technology	Description
Design drawing and modelling tools	We utilise technologies that enable us to draw and edit 2D and 3D drawings using an automated process rather than by hand. We also utilise technologies that allows us to create 3D models of buildings, with technical and physical specifications, which can then be used to create documentation for construction. This software can be used to design a digital model of the intended solutions for our customers, including inputs from other professionals providing services such as mechanical and electrical engineering or civil works as well as scale models as tools for engineering design and testing as well as for project visualisation.
Day to day operational software	Technologies such as Microsoft Office, video management system, cloud services for day-to-day operations of our Group as well as global positioning systems for tracking company vehicles.
ERP software	We utilise ERP software to manage our projects and the main business processes of our Group such as accounting, asset management, customer management, project planning activities, project documentation control as well as procurement and inventory.
C&C simulation and demonstration room	We have developed an in-house C&C simulation and demonstration room for testing prototypes and for demonstrating our solutions to our customers. This room provides a realistic look and feel of a command and control room where our customers can experience first-hand the security and automation solutions we provide. We are also able to carry out simulation to determine the most effective design for a command and control room, thereby decreasing the need for corrections after installation at our customers' premises.

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7.8 INTERRUPTIONS IN BUSINESS

Save as disclosed below, our Group has not experienced any interruption that had significant effect on our operations during the past 12 months preceding LPD.

7.8.1 Impact of COVID-19 and MCO on the operations of our Group

Most of our customers operate in the transportation sector, which is deemed an essential service. As such, our services were deemed essential to support our customers' operations. We received approvals from MITI to continue operating with specified guidelines and SOPs by the Government during various MCO and NRP stages.

7.8.2 Impact of COVID-19 on our sales and earnings prospects

Our Group did not experience any adverse impact on our sales and earnings prospects due to the COVID-19 pandemic as we were able to operate according to the guidelines and SOPs by the Government during various lockdown stages.

7.8.3 Impact of COVID-19 and MCO on our supply chain

Our Group did not experience any negative impact on our supply chain as there were no major deliveries scheduled owing to projects being in the design stage over the lockdown periods.

7.8.4 Measures to commence and continue our business operations

In response to the COVID-19 pandemic, we obtained approval from MITI to continue operating our business. We established a set of protocols emphasising early detection, social distancing, and hygiene standards to adhere to the conditions set forth by the Government.

7.9 SEASONALITY

Our business is not subject to any seasonality factors.

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7.10 MAJOR CUSTOMERS

Our top 5 customers according to their revenue contribution for FYE 2021, FYE 2021, FYE 2023 and FPE 2024 are as follows:

No.	Name	Country	Principal activities	Revenue		Main services provided	Length of relationship
				RM'000	%(1)		Years(2)
FYE 2021							
1.	Setia Utama	Malaysia	Main turnkey contractor in all aspects of the design, construction, execution, completion, testing and commissioning of the project known as the construction and completion of LRT3	22,747	77.4	Software maintenance, procurement, installation, integration, implementation, testing, and commissioning of hardware and software and configuration of new systems to existing systems for the AFC and EAC systems under the LRT3 Project	2
2.	Customer A (listed on the Main Market of Bursa Securities)	Malaysia	Operator of leisure and hospitality business covering integrated theme parks, hotels, seaside resorts and entertainment	3,784	12.9	Software and hardware maintenance, as well as procurement, installation, integration, testing, and commissioning of hardware and software across their operations	5
3.	Customer B	Singapore	Construction of electrified railways	1,305	4.4	Design consultancy, document preparation and review for depot equipment and service vehicles & uninterruptible power supply	<1

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Name	Country	Principal activities	Revenue		Main services provided	Length of relationship
				RM'000	%(1)		Years(2)
4.	Customer C	Malaysia	Printing of banknotes	750	2.6	Maintenance support on hardware, upgrading of systems, installation, and configuration of hardware	3
5.	Customer D(3)	Malaysia	Provision of consultation services for security, ICT and related services	397	1.4	Design and consultation services for preparation of tender documentation for transportation system	5
			Subtotal	**28,983**	**98.7**		
			Total revenue	**29,382**	**100.00**		

No.	Name	Country	Principal activities	Revenue		Main services provided	Length of relationship
				RM'000	%(1)		Years(2)
FYE 2022							
1.	Setia Utama	Malaysia	Main turnkey contractor in all aspects of the design, construction, execution, completion, testing and commissioning of the project known as the construction and completion of LRT3	33,041	78.2	Software maintenance, procurement, installation, integration, implementation, testing, and commissioning of hardware and software and configuration of new systems to existing systems for the AFC and EAC systems under the LRT3 Project	3

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Name	Country	Principal activities	Revenue RM'000	Revenue %[1]	Main services provided	Length of relationship Years[2]
2.	Customer E	Malaysia	Owner and operator of 3 LRT networks and 1 monorail as well as operating 2 MRT lines. Owner-operator for stage bus services in Klang Valley, Penang and Pahang.	3,669	8.7	Design, supply, delivery, installation, integration, testing and commissioning of hardware and operating software	4
3.	Customer A (listed on the Main Market of Bursa Securities)	Malaysia	Operator of leisure and hospitality business covering integrated theme parks, hotels, seaside resorts and entertainment	2,481	5.9	Software and hardware maintenance, as well as procurement, installation, integration, testing, and commissioning of hardware and software across their operations	6
4.	Customer F[4]	Malaysia	Marketing, installation, rental and servicing of security products	934	2.2	Maintenance and support services on hardware and supply of IT hardware components	10
5.	Customer C	Malaysia	Printing of banknotes	628	1.5	Maintenance support on hardware, upgrading of systems, installation, and configuration of hardware	4
			Subtotal	**40,753**	**96.5**		
			Total revenue	**42,239**	**100.00**		

No.	Name	Country	Principal activities	Revenue		Main services provided	Length of relationship
				RM'000	%(1)		Years(2)
FYE 2023							
1.	Setia Utama	Malaysia	Main turnkey contractor in all aspects of the design, construction, execution, completion, testing and commissioning of the project known as the construction and completion of LRT3	38,550	62.0	Software maintenance, procurement, installation, integration, implementation, testing, and commissioning of hardware and software and configuration of new systems to existing systems for the AFC and EAC systems under the LRT3 Project	4
2.	Customer E	Malaysia	Owner and operator of 3 LRT networks and 1 monorail as well as operating 2 MRT lines. Owner-operator for stage bus services in Klang Valley, Penang and Pahang	6,153	9.9	Design, supply, delivery, installation, integration, testing and commissioning of hardware and operating software	5
3.	Customer G	Malaysia	Developer of urban rail transport infrastructure	4,908	7.9	Installation, testing, and commissioning of CCTV and software upgrading, configuration, and integration	2
4.	Customer H(5)	Malaysia	Turnkey contractors, energy project developer specialising in district cooling system and co-generation including operation and maintenance works	3,193	5.1	Installation, integration, testing and commissioning of CCTV, perimeter street lighting and associated works at a solar photovoltaic plant	<1

No.	Name	Country	Principal activities	Revenue RM'000	Revenue %(1)	Main services provided	Length of relationship Years(2)
5.	Customer A (listed on the Main Market of Bursa Securities)	Malaysia	Operator of leisure and hospitality business covering integrated theme parks, hotels, seaside resorts and entertainment	2,371	3.8	Software and hardware maintenance, as well as procurement, installation, integration, testing, and commissioning of hardware and software across their operations	7
			Subtotal	**55,175**	**88.7**		
			Total revenue	**62,207**	**100.0**		

No.	Name	Country	Principal activities	Revenue RM'000	Revenue %(1)	Main services provided	Length of relationship Years(2)
FPE 2024							
1.	Setia Utama	Malaysia	Main turnkey contractor in all aspects of the design, construction, execution, completion, testing and commissioning of the project known as the construction and completion of LRT3	9,235	30.7	Software maintenance, procurement, installation, integration, implementation, testing, and commissioning of hardware and software and configuration of new systems to existing systems for the AFC and EAC systems under the LRT3 Project	5

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Name	Country	Principal activities	Revenue		Main services provided	Length of relationship
				RM'000	%[1]		Years[2]
2.	Customer I	Malaysia	A Government agency, which is principally involved in public safety and order, immigration and border control, civil registration and local governance	8,021	26.6	Supply, delivery, installation, testing and commissioning of hardware and software for the upgrading of a human resources management information system for a Malaysian government agency	2
3.	Customer J	Malaysia	Manufacturing of rolling stock and provision of overhaul maintenance and refurbishment services	4,243	14.1	Supply, installation and commissioning of on-board PIS	<1
4.	Customer E	Malaysia	Owner and operator of 3 LRT networks and 1 monorail as well as operating 2 MRT lines. Owner-operator for stage bus services in Klang Valley, Penang and Pahang.	3,674	12.2	Software and hardware maintenance, as well as procurement, installation, integration, testing, and commissioning of hardware and software across their operations	6

No.	Name	Country	Principal activities	Revenue		Main services provided	Length of relationship
				RM'000	%[1]		Years[2]
5.	Customer G group of companies[6]	Malaysia	Developer of urban rail transport infrastructure and construction of railways and subways	2,048	6.8	Installation, testing, and commissioning of CCTV and software upgrading, configuration, and integration as well as design, installation, and completion of Malaysian agencies' fit out works at Woodlands North Custom, Immigration and Quarantine (CIQ) for the RTS link	3
			Subtotal	**27,221**	**90.4**		
			Total revenue	**30,120**	**100.00**		

Notes:

(1) Divided by total revenue of the respective financial year/period.

(2) The length of the relationship as at the respective financial year/period.

(3) Customer D is also a supplier of our Group. During FYE 2021 to 2023, the Group sourced the consulting services and purchase of equipment for AFC Project from Customer D.

(4) Customer F is a wholly-owned subsidiary of a company involved in the industrial, motors, healthcare and others sectors, which is listed on the Main Market of Bursa Securities.

(5) Customer H is a wholly-owned subsidiary of a utilities company listed on the Main Market of Bursa Securities.

(6) Customer G group of companies consists of Customer G and Customer K, whereby Customer K is a wholly-owned subsidiary of Customer G. For clarity, there was no transaction between our Group and Customer K during FYE 2021 to 2023.

Our Group's major customer, Setia Utama has contributed 77.4%, 78.2%, 62.0%, and 30.7% of our Group's total revenue for FYE 2021 to 2023 and FPE 2024 respectively. On this basis, our Group is dependent on the aforementioned customer. We are currently providing Setia Utama with design and implementation services relating to the supply, delivery, installation and testing and commissioning of AFC system and EAC system for the LRT3 line. The revenue for FYE 2021, FYE 2022, FYE 2023, and FPE 2024 were generated from the LRT3 AFC Project and LRT3 EAC Project were under the design and implementation services segment. The contract period for the EAC system is from 16 October 2019 to 30 November 2023 with an extension up to 31 July 2024 and a subsequent extension up to 30 November 2024, and the contract period for the AFC system is from 13 November 2019 to 30 November 2023 with an extension up to 30 November 2024. Delays in the handover of the site by our customer to our Group prevented us from commencing work at certain sites. As a result, our Group has sought an extension of time from our customer. On 12 November 2024 and 6 November 2024, our Group has submitted the extension of time request for LRT3 EAC Project and LRT3 AFC Project respectively, from 1 December 2024 to 30 June 2025 as well as 1 December 2024 to 7 August 2025, respectively, to our customer and is awaiting confirmation from our customer pending evaluation. Subsequently, our Group had vide a letter to Setia Utama dated 9 January 2025 submitted a revised work programme and request for an updated timeline to complete the works for LRT3 EAC Project and LRT3 AFC Project by 23 August 2025 and 30 August 2025, respectively, and is awaiting confirmation from our customer, pending evaluation. As such, the completion of the works and expiry of our contracts with Setia Utama without further renewal or extension may lead to a significant decrease in our revenue and adversely affect our financial performance.

Notwithstanding that we will cease to generate revenue from Setia Utama upon the expiration of our contracts, we have secured additional contracts for design and implementation projects from other customers after the award of the LRT3 related projects to reduce our dependency on Setia Utama. The additional contracts include the design consultation for depot equipment and service vehicles and uninterruptible power supply for the RTS link between Malaysia and Singapore, the PSDS Project, the PAMS Project, the RTS ERP Project, HRMIS Project, EPCC for development of a solar photovoltaic plant, the Earthing and Lighting Protection System (ELPS) project, video management system upgrade for MRT Kajang line, provision of ICT equipment rental under a leasing arrangement, the ETS3 PIS Project, fit out works for Malaysian agencies at Woodlands North Custom, Immigration and Quarantine (CIQ), provision of ICT equipment rental under a leasing arrangement for a Government agency. The contracts will cumulatively generate RM152.9 million to our Group, which is more than the total contract value of RM130.0 million from our LRT3 related projects with Setia Utama. Our Group is also of the opinion that since Setia Utama is the main turnkey contractor for the LRT3, works for the revived 5 LRT3 stations will be awarded to existing LRT3 works package contractors, including our Group. The 5 LRT3 stations had been cancelled previously and revived during the tabling of Budget 2024 by the Parliament.

Our Group has been dealing with Setia Utama since 2019 when TSM was appointed as the work package contractor for the EAC Project. Since 2019 and as at LPD, our Group has entered into a total of 2 subsisting contracts and 2 subsisting letters of appointment with Setia Utama, details of which are set out in subsections (a) to (d) below. Our Group has established and maintained a continuing business relationship with Setia Utama since 2019 with a proven track record in securing subsequent projects from Setia Utama.

TSM has been appointed by Setia Utama for the following:

(a) Contract in respect of the LRT3 EAC Project from Bandar Utama to Johan Setia dated 16 October 2019 for the design, manufacture, supply, delivery, installation, testing and commissioning of EAC for the LRT3 EAC Project ("**EAC Contract**"), which was subsequently extended by a certificate of extension of time no. 1 dated 17 November 2023 and a certificate of extension of time no. 2 dated 5 November 2024 ("**EAC EOT**"). The salient terms of the EAC Contract are set out below:

Date of agreement	:	16 October 2019
Scope of the agreement	:	The EAC Contract was entered into for the design, manufacture, supply, delivery, installation, testing and commissioning by TSM of EAC for the LRT3 EAC Project ("**Works**").
Term	:	The initial term of the EAC Contract was from 16 October 2019 to 30 November 2023, and subsequently extended to 31 July 2024 and further to 30 November 2024[(1)] by the EAC EOT ("**Date for Completion**").
Contract sum (RM)	:	14,000,000
Events of default by TSM	:	<u>General events of default</u> In the event TSM: (i) fails to commence the Works within 21 days from 16 October 2019; (ii) suspends or abandons the carrying out of the Works or any part thereof before the Date for Completion or otherwise plainly demonstrates the intention not to continue performance of its obligations under the EAC Contract;

(iii) fails to proceed regularly and diligently with the performance of its obligations under the EAC Contract; without prejudice to the generality of the Clause relating to the Events of Default by TSM pursuant to the EAC Contract, in the event that the overall progress of the Works or any part thereof that is on the critical path is delayed by 60 days at any time based on the latest of either the baseline programme approved by Setia Utama or the revised baseline programme approved by Setia Utama under the Clause relating to the programme of works pursuant to the EAC Contract, as applicable, is delayed to such extent that Setia Utama is entitled to exercise their rights under the EAC Contract, and for which TSM is not entitled to any extension of time under the EAC Contract, TSM shall be deemed to have failed to proceed regularly and diligently with the performance of its obligations under the EAC Contract;

(iv) fails to execute the Works in accordance with the EAC Contract;

(v) persistently neglects to carry out its obligations under the EAC Contract;

(vi) refuses or persistently neglects to comply with a written notice from Setia Utama;

(vii) fails to comply with the provisions of relating to defects liability pursuant to the EAC Contract;

(viii) fails to comply with any provisions as contained in the EAC Contract including but not limited to failure to provide the performance bond provided by TSM to Setia Utama for 5% of the Contract Sum ("**Performance Bond**"), all documentation relating to the Execution of the Works at the specified times and in the manner as provided in the LRT Contract to be submitted to Setia Utama by TSM from time to time during the performance of the Works, TSM's insurances, baseline programme and/or revised baseline programme within the period stated;

(ix) fails to obtain the prior written consent of Setia Utama required for sub-contracting of the Works pursuant to the EAC Contract and in breach of its obligations or in defiance of Setia Utama's instruction to the contrary, sub-lets any part of the Works;

(x) fails to comply with any decision by the Dispute Adjudication Board, as appointed in accordance to the EAC Contract, then Setia Utama shall be entitled to give written notice to TSM specifying the default and requiring TSM to remedy such default within 14 days of the receipt of the default notice ("**Default Notice**"). If TSM fails to remedy the default within the stipulated period or such extended period as Setia Utama may determine in its sole discretion, the Clause relating to the Consequences of Default of TSM under the EAC Contract shall apply.

<u>Other events of default</u>

If at any time during the term of the EAC Contract:

(i) TSM, or one or more of the members of an unincorporated consortium or a joint venture, becomes insolvent or compounds with or enters into an arrangement or compositions with its creditors;

(ii) an order is made or resolution is effectively passed for the winding-up of TSM (except for the purpose of restructuring or amalgamation with the written consent of Setia Utama, which consent shall not be unreasonably withheld);

(iii) a provisional liquidator, receiver, trustee or manager of its business or undertaking duly appointed against TSM, or possession of the TSM's assets taken by or on behalf of creditors or debenture holders secured by a floating charge of any property comprised in or subject of the said floating charge or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these acts or events;

(iv) execution is levied against a substantial portion of TSM's assets;

(v) TSM gives or offers to give (directly or indirectly) to any person any bribe, gift, gratuity, commission or other thing of value, as an inducement or reward pursuant to the Clause relating to anti-bribery representation, warranty and covenant under the EAC Contract;

(vi) material and/or persistent breach by TSM of any safety, health or environmental obligations that threatens the safety and health of any personnel or person or causing serious environmental pollution;

(vii) TSM or its related corporation becomes a party to any legal proceeding (including but not limited to court proceeding, adjudication or arbitration), which Setia Utama, its shareholders, any related corporation of Setia Utama or its shareholders, or employer (including its duly appointed representatives, its legal successors in title and permitted assigns), is an opposing party, regardless of whether TSM or its related corporation is a claimant or defendant, appellant or respondent, or petitioner of such legal proceeding; for purposes of this Clause, "related corporation" is as defined in the Act,

then the Clause relating to the Consequences of Default of TSM shall apply.

Consequences of default by TSM : (a) Setia Utama shall, without prejudice to any other rights or remedies under the EAC Contract or at law, be entitled to forthwith terminate TSM's employment under the EAC Contract by giving written notice to that effect.

(b) Alternatively, Setia Utama may omit all or any part of the Works which are uncertified by a payment certificate issued in the interim by Setia Utama.

Consequences of termination : (a) Upon determination of TSM's employment under Clause (a) above, Setia Utama shall enter upon the land and other places on, under, in or through which the Permanent Works are to be Executed and to which machinery, apparatus, vehicles and the like intended to form or forming part of the Temporary Works and/or Permanent Works (or any part thereof), which are to be supplied by TSM as specified in the EAC Contract ("**Plant**") and things of all kinds (other than Plant) to be provided by TSM which are intended to form or forming part of the Permanent Works ("**Materials**") are to be delivered, and any other places as may be specifically designated in the EAC Contract or by Setia Utama as forming part of the Site ("**Site**") and the Works and expel TSM therefrom without thereby avoiding the EAC Contract or releasing TSM from any of its obligations or liabilities under the EAC Contract or affecting the rights and powers conferred on Setia Utama by the EAC Contract, and may itself complete, among other things, the design, supply of labour, system parts, plant and materials, transportation, delivery to Site, construction, erection, installation, integration, testing, commissioning, completion, and training in the use of the Works in accordance with the LRT3 Contract, the preparation and/or delivery (as appropriate) of all information, drawings and manuals in respect of the Works required by the EAC Contract, the provision of such spare parts, consumables and tools as are required by the EAC Contract, and the management of all such matters ("**Execution of the Works**" or "**Executing the Works**"), or may employ any other contractor to do so, and Setia Utama or such other contractor may use for such completion so much of the appliances, machinery, vehicles and other things required for the Execution and Completion (hereinafter defined) of the Works and the remedying of any defects but excludes all temporary works of every kind (other than Equipment) required on Site for the Execution and Completion of the Permanent Works and the remedying of any defects, including false work, temporary structures and buildings and temporary earthworks ("**Temporary Works**"), and other things intended to form or forming part of the permanent Works ("**Equipment**"), Temporary Works, the Plant and Materials which have become the property of Setia Utama under the provisions of the EAC Contract as it or they may think proper and Setia Utama may at any time sell any of the said Equipment, Temporary Works, Plant and/or unused Materials and apply the proceeds of sale in or towards the satisfaction of any sums due or which may become due to it from TSM under the EAC Contract.

(b) If Setia Utama shall enter and expel TSM under this Clause, it shall not be liable to pay to TSM any money due under the EAC Contract until the expiration of the defects liability period, being 24 months from the date of the issuance of the Completion Certificate, and thereafter until the costs of Executing the Works up to the Date for Completion to the satisfaction of Setia Utama so as to enable to issuance of the certificate of completion by Setia Utama ("**Completion Certificate**") ("**Completion**" or "**Complete**"), Liquidated and Ascertained Damages and all other expenses incurred by Setia Utama have been ascertained and the amount thereof certified by Setia Utama. TSM shall then be entitled to receive only such sum or sums (if any) as Setia Utama may certify would have been due to it upon due Completion of the Works by it after deducting the said amount. However, if such amount shall exceed the sum which would have been payable to TSM on such due Completion by it then TSM shall upon demand pay to Setia Utama the amount of such excess and it shall be deemed a debt due by TSM to Setia Utama and shall be recoverable accordingly or Setia Utama is entitled to call upon and/or encash the Performance Bond in accordance with the EAC Contract.

		(c)	If so required by Setia Utama, TSM shall after the expiration of the Default Notice, assign to Setia Utama or its nominee without payment the benefit of any agreement which TSM has entered into for the supply of Plant and/or Materials or for the Execution of any part of the Works, or novate without payment such agreement to Setia Utama or its nominee and TSM will execute all documents and perform all acts necessary to perfect such assignment or novation (as the case may be). Setia Utama may pay the sub-contractors of Works or suppliers of Plant and/or Materials which have been sub-contracted by TSM (with the prior written consent of Setia Utama) ("**Sub-Contractor or Supplier**") for any such Plant and/or Materials or any part of the Works supplied and delivered to the Site or any part of the Works Executed under such agreement (whether the same be assigned or novated as aforesaid or not) before or after the giving of the said notice the amount due by such agreement in so far as it has not already been paid by the Works Package Contractor to the Sub-Contractor or Supplier. Payments under the clauses relating to the Events of Default by TSM, Consequences of Default by TSM, and Consequences of Termination may be made out of any monies due or which may become due to TSM under the EAC Contract.
Damages for delay by TSM ("Liquidated and Ascertained Damages")	:	(a)	If TSM fails to Complete the Works, Setia Utama shall be entitled to recover from TSM as Liquidated and Ascertained Damages RM14,500 per calendar day for every day or part of a day which shall elapse between the Date for Completion and the date upon which the Works have achieved Completion, as certified by Setia Utama in the Completion Certificate. Setia Utama may deduct, set-off or recover the amount of such Liquidated and Ascertained Damages in accordance with the Clause relating to Setia Utama's right of deduction, withholding and set off pursuant to the EAC Contract.
		(b)	In addition to the foregoing, if TSM fails to complete its works by the key dates as applicable, Setia Utama shall be entitled to claim for all losses, damages and expenses incurred and/or sustained and/or to be incurred by Setia Utama arising from or in connection with TSM's failure or neglect to complete its works by the key dates, if any including the right of Setia Utama to step-in pursuant to the EAC Contract. Setia Utama shall also be entitled in accordance with the Clause relating to Setia Utama's right of deduction, withholding and set off pursuant to the EAC Contract, to deduct, set-off or withhold an amount sufficient in Setia Utama's opinion to cover such claims, damages, expenses and/or losses, including 5% of the administrative costs and expenses incurred by Setia Utama to perform TSM's obligations which TSM has failed to perform, incurred or to be incurred by Setia Utama arising from or in connection with the foregoing.

(c) The maximum value of Liquidated and Ascertained Damages, being 100% of the Contract Sum, is deemed to be agreed by Setia Utama and TSM as the genuine pre-estimates of the loss which Setia Utama will suffer due to the delay in the completion of the Works or any parts thereof and TSM is deemed by entering into the EAC Contract to have agreed to pay to Setia Utama the said amounts) if the same shall become due without the need of Setia Utama to prove its actual damage or loss.

(d) If TSM's obligation to pay Liquidated and Ascertained Damages under the EAC Contract is, or becomes, void or unenforceable (either in whole or in part) for any reason, then Setia Utama will, to the extent of such voidness or unenforceability, be entitled to claim general damages and special damages at law in relation to any relevant event of delay or other matter which would otherwise have been the subject to Liquidated and Ascertained Damages.

(e) The payment or deduction of Liquidated Ascertained Damages shall not relieve TSM from its obligation to complete the Works or from any of its obligations and liabilities under the EAC Contract.

Governing law : The EAC Contract shall be governed by and construed according to laws for the time being in force in Malaysia.

Note:

(1) Our Group had vide a letter to Setia Utama dated 12 November 2024 requested for an extension of time from 1 December 2024 to 30 June 2025 to complete the Works and we are pending approval from Setia Utama for the extension of time. Subsequently, our Group had vide a letter to Setia Utama dated 9 January 2025 submitted a revised work programme and request for an updated timeline to complete the works by 23 August 2025, and is awaiting confirmation from our customer, pending evaluation.

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(b) Contract in respect of the LRT3 AFC Project dated 13 November 2019 for the design, manufacture, supply, delivery, installation, testing and commissioning of AFC system for the LRT3 AFC Project ("**AFC Contract**"), which was subsequently varied by a valuation of variation order issued by Setia Utama dated 3 February 2023 ("**AFC VVO**"). The salient terms of the AFC Contract are set out below:

Date of agreement	:	13 November 2019
Scope of the agreement	:	The AFC Contract was entered into for the design, manufacture, supply, delivery, installation, testing and commissioning by TSM of automatic fare collection system for the LRT3 AFC Project ("**Works**").
Term	:	The initial term of the AFC Contract was from 13 November 2019 to 30 November 2023, and subsequently extended to 30 November 2024[(1)] by the AFC VVO ("**Date for Completion**").
Contract sum (RM)	:	116,000,000 comprising the initial contract sum and additional contract sum as varied by the AFC VVO.
Events of default by TSM	:	<u>General events of default</u> In the event TSM: (i) fails to commence the Works within 21 days from 13 November 2019; (ii) suspends or abandons the carrying out of the Works or any part thereof before the Date for Completion or otherwise plainly demonstrates the intention not to continue performance of its obligations under the AFC Contract; (iii) fails to proceed regularly and diligently with the performance of its obligations under the AFC Contract; without prejudice to the generality of the Clause relating to the Events of Default by TSM pursuant to the AFC Contract, in the event that the overall progress of the Works or any part thereof that is on the critical path is delayed by 60 days at any time based on the latest of either the baseline programme approved by Setia Utama or the revised baseline programme approved by Setia Utama under the Clause relating to the programme of works pursuant to the AFC Contract, as applicable, is delayed to such extent that Setia Utama is entitled to exercise their rights under the AFC Contract, and for which TSM is not entitled to any extension of time under the AFC Contract, TSM shall be deemed to have failed to proceed regularly and diligently with the performance of its obligations under the AFC Contract;

(iv) fails to execute the Works in accordance with the AFC Contract;

(v) persistently neglects to carry out its obligations under the AFC Contract;

(vi) refuses or persistently neglects to comply with a written notice from Setia Utama;

(vii) fails to comply with the provisions of relating to defects liability pursuant to the AFC Contract;

(viii) fails to comply with any provisions as contained in the AFC Contract including but not limited to failure to provide the performance bond provided by TSM to Setia Utama for 5% of the Contract Sum ("**Performance Bond**"), all documentation relating to the Execution of the Works at the specified times and in the manner as provided in the LRT Contract to be submitted to Setia Utama by TSM from time to time during the performance of the Works, TSM's insurances, baseline programme and/or revised baseline programme within the period stated;

(ix) fails to obtain the prior written consent of Setia Utama required for sub-contracting of the Works pursuant to the AFC Contract and in breach of its obligations or in defiance of Setia Utama's instruction to the contrary, sub-lets any part of the Works;

(x) fails to comply with any decision by the Dispute Adjudication Board, as appointed in accordance to the AFC Contract,

then Setia Utama shall be entitled to give written notice to TSM specifying the default and requiring TSM to remedy such default within 14 days of the receipt of the default notice ("**Default Notice**"). If TSM fails to remedy the default within the stipulated period or such extended period as Setia Utama may determine in its sole discretion, the Clause relating to the Consequences of Default of TSM under the AFC Contract shall apply.

Other Events of Default

If at any time during the term of the AFC Contract:

(i) TSM, or one or more of the members of an unincorporated consortium or a joint venture, becomes insolvent or compounds with or enters into an arrangement or compositions with its creditors;

(ii) an order is made or resolution is effectively passed for the winding-up of TSM (except for the purpose of restructuring or amalgamation with the written consent of Setia Utama, which consent shall not be unreasonably withheld);

(iii) a provisional liquidator, receiver, trustee or manager of its business or undertaking duly appointed against TSM, or possession of the TSM's assets taken by or on behalf of creditors or debenture holders secured by a floating charge of any property comprised in or subject of the said floating charge or if any act is done or event occurs which (under applicable Laws) has a similar effect to any of these acts or events;

(iv) execution is levied against a substantial portion of TSM's assets;

(v) TSM gives or offers to give (directly or indirectly) to any person any bribe, gift, gratuity, commission or other thing of value, as an inducement or reward pursuant to the Clause relating to anti-bribery representation, warranty and covenant under the AFC Contract;

(vi) material and/or persistent breach by TSM of any safety, health or environmental obligations that threatens the safety and health of any personnel or person or causing serious environmental pollution;

(vii) TSM or its related corporation becomes a party to any legal proceeding (including but not limited to court proceeding, adjudication or arbitration), which Setia Utama, its shareholders, any related corporation of Setia Utama or its shareholders, or employer (including its duly appointed representatives, its legal successors in title and permitted assigns), is an opposing party, regardless of whether TSM or its related corporation is a claimant or defendant, appellant or respondent, or petitioner of such legal proceeding; for purposes of this Clause, "related corporation" is as defined in the Act,

then the Clause relating to the Consequences of Default of TSM shall apply.

Consequences of default by TSM	:	(a)	Setia Utama shall, without prejudice to any other rights or remedies under the AFC Contract or at law, be entitled to forthwith terminate TSM's employment under the AFC Contract by giving written notice to that effect.
		(b)	Alternatively, Setia Utama may omit all or any part of the Works which are uncertified by a payment certificate issued in the interim by Setia Utama.
Consequences of termination	:	(a)	Upon determination of TSM's employment under Clause (a) above, Setia Utama shall enter upon the land and other places on, under, in or through which the Permanent Works are to be Executed and to which machinery, apparatus, vehicles and the like intended to form or forming part of the Temporary Works and/or Permanent Works (or any part thereof), which are to be supplied by TSM as specified in the AFC Contract ("**Plant**") and things of all kinds (other than Plant) to be provided by TSM which are intended to form or forming part of the Permanent Works ("**Materials**") are to be delivered, and any other places as may be specifically designated in the AFC Contract or by Setia Utama as forming part of the Site ("**Site**") and the Works and expel TSM therefrom without thereby avoiding the AFC Contract or releasing TSM from any of its obligations or liabilities under the AFC Contract or affecting the rights and powers conferred on Setia Utama by the AFC Contract, and may itself complete, among other things, the design, supply of labour, system parts, plant and materials, transportation, delivery to Site, construction, erection, installation, integration, testing, commissioning, completion, and training in the use of the Works in accordance with the AFC Contract, the preparation and/or delivery (as appropriate) of all information, drawings and manuals in respect of the Works required by the AFC Contract, the provision of such spare parts, consumables and tools as are required by the AFC Contract, and the management of all such matters ("**Execution of the Works**" or "**Executing the Works**"), or may employ any other contractor to do so, and Setia Utama or such other contractor may use for such completion so much of the appliances, machinery, vehicles and other things required for the Execution and Completion (hereinafter defined) of the Works and the remedying of any defects but excludes all temporary works of every kind (other than Equipment) required on Site for the Execution and Completion of the Permanent Works and the remedying of any defects, including false work, temporary structures and buildings and temporary earthworks ("**Temporary Works**"), and other things intended to form or forming part of the permanent Works ("**Equipment**"), Temporary Works, the Plant and Materials which have become the property of Setia Utama under the provisions of the AFC Contract as it or they may think proper and Setia Utama may at any time sell any of the said Equipment, Temporary Works, Plant and/or unused Materials and apply the proceeds of sale in or towards the satisfaction of any sums due or which may become due to it from TSM under the AFC Contract.

(b) If Setia Utama shall enter and expel TSM under this Clause, it shall not be liable to pay to TSM any money due under the AFC Contract until the expiration of the defects liability period, being twenty-four (24) months from the date of the issuance of the Completion Certificate, and thereafter until the costs of Executing the Works up to the Date for Completion to the satisfaction of Setia Utama so as to enable to issuance of the certificate of completion by Setia Utama ("**Completion Certificate**") ("**Completion**" or "**Complete**"), Liquidated and Ascertained Damages and all other expenses incurred by Setia Utama have been ascertained and the amount thereof certified by Setia Utama. TSM shall then be entitled to receive only such sum or sums (if any) as Setia Utama may certify would have been due to it upon due Completion of the Works by it after deducting the said amount. However, if such amount shall exceed the sum which would have been payable to TSM on such due Completion by it then TSM shall upon demand pay to Setia Utama the amount of such excess and it shall be deemed a debt due by TSM to Setia Utama and shall be recoverable accordingly or Setia Utama is entitled to call upon and/or encash the Performance Bond in accordance with the AFC Contract.

(c) If so required by Setia Utama, TSM shall after the expiration of the Default Notice, assign to Setia Utama or its nominee without payment the benefit of any agreement which TSM has entered into for the supply of Plant and/or Materials or for the Execution of any part of the Works, or novate without payment such agreement to Setia Utama or its nominee and TSM will execute all documents and perform all acts necessary to perfect such assignment or novation (as the case may be). Setia Utama may pay the sub-contractors of Works or suppliers of Plant and/or Materials which have been sub-contracted by TSM (with the prior written consent of Setia Utama) ("**Sub-Contractor or Supplier**") for any such Plant and/or Materials or any part of the Works supplied and delivered to the Site or any part of the Works Executed under such agreement (whether the same be assigned or novated as aforesaid or not) before or after the giving of the said notice the amount due by such agreement in so far as it has not already been paid by the Works Package Contractor to the Sub-Contractor or Supplier. Payments under the clauses relating to the Events of Default by TSM, Consequences of Default by TSM, and Consequences of Termination may be made out of any monies due or which may become due to TSM under the AFC Contract.

Damages for delay by TSM ("Liquidated and Ascertained Damages")	:	(a)	If TSM fails to Complete the Works, Setia Utama shall be entitled to recover from TSM as Liquidated and Ascertained Damages RM80,000 per calendar day for every day or part of a day which shall elapse between the Date for Completion and the date upon which the Works have achieved Completion, as certified by Setia Utama in the Completion Certificate. Setia Utama may deduct, set-off or recover the amount of such Liquidated and Ascertained Damages in accordance with the Clause relating to Setia Utama's right of deduction, withholding and set off pursuant to the AFC Contract.
		(b)	In addition to the foregoing, if TSM fails to complete its works by the key dates as applicable, Setia Utama shall be entitled to claim for all losses, damages and expenses incurred and/or sustained and/or to be incurred by Setia Utama arising from or in connection with TSM's failure or neglect to complete its works by the key dates, if any including the right of Setia Utama to step-in pursuant to the AFC Contract. Setia Utama shall also be entitled in accordance with the Clause relating to Setia Utama's right of deduction, withholding and set off pursuant to the AFC Contract, to deduct, set-off or withhold an amount sufficient in Setia Utama's opinion to cover such claims, damages, expenses and/or losses, including 5% of the administrative costs and expenses incurred by Setia Utama to perform TSM's obligations which TSM has failed to perform, incurred or to be incurred by Setia Utama arising from or in connection with the foregoing.
		(c)	The maximum value of Liquidated and Ascertained Damages, being 100% of the Contract Sum, is deemed to be agreed by Setia Utama and TSM as the genuine pre-estimates of the loss which Setia Utama will suffer due to the delay in the completion of the Works or any parts thereof and TSM is deemed by entering into the AFC Contract to have agreed to pay to Setia Utama the said amounts) if the same shall become due without the need of Setia Utama to prove its actual damage or loss.
		(d)	If TSM's obligation to pay Liquidated and Ascertained Damages under the AFC Contract is, or becomes, void or unenforceable (either in whole or in part) for any reason, then Setia Utama will, to the extent of such voidness or unenforceability, be entitled to claim general damages and special damages at law in relation to any relevant event of delay or other matter which would otherwise have been the subject to Liquidated and Ascertained Damages.
		(e)	The payment or deduction of Liquidated Ascertained Damages shall not relieve TSM from its obligation to complete the Works or from any of its obligations and liabilities under the AFC Contract.
Governing law	:	The AFC Contract shall be governed by and construed according to laws for the time being in force in Malaysia.	

Note:

(1) Our Group had vide a letter to Setia Utama dated 6 November 2024 requested for an extension of time from 1 December 2024 to 7 August 2025 to complete the Works and we are pending approval from Setia Utama for the extension of time. Subsequently, our Group had vide a letter to Setia Utama dated 9 January 2025 submitted a revised work programme and request for an updated timeline to complete the works by 30 August 2025, and is awaiting confirmation from our customer, pending evaluation.

(c) Letter of appointment in respect of the development on door system test bench ("**DSTB**") for Rapid Rail Ampang line for the LRT3 Project from Bandar Utama to Johan Setia dated 12 June 2023:

Date of appointment	:	12 June 2023
Scope of the appointment	:	Development on DSTB for Rapid Rail Ampang line for the LRT3 Project from Bandar Utama to Johan Setia
Term	:	12 June 2023 to 11 June 2024
Contract sum (RM)	:	400,000

(d) Letter of appointment in respect of the investment on development of DSTB for monorail for the LRT3 Project from Bandar Utama to Johan Setia dated 2 October 2023:

Date of appointment	:	2 October 2023
Scope of the appointment	:	Provision of investment on development of DSTB for monorail for the LRT3 Project from Bandar Utama to Johan Setia
Term	:	2 October 2023 to 1 October 2024
Contract sum (RM)	:	400,000

As at LPD, the sum billed for each of the projects are as follows:

(a) AFC Contract: RM92.4 million;

(b) EAC Contract: RM10.1 million;

(c) Letter of appointment in respect of the development on DSTB for Rapid Rail Ampang line for the LRT3 Project from Bandar Utama to Johan Setia dated 12 June 2023: RM0.4 million; and

(d) Letter of appointment in respect of the investment on development of DSTB for monorail for the LRT3 Project from Bandar Utama to Johan Setia dated 2 October 2023: RM0.4 million.

The remaining contract value to be recognised from the abovementioned contracts amount to RM11.8 million, which will be recognised progressively up to end of 2025. Notwithstanding the foregoing, our Group has also secured order book of RM92.9 million, of which RM72.6 million is to be delivered up to FYE 2026, which are not from Setia Utama. As such, upon the completion of the AFC Contract and EAC Contract, our Group does not envisage any further dependency on with Setia Utama.

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7.11 TYPES, SOURCES AND AVAILABILITY OF INPUT

The main components of our cost of sales are direct labour costs, purchases of project materials and/or related equipment, as well as project related overheads.

The table below sets out our major cost components for FYE 2021, FYE 2022, FYE 2023 and FPE 2024:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct labour(2)	15,401	81.2	27,440	87.7	36,166	76.7	16,967	72.5
Purchases(3)	2,393	12.6	3,497	11.2	10,399	22.1	5,788	24.7
Overheads(4)	1,182	6.2	337	1.1	578	1.2	660	2.8
	18,976	**100.0**	**31,274**	**100.0**	**47,143**	**100.0**	**23,415**	**100.0**

Notes:

(1) As a percentage of total cost of sales.

(2) Relates to subcontractor cost and project labour cost. The increase in direct labour from FYE 2022 to FYE 2023 was mainly due to an increase in subcontractor costs as our Group's subcontractors began to undertake installation works at project sites for the LRT3 AFC Project and LRT3 AFC Project (Variation Order No.1) concurrently at multiple stations. The subcontractor costs also increased due to the commencement of works for the EPCC for development of a solar photovoltaic plant project and the video management system upgrade for MRT Kajang line project.

(3) Relates to the purchase of materials and/or equipment. The breakdown of purchases in terms of equipment and software for FYE 2021 to 2023 and FPE 2024 is as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
Components	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equipment	1,990	83.2	3,119	89.2	9,374	90.1	5,231	90.4
Software	403	16.8	378	10.8	1,025	9.9	557	9.6
	2,393	**100.0**	**3,497**	**100.0**	**10,399**	**100.0**	**5,788**	**100.0**

The increase in purchases from FYE 2021 to 2023 was due to purchase of materials related to our new projects namely the PSDS Project, the EPCC for development of a solar photovoltaic plant project, and the video management system upgrade for MRT Kajang line project. The purchase of equipment and software for FPE 2024 was for ETS3 PIS Project, software maintenance for Customer A, and RTS ERP Project.

(4) Relates to project insurance, consultancy fee, forwarding charges, import duties and permit.

7.12 MAJOR SUPPLIERS

Our Group's top 5 suppliers according to total purchases for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 are as follows:

No.	Name	Country	Principal activities	Cost incurred		Products/ services sourced	Length of relationship
				RM'000	%[(1)]		Years[(2)]
FYE 2021							
1.	Seel Electronic & Engineering Sdn Bhd	Malaysia	Turnkey electronics system provider in rail and transportation systems, intelligent building management systems, as well as services for defense system integration, maintenance and operation	11,526	60.7	Design and build of system and supply of hardware for AFC system	1
2.	Supplier A	Malaysia	Developer of mobile and web applications, enterprise architecture, and digital transformation solutions	1,100	5.8	Application platform development and execute interface management for EAC system	1
3.	SeeTec Asia	Malaysia	Business of security consulting, security systems, and ICT	1,089	5.7	Specialised IT services for development of middleware and interfaces for integration of video management system	5
4.	Hangzhou Hikvision Digital Technology Co Ltd	People's Republic of China	Computer programming activities, wholesale of electrical and electronic goods and repair of electronic equipment	463	2.4	CCTV, access control products, display products and network switches	3

No.	Name	Country	Principal activities	Cost incurred RM'000	%[1]	Products/ services sourced	Length of relationship Years[2]
5.	DCD Distribution Sdn Bhd	Malaysia	Provision of high quality cabling solutions for industrial use and solar power system for CCTV	373	2.0	Power, signalling, network and fibre cables	2
			Subtotal	**14,551**	**76.6**		
			Total cost of sales	**18,976**	**100.0**		

No.	Name	Country	Principal activities	Cost incurred RM'000	%[1]	Main products/ services sourced	Length of relationship Years[2]
FYE 2022							
1.	Seel Electronic & Engineering Sdn Bhd	Malaysia	Turnkey electronics system provider in rail and transportation systems, intelligent building management systems, as well as services for defense system integration, maintenance and operation	16,850	53.9	Design and build of system and supply of hardware for AFC system	2
2.	Supplier B[3]	Malaysia	Provision of consultation services for security, ICT and related services	3,757	12.0	Consulting services and purchase of equipment for AFC project	1
3.	SeeTec Asia	Malaysia	Business of security consulting, security systems and ICT	2,585	8.3	Specialised IT services for development of middleware and interfaces for integration of video management system	6

No.	Name	Country	Principal activities	Cost incurred RM'000	Cost incurred %[(1)]	Main products/ services sourced	Length of relationship Years[(2)]
4.	Phoenix Contact (Malaysia) Sdn Bhd	Malaysia	Provision of control, installation, device and connection technologies	727	2.3	Industrial cabinet solutions and electrical components	1
5.	VSTECS Pericomp Sdn Bhd	Malaysia	Provision of enterprise systems and solutions such as enterprise servers, storage, network products and software	682	2.2	Network, ICT, and technology products	3
			Subtotal	**24,601**	**78.7**		
			Total cost of sales	**31,274**	**100.0**		

No.	Name	Country	Principal activities	Cost incurred RM'000	Cost incurred %[(1)]	Main products sourced	Length of relationship Years[(2)]
FYE 2023							
1.	Seel Electronic & Engineering Sdn Bhd	Malaysia	Turnkey electronics system provider in rail and transportation systems, intelligent building management systems, as well as services for defense system integration, maintenance and operation	21,527	45.7	Design and build of system and supply of hardware for AFC system	3
2.	Supplier B[(3)]	Malaysia	Provision of consultation services for security, ICT and related services	5,345	11.3	Consulting services and purchase of equipment for AFC Project	2

No.	Name	Country	Principal activities	Cost incurred		Main products sourced	Length of relationship
				RM'000	%(1)		Years(2)
3.	SeeTec Asia	Malaysia	Business of security consulting, security systems, and ICT	2,843	6.0	Specialised IT services for development of middleware and interfaces for integration of video management system	7
4.	Tec D Distribution (Malaysia) Sdn Bhd	Malaysia	Distribution and marketing of computer and computer-related products and the provision of installation and maintenance services	1,409	3.0	Network, ICT, and technology products	<1
5.	Southern Cable Sdn Bhd	Malaysia	Manufacturer of cables and wires for various sectors including oil & gas, infrastructure, and renewable energy	961	2.0	Structure cables, power cables, and fire-resistant cables	<1
			Subtotal	**32,085**	**68.0**		
			Total cost of sales	**47,143**	**100.0**		

No.	Name	Country	Principal activities	Cost incurred		Products/ services sourced	Length of relationship
				RM'000	%[(1)]		Years[(2)]
FPE 2024							
1.	Connexion Solution Sdn Bhd and Epsilon R&D Sdn Bhd	Malaysia	Provision of software solutions and dealing in computer peripherals, and software maintenance	[(4)]6,656	28.4	Software for HRMIS	<1
2.	Seel Electronic & Engineering Sdn Bhd	Malaysia	Turnkey electronics system provider in rail and transportation systems, intelligent building management systems, as well as services for defense system integration, maintenance and operation	3,805	16.3	Design and build of system and supply of hardware for AFC system	3
3.	TianJin BeiHai Communication Technology Co Ltd	People's Republic of China	Develop railway broadcasting systems, subway broadcasting systems, and other communication systems	3,797	16.2	PIS	<1

No.	Name	Country	Principal activities	Cost incurred		Products/ services sourced	Length of relationship
				RM'000	%[1]		Years[2]
4.	Supplier C	Malaysia	(i) Sale, contract and installation of security systems, electronic surge protection systems and related products; (ii) Any business related to renewable energy system and products; and (iii) To supply solar photovoltaic module, inverters, cable, mounting system and system maintenance of renewable energy products and services	2,026	8.7	Supply, install, testing and commissioning of earthing system	1
5.	Supplier B[3]	Malaysia	Provision of consultation services for security, ICT and related services	608	2.6	Consulting services and purchase of equipment for AFC Project	3
			Subtotal	**16,892**	**72.2**		
			Total cost of sales	**23,415**	**100.0**		

Notes:

(1) Divided by total purchases of the respective financial year/period.

(2) The length of the relationship as at the respective financial year/period.

(3) Supplier B is also a customer of our Group. During FYE 2021 to 2023, our Group provided design and consultation services for preparation of tender documentation for transportation system to Supplier B.

(4) Comprises billings in relation to supply of software for HRMIS Project from Connexion Solution Sdn Bhd and Epsilon R&D Sdn Bhd, both of which share a common shareholder who is involved in the business operations of both the aforementioned companies.

Our Group has established long-standing relationships with several of these companies and we believe that the relationships forged will be beneficial to our purchasing and cost efficiency. The suppliers are also selected based on several criteria such as the quality of their products and the reliability of suppliers.

For FYE 2021, FYE 2022, FYE 2023 and FPE 2024, Seel Electronic & Engineering Sdn Bhd had contributed more than 10.0% of our purchases in each year/period for the design and build of system and supply of hardware for AFC system throughout the aforementioned financial years/period. The letter of award for the LRT3 AFC Project between Setia Utama and our Group states that ST Engineering Electronics Ltd of Singapore is the nominated exclusive supplier for AFC equipment to our Group. ST Engineering Electronics Ltd has appointed its wholly owned subsidiary, Seel Electronic & Engineering Sdn Bhd to resell and implement ST Engineering Electronics Ltd's AFC system for the LRT3 AFC Project. As such, our Group is required to purchase the AFC system and hardware from Seel Electronic & Engineering Sdn Bhd for the LRT3 AFC Project. Notwithstanding the significant purchases from Seel Electronic & Engineering Sdn Bhd as the nominated exclusive supplier of the LRT3 AFC Project, our Group believes that we are not dependent on any single major supplier as in the event we are unable to source for our supplies from the above suppliers, we are still able to source the products from other local and overseas suppliers.

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7.13 QUALITY CONTROL MANAGEMENT

We are committed to providing our customers with quality services in a consistent manner and we believe that this has contributed to the success of our Group over the years. We adhere to stringent quality standards as demonstrated and this can be seen by the various ISO certifications that our Group has attained. Our certifications provide assurance to our customers that our quality management, safety & health, environmental and anti-bribery management systems comply with the stipulated international standards. Our Group's ISO accreditations are as follows:

Certification	Scope	Awarding body	Validity period
ISO 9001:2015 Quality Management System ("**QMS**")	EPCC of industrial systems	GCL International Ltd	29 June 2024 to 29 June 2027
ISO 45001:2018 Occupational Health & Safety Management System	EPCC	Certification Partner Global	4 January 2024 to 4 January 2027
ISO 14001:2015 Environmental Management System ("**EMS**")	EPCC	ARS Assessment Private Limited	3 March 2024 to 3 February 2027
MS ISO 37001:2016 Anti-Bribery Management Systems ("**ABMS**")	EPCC	TUV Nord (M) Sdn Bhd	9 May 2022 to 8 May 2025

Our QMS was put in place to ensure that the products and services we provide to our customers meet the requirements and standards of our customers and our Group in a consistent manner. Additionally, having a QMS in place allows us to observe and analyse areas where we can improve and also to identify any potential risks.

We are committed to ensuring the health and safety of our employees, as evidenced by attaining ISO 45001:2018 certification. We have established a Safety and Health Committee, headed by our Executive Director, Mohd Fadzil bin Mohd Daud, who is responsible for continuously monitoring the measures in place to ensure the safety and health of our employees; investigate any workplace incidences or reports of unsafe conditions; as well as resolving safety and health related issues.

Our Group is also committed to ensuring that our business activities do not cause harm to the environment. Through our EMS, we focus on developing processes and plans on how our Group interacts with the environment and putting in place measures to ensure that we limit or eliminate any adverse actions.

We conduct our business with transparency and practice a zero-tolerance approach towards bribery. To ensure compliance with our code of ethics, we established a whistleblowing committee to receive complaints that will be acted upon by our ABMS committee. Our ABMS committee is headed by our Managing Director and Executive Director. Our ABMS mitigates bribery related risks during the course of our business which could damage our reputation and impact our operations.

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7.14 DESIGN AND DEVELOPMENT

Our Group currently does not undertake any R&D activities, instead we are involved in design and development activities to develop new solutions that can be used to meet our customers' needs, and such solutions may serve as a reference and can also be potentially applied to other customers' operations for different purposes. The table below highlights the solutions that we have developed over the years:

Product/ solution	Description/ use	Commercialisation period
Ticket vending machine/ kiosk system software	Software to be used in a ticket vending machine/ kiosk that allows customers to purchase tickets using various payment methods such as credit/debit cards, e-wallets, customer loyalty points. Software to manage the customer's ticket vending machines/kiosks in their premises.	December 2021
K3	Includes firmware (i.e., software that is embedded into hardware to allow the hardware to function), a mobile app, and a portal. The K3 firmware was developed to integrate IoT devices with the customer's security alarm system. The K3 mobile app was developed for testing and commissioning as well as monitoring of K3 devices. The K3 portal was developed to manage all of the customer's K3 devices.	November 2022
PSDS software	Includes software for local control panel-human machine interface, central platform manager, display agent, door control unit configuration tools, and diagnostic tools used in rail transportation lines. The software for the local control panel-human machine interface was developed to monitor the status and control each platform door.	February 2024

Product/ solution	Description/ use	Commercialisation period
	The software for the central platform manager was developed for use in the OCC of a rail line for the overall management of all platform doors on the rail line. The software for the display agent was developed as a dashboard for use on a video wall in a rail line's OCC to view the status of all the platform doors on the rail line. The software for the door control unit configuration tools was developed to configure settings of the platform door. The software for the diagnostic tools was developed to troubleshoot the whole PSDS and its related software.	
ERP middleware	Software for the integration of multiple ERP systems that manage different modules such as finance, HR, procurement, computerised maintenance management system, and stock.	July 2024

To safeguard the key source codes of our software, our Group uses an industry-standard code repository system with proper user access control. The system allows repository owners to set granular permissions, granting different levels of access (e.g., read, write, admin) to team members. The system also implements a two-factor authentication process for accessing the source code repositories, adding an extra layer of security beyond just passwords. All data transferred to and from the repository is encrypted, ensuring that data is secure in transit. Aside from that, the system encrypts also all stored data, including the source code. It also provides detailed audit logs to track all activities within repositories, helping to identify and investigate suspicious activities.

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7.15 COMPETITIVE STRENGTHS

7.15.1 Experienced and knowledgeable key management team

The success of our Group since its inception can be attributed to the experiences and knowledge of our key management team including our Managing Director, Executive Director, and management team. Our Managing Director, Tan Hock Lim, has over 20 years of experience in the IT industry while our Executive Director, Mohd Fadzil bin Mohd Daud has more than 10 years of experience in the M&E industry. They are supported by our management team including our Chief Technology Officer, Petr Obsel; Chief Financial Officer, Susie Chung Kim Lan; Chief Information Officer, Juraj Zidzik; Head of Engineering, Mohd Afiq bin Mustaffa; and Manager – Contract and Risk, Fong Lai Kuan, who have amassed relevant experience and knowledge in their respective fields.

The leadership and experience of our key management team enables us to continuously provide our IT security and automation solutions to our customers in accordance with their requirements. As such, we believe that the combined experience and respective competencies of our key management team will enable us to continue the growth of our business and our market presence.

7.15.2 We are able to offer a diverse range of comprehensive IT security and automation solutions catering to our customers' specific needs

Our Group has been involved in the IT services industry since our incorporation in 2011 and we are able to provide our customers with security and automation solutions which encompass services such as consultation and assessment; designing the solutions; procuring hardware and/or software; implementing the solutions; and maintenance and support services.

Due to the varied industries our customers operate in, it is not possible for one solution to meet the needs of all our different customers. As such, we work together with our customers to better understand their business, their business processes and their requirements as well as to identify and confirm their security and/or automation needs to determine the challenges faced by our customers during their daily operations and propose fully customisable security and automation solutions depending on our customers' business activities and requirements. Additionally, we can integrate newer technologies used in our solutions into our customers' existing systems, ensuring that they will not have to undertake a complete overhaul of their systems.

Furthermore, since our incorporation, we have grown from providing subcontracting services to becoming a turnkey contractor. By engaging our Group to provide comprehensive services from project initiation to post-implementation, our customers can streamline their operations, making it more convenient and cost-effective. As such, we believe that our flexibility and capability to provide comprehensive tailor-made security and automation solutions allows us to provide a better service to our customers, thus enabling us to build fruitful and long-term relationships with our customers.

7.15.3 We have a diverse and reputable customer base

We have customers in the public and private sector and they are involved in a range of business activities from transportation and hospitality and leisure, to utilities and logistics. It should be noted that for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, our major customer Setia Utama, contributed 77.4%, 78.2%, 62.0% and 30.7% respectively to our revenue. This is due to the size of the LRT3 Project, which was scheduled to complete by November 2024. Delays in the handover of the site by our customer to our Group prevented us from commencing work at certain sites. On 12 November 2024 and 6 November 2024, our Group has submitted the request for extension of time for LRT3 EAC Project and LRT3 AFC Project respectively, from 1 December 2024 to 30 June 2025 as well as 1 December 2024 to 7 August 2025, respectively, to our customer and is awaiting confirmation from our customer, pending evaluation. Subsequently, our Group had vide a letter to Setia Utama dated 9 January 2025 submitted a revised work programme and request for an updated timeline to complete the works for LRT3 EAC Project and LRT3 AFC Project by 23 August 2025 and 30 August 2025, respectively, and is awaiting confirmation from our customer, pending evaluation. Nonetheless, as at LPD, our Group has an order book amounting to RM104.7 million and tender book amounting to RM647.2 million, which spans across several industries.

Since our inception, our growth and commitment to providing quality services have enabled us to secure IT security and automation projects from multinational corporations, public-listed companies, as well as government agencies. Our array of reputable customers is a testament to the standard of our services and the reputation of our Group. As such, we believe that we are able to market our IT security and automation solutions to other customers more effectively.

7.16 BUSINESS STRATEGIES AND PROSPECTS

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 30 months from the date of our Public Issue.

7.16.1 Expansion of our business development team

Since the commencement of our business, our business development activities have been carried out by our Managing Director, Tan Hock Lim, and supported by our business development team.

To enhance our business activities, our Group intends to expand our business development team, which as at LPD consists of 6 personnel. The business development team will be segmented into several teams focused to develop projects from other different end-user industries. These activities include planning and executing sales and marketing activities, attending inquiries from potential customers and preparation of proposals, presentation to customers as well as preparation of tender and quotations.

We have allocated approximately RM2.7 million of the gross proceeds from our Public Issue to hire 14 employees comprising 2 managers, 4 senior executives, and 8 executives to expand the business development team. We intend to hire the additional employees over a period of 30 months of our Listing.

Kindly refer to Section 4.9.1(c) for further information on the cost of expanding our business development team.

7.16.2 Purchase of additional equipment and IT hardware and software

To support our growth, we intend to purchase additional equipment as well as IT software. We intend to allocate approximately RM2.0 million of the gross proceeds from our Public Issue for purchasing of additional equipment as well as IT software. We propose to install a rooftop solar photovoltaic system as part of the capital expenditure to achieve our long-term environmental, social and governance, which will also contribute to lower utility costs.

Details of the equipment and IT software to be acquired are as follows:

Item	Description of item	No. of Units	Estimated Cost (RM'000)
Equipment			
Van	A van for transporting personnel as well as hardware and materials to our project sites	1	123
Pickup truck	A pickup truck for transporting hardware and materials to our project sites	3	443
Hydraulic lift	An electric lift elevator to lift personnel and items	1	20
Rooftop solar photovoltaic system	Solar panels to harness and convert sunlight into electricity	1	73
		Subtotal	**659**
IT Hardware			
Laptop	Personal computers for employee use	72	484
Photocopier/ printer	Printer for printing, photocopying, and scanning documents	1	38
Plotter printer	Used to plot maps and CAD technical drawings	1	8
		Subtotal	**530**
IT Software			
CAD	Computer-aided design which is used to create computer models of IT systems	10	64
Enterprise project portfolio management software	Software to plan, manage, and execute projects including project management, scheduling, resource management, and risk analysis	2	20
Service software	Software for day-to-day operations such as Microsoft 365, ERP software, human resources management software, cloud backup, and antivirus	436	734
		Subtotal	**818**
		Total	**2,007**

We intend to purchase the required equipment, computer and hardware, and IT software over a period of 24 months of our Listing.

Kindly refer to Section 4.9.1(d)(i) for further information on the capital expenditure for equipment, computer and hardware, and IT software.

7.16.3 Establishment of a branch in Johor Bahru

Our Group has been awarded projects related to the RTS link between Singapore and Malaysia. As such, we intend to set up a branch office in Danga Bay, Johor Bahru to ensure that we are able to improve on the timeliness and efficiency of our services. We also believe that by expanding our geographical presence, we will be able to offer our services to more potential customers and further grow our brand.

As at the LPD, we have not identified a premise for the branch office in Johor Bahru. Nevertheless, we intend to identify and enter into a tenancy agreement for the premise in Danga Bay by first quarter of 2025. We intend to commence renovation of said premise by the second quarter of 2025 and commence operations of the branch office in Johor Bahru by the third quarter of 2025. We have allocated approximately RM0.3 million of the gross proceeds from our Public Issue to set up the branch office in Johor Bahru. We intend to hire 8 additional employees for the branch office in Johor Bahru using internally generated funds.

Kindly refer to Section 4.9.1(d)(ii) for further information on the costs of establishing our branch office in Johor Bahru.

7.16.4 Prospects of Our Group

We believe that our prospects in the IT enterprise services industry are favourable taking into consideration our competitive strengths as set out in Section 7.15, our future plans in Section 7.16 as well as the prospects of the IT enterprise services industry as set out below.

According to the IMR Report, outlook and prospects of the enterprise IT services industry in Malaysia are expected to be positive in view of demand from a digital transformation economy which has accelerated the adoption of IT services such as cloud computing and IoT including in end-user markets that were not traditionally heavy users of IT. Demand for enterprise IT services in the transportation industry in particular is expected to be supported by continued relevance of the rail transportation sector, whereby various rail infrastructure projects are ongoing including LRT3 (expected to be operational in the third quarter of 2025 and the RTS link between Malaysia and Singapore (expected to be operational in the fourth quarter of 2026). Furthermore, the Malaysian Government had announced that construction of Penang's first LRT project had commenced in early 2025 with the ground breaking ceremony slated in January 2025. The project is targeted to be completed by 2030.

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In addition to demand for enterprise IT services in the transportation industry, the Malaysian enterprise IT services industry is also expected to be supported by continuous foreign and domestic direct investments in the manufacturing sector, support from the Government, and availability of skilled IT professionals. The manufacturing sector has been transitioning into the Fourth Industrial Revolution and utilising IT such as IoT, AI, machine learning and big data analysis and as such, the continued investment and growth in the manufacturing sector is likely to auger well for the enterprise IT services industry in Malaysia. Support from the Government can be seen in the launch of the National 4IR Policy (2021-2030), and the Digital Economy Blueprint (2021-2030) known as the MyDigital which aims to create new socioeconomic growth opportunities for the economy and build digital infrastructures and talents to drive digital transformation in public and private sectors. Additionally, the Government has offered incentives to encourage adoption of digitalisation. Lastly, to promote the availability of skilled IT personnel, Malaysia Digital Economy Corporation confers Premier Digital Tech Institutions status to universities that provide digital tech education that are aligned with skills demanded by the local industry and The National Tech Association of Malaysia organises internship programs in collaboration with institutes of higher learning and market players in the local industry.

Moving forward, the local enterprise IT services industry is projected to expand at a CAGR of 5.6% from RM22.92 billion in 2024 to reach RM28.80 billion in 2028.

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

The Board of Directors
TechStore Berhad
20-2 Jalan Suria Puchong 6,
Pusat Perniagaan Suria Puchong,
47110 Puchong, Selangor

6 January 2025

Dear Sirs/Madams,

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

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

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

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

Thank you.
Yours sincerely,

Seow Cheow Seng
Managing Director

About Protégé Associates Sdn Bhd

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

Profile of signing partner, Seow Cheow Seng

Seow Cheow Seng is the Managing Director of Protégé Associates. He has 25 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.

The research for this IMR Report was completed in December 2024.

For further information, please contact:

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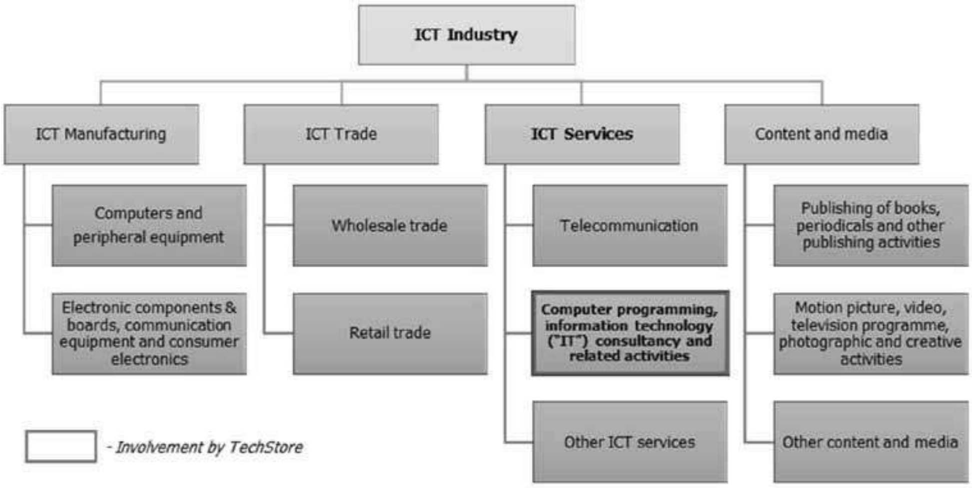
1.0 Introduction to the ICT Services Industry in Malaysia

Information and Communication Technology ("**ICT**") refers to the technologies and services that enable information to be accessed, stored, processed, transformed, manipulated, and disseminated, including the transmission or communication of voice, image and/or data over a variety of transmission media. This industry plays a crucial role in enhancing the efficiency and effectiveness of product and service delivery, continually reshaping how people work, learn, and play. It has evolved beyond being a mere collection of technological tools and has instead become a key driver of business transformation and a socio-economic enabler as well as a key driver of business transformation comprising data mining, Big Data Analytics ("**BDA**"), digitisation and integration.

The ICT industry refers to the sectors which produce ICT products as primary activities. The main subsectors of the ICT industry are ICT manufacturing, ICT trade, ICT services, as well as content and media.

Figure 1: ICT Industry Segmentation

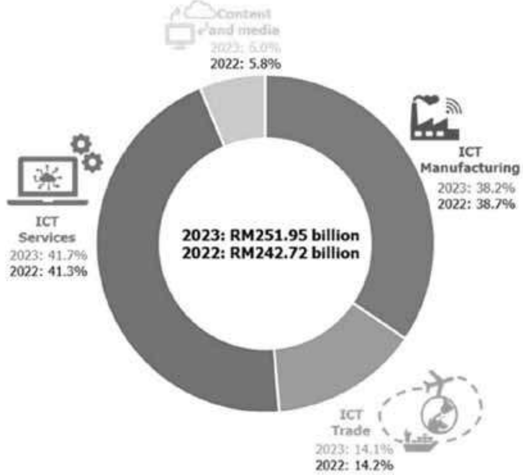


*Source: Department of Statistics Malaysia ("**DOSM**")*

According to the Information and Communication Technology Satellite Account 2023 published by DOSM, the ICT industry registered a value of RM251.95 billion with a growth of 3.8% in 2023 as compared with RM242.72 billion in 2022. In 2023, the ICT services industry dominated with a share of 41.7%, followed by ICT manufacturing at 38.2%, ICT trade at 14.1% and content and media at 6.0%.

The ICT services industry experienced a 4.7% growth in 2023, mainly supported by higher activities in the telecommunications subsector, reaching a value of RM104.97 billion, up from RM100.30 billion in 2022. In the same period, the ICT manufacturing industry saw an increase of 2.3%, reaching RM96.18 billion, primarily driven by electronic components and boards, communication equipment, and consumer electronics. The ICT trade industry recorded growth of 3.7% in 2023, driven by both retail and wholesale trade of ICT products and services. The content and media industry also increased by 7.7%, primarily due to higher activity in motion pictures, video, television programs, photography, and creative activities.

Figure 2: Value of the Malaysian ICT Industry



Source: DOSM

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

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

Source: Protégé Associates

1.1 Enterprise IT Services Industry

The enterprise IT services industry generally refers to the provision of IT consulting and implementation services, operations, maintenance, and support services as well as business process outsourcing services. IT consulting generally involves overall design, planning and implementation of IT system and infrastructure to assists companies to achieve or improve operational efficiency. Operation, maintenance and support systems on the other hand, include IT management, application and hosting services. It also includes system integration, software installation and support as well as IT education and training. Lastly, business process outsourcing services generally covers the outsourcing of IT-based business processes such as human resources, finance and customer call centre services to a third-party service providers.

As the digital economy continues to develop with digitalisation becoming more entrenched and widely used by consumers, enterprises and governments, the enterprise IT services industry has a wide range of end-user markets in both the private and public sectors. Examples of the end-user market for enterprise IT services include but are not limited to banking and finance, insurance, technology, telecommunications, consumer products, education, healthcare, manufacturing, retail, hospitality and leisure, automotive, aviation, logistics and transportation.

TechStore Berhad is an enterprise IT services provider principally involved in the provision of design and implementation and maintenance of IT systems. The company provides IT security and automation solutions on a turnkey basis including design, development, customisation, installation, integration, testing and commissioning for customers involved in, amongst others, transportation, hospitality and leisure, education, logistics, and banking and finance.

2.0 Historical Market Performance and Growth Forecast

Protégé Associates has provided the following historical performance and growth forecast of the enterprise IT services industry in Malaysia based on combination of resources including the data obtained from DOSM, Malaysia Digital Economy Corporation ("**MDEC**"), Malaysian Communications and Multimedia Commission ("**MCMC**") and the Malaysia Investment Development Agency ("**MIDA**"). Protégé Associates used the gross value added of "computer programming, IT consultancy and related activities" reported by the DOSM as a proxy for the size of the enterprise IT services industry in Malaysia. This excludes revenue derived from telecommunications and other ICT services (including repair of electrical equipment, installation of industrial machinery and equipment, and publishing of ready-made (non-customised) software) under the ICT services industry.

Data has also been gathered from further secondary and primary research works conducted. Searches on private limited enterprise IT services industry players have also been conducted with the Companies Commission of Malaysia ("**CCM**") while financial information from public listed enterprise IT services industry players has been extracted from the website of Bursa Malaysia Securities Berhad to gather more information on their business performance. Primary research works have been conducted with stakeholders in the local enterprise IT services industry to gather their insights on the industry. All the findings have been collated, analysed and/or computed to ascertain the outlook of the enterprise IT services industry in Malaysia.

Figure 3: Historical Market Size (Revenue) and Growth Forecast for the Enterprise IT Services Industry in Malaysia, 2021-2028

Year	Market Size (Revenue) (RM billion)	Growth Rate (%)
2021	19.95	-
2022	21.17	6.2
2023	21.93	3.6
2024[e]	22.92	4.5
2025[f]	24.18	5.5
2026[f]	25.51	5.5
2027[f]	27.04	6.0
2028[f]	28.80	6.5

CAGR (2024-2028) (base year of 2023): 5.6%
e denotes estimate; f denotes forecast

Sources: DOSM and Protégé Associates

The size of the enterprise IT services industry in Malaysia was valued at RM21.17 billion in 2022, which was an increase of 6.2% from RM19.95 billion registered in 2021. The surge in demand for enterprise IT services, particularly for digitalisation of business operations, has been a notable trend in recent years. The pandemic has accelerated the demand for adoption of technology to address work-from-home practices, managing changes in demand and supply chains. During the pandemic, companies relied on technology such as remote access and factory automation control to sustain their business operations.

Moreover, the advent of new digital technologies like the 5th generation of cellular technology ("**5G**") and the emergence of technology-driven sectors such as financial technology ("**fintech**") have further heightened the demand for enterprise IT services. Following the Malaysian Government's announcement of transitioning COVID-19 into an endemic phase and a return to normal economic activities in the country, the trend of working from home continued to persist. Despite the restoration of normalcy, the ongoing preference for remote work is expected to endure, highlighting the continued importance of a strong IT system, including remote work infrastructure. This trend is anticipated to drive the demand for enterprise IT services.

The growth of the local enterprise IT services industry decelerated in 2023 due to uncertainties in the global economy, with the market size of the enterprise IT services sector in Malaysia only registering a growth of 3.6% to reach RM21.93 billion in 2023. Going forward, the enterprise IT services industry in Malaysia is projected to grow from RM22.92 billion in 2024 and reach RM28.80 billion in 2028, registering a CAGR of 5.6% for the forecast period as the local economy continues its digital transformation journey. In particular, the Malaysian Government's continued effort and ambition (as outlined in the National Transport Policy 2019-2030) to embrace and adopt digitalisation with the aim to improve (in terms of operating efficiency and achieving higher utilisation/ridership) public transportation infrastructure and systems in Malaysia enhances the growth prospects of the local enterprise IT services industry serving the public land transportation sector. The advent of new digital technologies such as 5G and emergence of various technology-led industries such as fintech are also expected to drive digital economy leading to potential rising demand for enterprise IT service offerings.

2.1 Competitive Landscape

The enterprise IT services industry in Malaysia is fragmented with players providing a wide range of services from IT consulting services, ICT planning, designing and implementation, ICT systems integration and management, ICT management and support services as well as data processing and web hosting services. It is estimated that there are approximately 10,850 companies in 2023.

2.1.1 Barriers to Entry

The barriers to entry in the local enterprise IT services industry are considered moderate. Key barriers to entry include the following:

- Industry reputation and quality of services – reputation of services is achieved by providing satisfactory IT services to customers. IT service providers with better reputations would be seen as delivering higher quality of services and possessing the expertise and capabilities to handle large and complex ICT services projects. Therefore, new entrants that normally do not have such reputation would have difficulty attracting business opportunities and capture market share.
- Business relationship with IT product and service suppliers and vendors – ICT service providers are generally required to perform integration of different types of IT hardware and software into a functional operating system. Therefore, they would need to source various types of IT products and services from different suppliers and vendors. By establishing long term and reliable business relationships, IT service providers can obtain favourable pricing, terms of credit, and customer support from the suppliers and vendors, and thus may form an entry barrier to new entrants.
- Availability of skilled IT professionals – In general, experienced and skill IT professionals tend to work in established and large IT companies which are able to provide them with a stable salary and remuneration as well as satisfactory work for executing large and complex IT services projects for different business sectors. As a result, new entrants may find it more difficult to attract, hire and retain experienced and skilled IT professionals.

2.1.2 Selected Market Players

TechStore is principally involved in the provision of enterprise IT services, namely in IT security and automation solutions to support its customers' operations. The company also provides maintenance and support services for the IT solutions and trading of hardware and software products.

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

- A company and/or subsidiary of a public listed company on Bursa Securities registered in Malaysia participating in the enterprise IT services industry in Malaysia;
- A company providing IT security and automation solutions, maintenance and support services; and
- Have revenue of more than RM40.0 million based on latest publicly available financial information.

The following table sets out the latest available financial information of public listed companies and private companies in Malaysia that are involved in the provision of enterprise IT services comprising of IT security and automation solutions, maintenance and support services:

Figure 4: TechStore and Selected Comparable Market Players

Industry player	Principal Activity	Latest available FYE	Revenue (RM'000)	Profit/(Loss) before Tax (RM'000)	Profit/(Loss) after Tax (RM'000)	Profit/(Loss) before Tax Margin (%)	Profit/(Loss) after Tax Margin (%)
TechStore	The company is principally involved in the provision of enterprise IT services including IT security and automation solutions to support its customers' operations as well as maintenance and support services for IT solutions and the trading of hardware and software products.	31 December 2023	62,207	10,496	7,722	16.9	12.4
Censof Holdings Berhad [a]	The company is engaged in supply, delivery, installation, testing, commissioning and maintenance of IT hardware, development, management, and provision of business to business (B2B) e-commerce and computerized transaction facilitation services.	31 March 2024	101,261	7,555	5,113	7.5	5.0
Conduent Business Services Malaysia Sdn Bhd [c]	The company is principally engaged in the provision of commercial, government and transportation solutions to a wide range of end user industries.	31 December 2023	47,330	1,604	1,093	3.4	2.3
Datasonic Group Berhad [a]	The company through its subsidiaries is involved in the provision of large-scale customized software and hardware systems for secure identification (ID), total smart card solutions and ICT project management.	31 March 2024	368,309	122,476	92,232	33.3	25.0
EV-Dynamic Sdn Bhd [d]	The company is principally involved in the provision of ICT system solutions for transportation infrastructure, integrated security systems and engineering services.	31 December 2022 [g]	155,508	89,048	86,631	57.3	55.7
GoHub Capital Berhad [b]	The company is principally involved in the provision of enterprise IT services, focusing on providing transportation IT solutions (including customised software development systems and integration of hardware and software systems).	31 December 2023	43,946	10,028	7,086	22.8	16.1
HeiTech Padu Berhad [a]	The company engages in the provision of systems integration, network related services, data centre management, disaster recovery services and other information technology related services. It also offers managed data centre services, managed network and communications services, desktop management services, business continuity management, customer care and helpdesk services, and ICT deployment services.	31 December 2023	277,862	8,567	7,168	3.1	2.6
Infomina Berhad [b]	The company is a technology solution provider involved in the design and implementation of technology application and infrastructure solutions.	31 May 2024	225,160	41,983	33,051	18.6	14.7
Iris Corporation Berhad [b]	The company is engaged in the provision of technology consulting and the implementation of trusted identification, payment, transportation and sustainable development.	31 March 2024	371,108	40,380	32,244	10.9	8.7

Industry player	Principal Activity	Latest available FYE	Revenue (RM'000)	Profit/(Loss) before Tax (RM'000)	Profit/(Loss) after Tax (RM'000)	Profit/(Loss) before Tax Margin (%)	Profit/(Loss) after Tax Margin (%)
Mesiniaga Berhad [(a)]	Mesiniaga Berhad is an enterprise solutions integrator focused on turnkey projects leveraging specialized technical skills and project management. The company mainly engages in the sales and service of information technology products and related services in Malaysia. The services provided by the company include cloud computing, maintenance service, managed services, network services, security solutions, software development, software independent verification and validation, and others.	31 December 2023	259,795	3,001	3,865	1.2	1.5
Microlink Solutions Berhad [(a)]	The company is principally involved in investment holding and provision of research and development on IT solutions to the financial services industry, while its subsidiaries are mainly engaged in the provision of IT solutions, research and development for IT solutions, deployment services, IT consultancy services, system integration services, distribution and maintenance of computer hardware and software.	31 March 2024	281,287	(24,888)	(27,806)	(8.8)	(9.9)
OCK Setia Engineering Sdn Bhd [(e)]	The company is principally engaged in the provision of turnkey telecommunications network services while its subsidiaries are engaged in provision of turnkey telecommunications network services, provision of renewable energy and power solutions, provision of tower facilities, utilities and communication network for mobile and broadband operators and supply of equipment, solutions and provisions of related supporting services.	31 December 2023	222,764	9,662	6,820	4.3	3.1
Pestech International Berhad [(a)(f)]	The company is a Malaysian integrated electrical power technology company, and is involved in the project management, engineering, digitalisation, manufacturing, installation, testing and commissioning of electrical power infrastructures for power grid and rail network.	30 September 2023	592,997	(389,923)	(398,254)	(65.8)	(67.2)
Willowglen MSC Berhad [(a)]	The company is engaged in the research, development and supply of computer-based control systems, while the principal activities of its subsidiaries include sales, implementation and maintenance of computer-based control systems, computer system integration activities and installation of building automation systems for remote monitoring and design supply, consultancy, installation, engineering services and maintenance of computer hardware and software.	31 December 2023	209,270	15,130	10,337	7.2	4.9

Notes:
The companies above are considered comparable companies with TechStore as they provide IT security and automation solutions, as well as maintenance and support services. Nevertheless, not all companies offer the exact same type of solutions or services. Each company may specialise in different areas (e.g., cloud computing, BDA, application integration, IT security, software development and consultancy services) or cater to specific client's business processes (e.g., supply chain management, customer relationship management, content management, financial operations and enterprise resource planning), resulting in a diverse range of service and solution offerings across the enterprise IT services industry.

(a) Listed on the Main Market of Bursa Securities;
(b) Listed on the ACE Market of Bursa Securities;
(c) Conduent Business Services Malaysia Sdn Bhd is a subsidiary of Conduent Incorporated, a company incorporated in United States of America and listed on the Nasdaq Stock Exchange;
(d) EV-Dynamic Sdn Bhd is a subsidiary of EVD Berhad, a company incorporated in Malaysia and listed on the ACE Market of Bursa Securities;
(e) OCK Setia Engineering Sdn Bhd is a subsidiary of OCK Group Berhad, which is listed on the Main Market of Bursa Securities. OCK Setia Engineering Sdn Bhd's business segments include the "Telecommunication network services" and "Lease income of telecommunication towers" segments which contributed RM221.7 million and RM1.1 million, respectively to the company's revenue for the FYE 31 December 2023;
(f) Financial year comprises of 15 months due to a change in financial year end. Pestech International Berhad's business segments include the "Substation and Transmission" "Rail", and "Others" divisions which contributed RM318.5 million, RM203.0 million, and RM71.5 million, respectively to the company's revenue for the financial period ended 30 September 2023;
(g) Latest publicly available data on CCM as of 31 December 2024.

Sources: TechStore, Annual reports of listed companies, CCM, and Protégé Associates

2.1.2 Estimated Market Share

For the FYE 31 December 2023, TechStore generated revenue of RM62.2 million, equivalent to 0.3% share of the enterprise IT services industry in Malaysia of RM21.93 billion in 2023.

2.2 Demand and Supply Conditions

2.2.1 Demand Conditions

Figure 5: Demand Conditions Affecting the Enterprise IT Services Industry in Malaysia, 2024-2028

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	**2026-2027**	**2028**
+	Digital Transformation Economy	High	High	High
+	Growth in Investments Indicative of Potential for Enterprise IT Services Industry	High	High	High
+	Continued Relevance of the Local Rail Transportation Sector	Medium	Medium	Medium

Source: Protégé Associates

Digital Transformation Economy

The digital economy has also spurred the rapid adoption of IT, including the Internet, in end-user markets (such as the transportation and agriculture sector) that traditionally were not heavy utilisers of IT or the Internet. The COVID-19 pandemic had also accelerated the use of IT for electronic commerce ("**e-commerce**") shopping, video conferencing and working from home following the need for physical distancing amid nationwide lockdowns. Such online activities, due to their convenience, has continued to show resilience post the COVID-19 pandemic as evident by the digital economy's contribution to the Malaysian GDP of 23.0% in 2023, and is projected to contribute 25.5% by end of 2025, according to The National Tech Association of Malaysia ("**PIKOM**").

As we continue to embrace the shift towards a more digital economy and closer to global connectivity via the Internet, digital technologies such as 5G, artificial intelligence ("**AI**"), cloud computing, robotics, Internet of Things ("**IoT**") and BDA are increasingly being adopted to change business models or provide new revenue streams and value-producing opportunities (through digitalisation of business processes). It has been noted that the utilisation of IT including the Internet has been increasing in end-user markets such as the healthcare and manufacturing sector. For example, in the healthcare end-user market, medical robotic technology and robot-assisted surgical procedures are now connected to computer systems and networks while patient records are digitised. These developments in digital businesses will also likely spur the demand for enterprise IT service offerings. Hence, accordingly, the local enterprise IT services industry has plenty of room to mitigate the risk of over-reliance on a single customer segment or end-user market and stands to have more room for market size expansion.

Cloud computing is used to drive the automation of business processes and involves a significant amount of data streams, and thus require deployment of ICT infrastructure products and related services such as data processing facilities and related supports. In addition, cloud computing products are generally customised to business needs and specifications, and hence require enterprise IT services to facilitate efficient system integration across various platforms. Due to its convenience and scalability, cloud computing is progressively gaining ground in numerous industries such as communications, healthcare, education, government affairs, finance, e-commerce, and even sectors that were traditionally not heavy technology users, like transportation and agriculture.

On the other hand, the IoT is a network of physical objects that collect and exchange data. These objects transmit data through various information sensing devices such as QR code scanners, radio frequency identification ("**RFID**"), infrared sensors and global positioning systems to enable intelligent identification, location, tracking, monitoring, and management. The IoT has fundamentally changed the relationship between Internet and physical objects. Traditionally, physical infrastructure is separate from IT infrastructure. In the IoT era, concrete and cable are integrated with chips and broadband, functioning as a unified infrastructure. The emergence of IoT provides for industrial development like smart cities, smart homes, and wearable technology.

Companies adopting IoT systems will need to build IT infrastructure which enable efficient exchange of data across various devices or platforms to ensure their inter-operability and inter-connectivity. This would require consultancy, planning, development and deployment of ICT infrastructures and related support services. By leveraging on growing demand for cloud computing and the IoT, there are potential and business opportunities for enterprise IT service providers to provide customised IT management solutions and related support for customers, contributing to the growth of the ICT industry.

Growth in Investments Indicative of Potential for Enterprise IT Services Industry

Malaysia recorded a total of RM329.46 billion worth of approved investments in the manufacturing, services, and primary sectors for 2023, an increase of 23.0% from 2022. The country remains a competitive investment location for foreign investors despite the multiple headwinds on the global front. Of the total investments approved, foreign direct investments ("**FDI**") accounted for 52.7% or RM188.37 billion, while domestic direct investments ("**DDI**") accounted for 42.8% or RM141.09 billion.

The services sector led investments for the year, recording RM168.41 billion (51.1%), followed by the manufacturing sector at RM151.97 billion (46.1%) and the primary sector at RM9.08 billion (2.8%). The top five contributors of approved investment in the services sector in 2023 were information and communication, real estate, utilities, distributive trade, and support services. While DDI leads the investment in the services and primary sectors, FDI dominate the approved investments in the manufacturing sector. In the first nine months of 2024 ("**9M2024**"), Malaysia recorded RM254.69 billion worth of approved investments, marking an increase compared to RM230.17 billion recorded during the same period in 2023. These investments were distributed across various sectors, namely the manufacturing (RM88.81 billion), services (RM160.72 billion), and primary sectors (RM5.16 billion). Some of the top contributors of approved investment in the services sector in 9M2024 were information and communication, real estate, support services, distributive trade, and utilities. Similar to 2023, DDI led in investments in the services and primary sectors while FDI dominated the manufacturing sector in 9M2024.

The manufacturing sector has benefited from the use of automation and smart manufacturing technologies related to the Fourth Industrial Revolution ("**4IR**") such as the IoT, AI, machine learning and BDA, which helps to increase efficiency and reduce reliance on foreign labour. Malaysia's investor performance is a testament to investors' confidence in Malaysia as a preferred investment hub for global companies' manufacturing networks. The country is expected to continue to attract investments particularly FDIs as the global economy recovers. This is expected to bode well and continue to create demand for enterprise IT services.

Continued Relevance of the Local Rail Transportation Sector

Rail services continue to be frequently used in Malaysia, especially in the Klang Valley. Rail passenger ridership in Peninsular Malaysia has been increasing over the years, with passengers increasing from 228.1 million in 2017 to 275.6 million in 2019. While the local rail transportation industry faced a setback during the COVID-19 pandemic, ridership has rebounded in 2022 (to 177.8 million) and recovered to pre-pandemic levels of 263.2 million in 2023. In 9M2024, ridership reached 221.2 million, which was an increase from 173.3 million riders during the first nine months in 2023 ("**9M2023**") (9M2024 and 9M2023 figures exclude number of passengers from KTM Komuter).

In the short term, growth of the rail transportation services industry in Malaysia is expected to be bolstered by the return in ridership after the pandemic. In the medium to long term, the local rail transportation services industry is anticipated to be fuelled by factor such as economic recovery boosting demand for goods, climate change, urbanisation and an increasing population that will stimulate rail passenger and freight traffic. This would lead to a need to expand existing rail infrastructure and networks. Some of the mega rail infrastructure projects due to be completed in the coming years include the Light Rail Transit 3 (expected to be operational in the third quarter of 2025), the East Coast Rail Link (expected to be completed in the fourth quarter of 2026 and operational by January 2027) and the Rapid Transit System Link (expected to be operational in the fourth quarter of 2026). Additionally, the Malaysian Government announced that construction of Penang's first LRT project had commenced in early 2025 with the groundbreaking ceremony slated in January 2025. The project is targeted to be completed by 2030. Prasarana Malaysia Berhad, a wholly-owned government entity tasked with driving the transformation of Malaysia's public transportation systems and services, also has plans to implement an open payment system for Rapid bus and rail services within the Klang Valley. The transition to an open payment system will allow the use of credit cards, debit cards and other payment methods, which is expected to benefit both locals and tourists while using these services, and in turn increase ridership.

The Malaysian population is estimated at 33.4 million in 2023 and is projected to grow at a CAGR of 1.3% to reach 41.5 million in 2040. In addition, urbanisation rate in Malaysia rose from 70.9% to 75.1% during the period from 2010 to 2020. The DOSM has forecasted that this rate will reach 88.0% by 2050. The rising population and the urbanisation in Malaysia demand an effective means to transport a huge number of people especially during peak working hours. This is expected to drive demand for rail transportation services going forward.

The continued development of the rail transportation sector in Malaysia is expected to bode well for the local enterprise IT services industry. The expansion of rail terminals is expected to spur the adoption of IT systems in these terminals.

2.2.2 Supply Conditions

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

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

Source: Protégé Associates

Strong Government Support to Drive the Adoption of Digital Technology

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

  The Industry4WRD that was launched on 31 October 2018 initially focused on the manufacturing sector and manufacturing-related services sector, subsequently, the National 4IR Policy (2021-2030) was launched on 2021 as an overarching national policy to facilitate socioeconomic development of the country through the use of 4IR technologies. The policy will serve as a guiding principle for ministries and agencies to set up appropriate policies and regulatory frameworks for businesses and society to have access to opportunities and socioeconomic benefits of the 4IR. Resources will be focused on building technological capabilities in five 4IR technologies namely, AI, IoT, blockchain, cloud computing and BDA as well as advanced materials and technologies. Deployment of 4IR technologies will be focused on 10 key sectors along with 6 supporting sectors, to create new socioeconomic growth opportunities for the economy. These key sectors are manufacturing, transportation and logistics, healthcare, education, agriculture, utilities, finance and insurance, professional, scientific and technical services, wholesale and retail trade, and tourism; supporting sectors are construction, arts, entertainment and recreation services, real estate, mining and quarrying, information and communication services, and administrative and support services.

  The National 4IR Policy is complemented by the Digital Economy Blueprint (2021-2030) known as the MyDigital, which was developed in response to how digital technology advancement and the growth of high-speed internet connectivity have changed the way goods and services are created, distributed, and consumed, and how people interact. MyDigital outlines 22 strategies that aim to build digital infrastructures and talents to drive digital transformation in public and private sectors.

- Incentives offered to encourage adoption of digitalisation

  Seeing the importance of digital adoption, the MIDA introduced the Smart Automation Grant ("**SAG**") to drive automation and digitalisation of small and medium enterprises ("**SMEs**") in the manufacturing and services related sectors. Under the Budget 2022, tax incentives for activities under the Digital Ecosystem

Acceleration Scheme are provided for companies under the Multimedia Super Corridor ("**MSC**") and are proposed to be extended to digital technology provider and digital infrastructure companies as well.

In Budget 2023, RM100 million was allocated under the Geran Digital PMKS MADANI for micro, small and medium entrepreneurs ("**MSME**") to support business automation and digitisation. Another RM100 million is provided in Budget 2024 for digitisation grants of up to RM5,000 for the benefit of more than 20,000 MSME. The government has also announced a RM900 million loan fund to be extended by Bank Negara Malaysia ("**BNM**") to small and medium entrepreneurs to adopt automation and digitalisation. In Budget 2025, a sum of RM50 million had been allocated as the Digital Matching Grant for SMEs and the Digital Grant for vendors under Bank Simpanan Nasional to help local entrepreneurs remain competitive in the market. The MCMC has also allocated RM100 million for a period of 5 years to strengthen the functions of National Information Dissemination Centres nationwide as a community platform, which serves to help entrepreneurs increase their incomes through online entrepreneurial activities. Furthermore, a RM3.8 billion SME loan fund is provided by BNM to support entrepreneurs transitioning to digitalisation and automation.

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

Availability of Skilled IT Professionals

The availability of qualified and experienced talent is a critical success factor of being able to provide enterprise IT services. It is essential that an enterprise IT service provider can attract, hire, and retain talented employees. There are approximately 137,000 high-skilled workers (includes managers, professionals, and technicians) employed in ICT services industry in 2023. The science, mathematics and computer field of studies has produced an average of more than 30,000 fresh graduates from 2018 to 2022 and is the third most popular field of studies out of nine. To further retain talent, the ICT services industry in Malaysia has also raised the compensation rate in the industry, with advertised salaries for ICT job positions increasing by 2.6% and 13.9% in 2022 and 2023 respectively. PIKOM has forecasted a 4.1% salary growth in 2024, followed by a CAGR of 6.5% in ICT job salaries over the next 10 years.

Meanwhile, the public and private sector have undertaken initiatives in recent years to plug the skills gap of fresh graduates in the ICT industry. In 2017, MDEC introduced the Premier Digital Tech Institutions ("**PDTI**") concept that confers PDTI status to universities that provide digital tech education that are aligned with skills demanded by the industry. This is achieved through close collaboration with the industry that reflects in the education courses. Currently, there are 16 locally renowned universities that are recognised as PDTIs. PIKOM begun organising internship programs in collaboration with institutes of higher learning in 2023 leveraging on its 1,000 strong members who controls 80% of the domestic ICT industry. A general increase in compensation and closer collaboration between the corporate and education sector are expected to alleviate the talent shortage going forward.

3.0 Prospects and Outlook of the Enterprise IT Services Industry

The outlook and prospects of the enterprise IT services industry in Malaysia are expected to be positive in view of the demand conditions set out in Section 2.2.1 above. The COVID-19 pandemic and subsequent lockdown measures imposed have accelerated the usage of the Internet and the adoption of digital medium which together lay a clear path for further potential demand for enterprise IT services offerings. Consequently, there are many opportunities for the local IT enterprise services to expand.

Factors priming growth within the enterprise IT services industry include the continuing digital transformation of the economy and the growing demand from cloud computing and IoT technologies. On the supply side, the local enterprise IT services industry can expect to continue receiving strong support from the Malaysian Government as well as improving availability of skilled IT professionals.

The enterprise IT services industry was valued at RM21.17 billion in 2022 and expanded to RM21.93 billion in 2023. Moving forward, the local enterprise IT services industry is projected to expand at a CAGR of 5.6% from RM22.92 billion in 2024 to reach RM28.80 billion in 2028.

9. RISK FACTORS

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are dependent on our major customer, Setia Utama

We are dependent on Setia Utama, the main contractor of the LRT3 line that connects Johan Setia and Bandar Utama. Setia Utama is a wholly-owned subsidiary of a company listed on the Main Market of Bursa Securities. We have been providing design and implementation services to Setia Utama since 2019 and they have accounted for 77.4%, 78.2%, 62.0% and 30.7% of our revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

We are currently providing Setia Utama with design and implementation services relating to the supply, delivery, installation and testing and commissioning of AFC system and EAC system for the LRT3 line. The revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 generated from the LRT3 AFC Project and LRT3 EAC Project were under the design and implementation services segment. The contract period for the EAC system is from 16 October 2019 to 30 November 2023 with an extension up to 31 July 2024 and a subsequent extension up to 30 November 2024, and the contract period for the AFC system is from 13 November 2019 to 30 November 2023 with an extension up to 30 November 2024. Delays in the handover of the site by our customer to our Group prevented us from commencing work at certain sites. On 12 November 2024 and 6 November 2024, our Group has submitted the request for extension of time for LRT3 EAC Project and LRT3 AFC Project respectively, from 1 December 2024 to 30 June 2025 as well as 1 December 2024 to 7 August 2025, respectively, to our customer and is awaiting confirmation from our customer pending evaluation. Subsequently, our Group had vide a letter to Setia Utama dated 9 January 2025 submitted a revised work programme and request for an updated timeline to complete the works for LRT3 EAC Project and LRT3 AFC Project by 23 August 2025 and 30 August 2025, respectively, and is awaiting confirmation from our customer, pending evaluation. As such, the completion of the works and expiry of our contracts with Setia Utama without further renewal or extension may lead to a significant decrease in our revenue and adversely affect our financial performance. For clarity, since Setia Utama is the main turnkey contractor for the LRT3, our Group estimates that works for the revived 5 LRT3 stations may be awarded to existing LRT3 works package contractors, including our Group, for continuity and familiarity with the project. The 5 LRT3 stations had been cancelled previously and revived during the tabling of Budget 2024 by the Parliament.

Furthermore, if we are unable to secure new contracts of similar value to replace the loss of revenue from Setia Utama, it may also materially and adversely affect our prospects in the future.

9.1.2 We are dependent on our ability to secure new projects

Our Group's prospects and financial performance is dependent on our ability to continuously secure new projects from existing and new customers on a timely basis. Our projects vary in length and scope of services depending on the needs of the customers, nature of the project, technical specifications, and type of service (i.e. design and implementation of security and automation solutions or provision of maintenance and support). As a result, our revenue is subject to fluctuation depending on the number, size, and duration of our Group's ongoing projects as well as if our arrangement with our customers is recurring or non-recurring. Generally, recurring income refers to income generated from the provision of maintenance and support services while non-recurring income refers to income generated from design and implementation of security and automation solutions.

After the implementation and launch of new solutions to support our customers' operations, we provide maintenance and support services during the DLP, which generally ranges from 12 months to 36 months, as part of the design and implementation services. Our customers enter into service level agreements or system maintenance agreements with our Group after completion of the DLP and full handover project to our customers. The aforesaid agreements are typically annual agreements that are renewed based on our customers' requirements.

Maintenance and support services contracts generally cover preventative and comprehensive maintenance of software, hardware, and infrastructure. The overall maintenance and support services can be preventive, comprehensive, or reactive whereby our Group is only engaged when an issue arises. For customers with a service level agreement, a fixed fee for a predetermined period based on a predetermined scope of work applies. Our Group offers system maintenance agreements to our customers based on a subscription basis whereby their software systems can be progressively upgraded in accordance with availability software releases upgrades.

The table below shows the breakdown of revenue contribution from recurring and non-recurring income for FYE 2021 to 2023 and FPE 2024:

	FYE 2021		**FYE 2022**		**FYE 2023**		**FPE 2024**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Recurring income	6,142	20.9	4,723	11.2	5,978	9.6	6,642	22.1
Non-recurring income	23,240	79.1	37,516	88.8	56,229	90.4	23,478	77.9
Total revenue	**29,382**	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**30,120**	**100.0**

Any loss of our customers or our inability to secure new customers, or additional projects from our existing customers could adversely affect our financial performance.

Further, we are required to tender for projects and the success of our tender may be affected by factors such as level of competition, track record compared to competitors, as well as pricing of products and services. As such, we may not be successful in securing every project that we tender for. We may also be required to adjust our pricing in order to remain competitive during the tender process, which may lead to a decline in our financial performance.

Moreover, we may not be able to secure contracts for the provision of maintenance and support services for the design and implementation services projects undertaken by our Group as our customer may not require external maintenance and support or may decide to engage another service provider. Additionally, our maintenance and support contracts range in duration depending on our customers' operational needs and there can be no assurance that our maintenance and support services will be renewed after its expiry.

9.1.3 Our design and implementation services projects may be subject to risk of delays and interruptions

Our IT security and automation solution projects are subject to unanticipated delays or interruptions caused by various factors which include but are not limited to:

(a) changes in project scope, unavailability of resources, inaccurate cost estimation, inaccurate project timeline estimation, all of which may hinder the implementation of our projects. Such interruptions will result in delays in the progress of our projects, our timing of delivery which may consequently reduce our Group's profit margin, delay the recognition of our revenue and exposure us to additional costs, any of which could adversely affect our Group's financial performance.

(b) unanticipated shortage or loss of manpower for the delivery of our services and project deliverables. For example, any unforeseen circumstances such as MCO outbreak, accident and natural disaster may also restrain our employees' movements where our project teams are unable to travel for the implementation and execution of the project. As such, any unexpected and significant interruptions to our manpower which are not resolved in a timely manner may affect the timing of delivery of our projects and subsequently affect our timing for revenue recognition and collection of payment from our customers.

(c) Our design and implementation services projects are subject to agreed schedules and budgets and the timely delivery and cost of our projects and services is dependent on the infrastructure readiness of the project site as the delivery of our services is subject to the handover of the project site. Delays may be caused by various factors, which are out of our control, including but not limited to delay in construction or building works, suspension or postponement of construction or building works, lack of proper project coordination, as well as issues that require rectification prior to our Group's works. Adverse developments in such factors could cause project interruptions or delays, potentially lowering our profit margin, delaying revenue recognition, and incurring extra costs, significantly affecting our financial performance.

During FYE 2021 to 2023, FPE 2024 and up to LPD, our Group has not faced delays which have had a material adverse effect to our business operations and financial performance. Nonetheless, there can be no assurance that the aforementioned factors will not materialise in the future.

9.1.4 We may face cost overruns and LAD claims in our projects

Prior to the implementation of the projects, proper resource planning is essential to ensure that the project timeline is appropriately scheduled with effective utilisation of resources and accurate budget estimation.

Our cash flow and profitability are dependent upon our ability to accurately estimate the time and costs associated with the implementation of our projects which may be affected by a variety of factors, including technical difficulties, issues with integration to third party vendors' products, procurement of additional hardware and other unforeseeable issues and circumstances. Any one of these factors could result in a delay in the completion of a project or cause cost overruns, which would adversely impact our financial performance.

Our IT security and automation solution projects are subject to specific completion schedules. Failure to meet the schedule requirements of our contracts may result in LAD claims, other contract liabilities and disputes with the customers or in more severe cases, the termination of relevant contracts. As at LPD, we have not experienced any material LAD claims from our customers. However, there is no guarantee that we would not encounter cost overruns or delays in our current and future IT security and automation solution projects.

9.1.5 We are dependent on customers within the public land transportation sector

We are dependent on customers within the public land transportation sector as a substantial portion of our revenue in FYE 2021, FYE 2022, FYE 2023 and FPE 2024 was contributed by this group of customers. Our customers in the public land transportation sector have in aggregate accounted for approximately 82.2%, 90.3%, 83.6% and 64.9% of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively. The majority of revenue contributions from these customers are related to major public rail construction projects including the MRT, LRT, and RTS. A decline in major public rail construction projects may adversely affect our revenue, financial performance, and prospects if we are unable to replenish our orderbook with projects from other industries on a similar scale.

Any material change in the policies or directions in the public land transportation sector could adversely affect the financial performance and prospects of our Group. Although we provide maintenance and support services (which are recurring revenue stream to our Group), expenditure on technology by such customers may reduce based on material changes in policies or directions affecting the public land transportation sector, which may take into consideration economic conditions and other factors, such as decisions to reduce or restructure technology spending. Further, in the event of the introduction of any new or amendments to regulatory requirements by the relevant regulators, we may be required to adapt our solution offerings to meet such requirements and failure to do so at all or in a timely manner could adversely affect our business and financial performance.

9.1.6 We are dependent on our Executive Directors and key senior management

Our present and future success are largely dependent upon the continuous efforts and invaluable experience of our Executive Directors, and key senior management. Our Managing Director, Tan Hock Lim has over 20 years of experience in the IT industry while our Executive Director, Mohd Fadzil bin Mohd Daud has more than 10 years of experience in the M&E industry. Our Managing Director has been instrumental in the development of our corporate strategy and future growth of our business. He is supported by a team of key management personnel who have amassed relevant experience and knowledge in their respective fields.

Our continued success will depend on, to a certain extent, our ability to retain the services of our Managing Director, Executive Director and the key senior management team. The loss of our key senior management team, such as our Chief Technology Officer and Chief Information Officer, may adversely affect our operations and leading to factors such as lack of technological vision and execution, lack of innovation or technological growth, and missing out on new technologies in the market. As such, the loss of our Managing Director, Executive Director and experienced key senior management team members without suitable and timely replacements, may create an unfavourable impact on our Group's business and prospects.

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9.1.7 Our reputation may be affected if the security of confidential information or personal information of our customers is breached or otherwise subject to unauthorised access or disclosure

In the course of offering our solutions and with the consent of our customers, we will have access to confidential information of our customers including information on our customers' operations, IT policies, IT systems and our customers' end users. As at LPD, we have not experienced any security breaches to our systems and information, whether arising from internal sources (such as technical malfunctions, employee error or misconduct) or external sources (such as malware, hacking, espionage, and cyber intrusion). However, despite our stringent efforts, there can be no guarantee that inadvertent disclosure (which may arise from software bugs or other technical malfunctions, employee error or misconduct, or other factors) or unauthorised disclosure or loss of personal or confidential information will not occur or that third parties will not gain unauthorised access to such information. Any breach and loss of personal or confidential information, whether real or perceived, may adversely affect the market perception of our services and abilities which may in turn adversely affect the reputation of our Group. As a result, our business and financial performance may be negatively affected.

9.1.8 We may face early termination of our contracts

Our business with our customers are on project basis through contracts or purchase orders which may include clauses for early termination in addition to standard clauses allowing for termination for reasons such as failure to fulfil service terms, neglect of obligations, involvement in corruption or unlawful activities, or insolvency faced by us.

If we experience any early termination of our contracts, we may experience loss of revenue which may have an adverse impact on the financial performance and prospects of our Group. Additionally, should our contracts be terminated due to our actions, we may be subject to legal claims, compensation, and liabilities to our customers which could also have an adverse impact on our financial performance and prospects.

While we have not experienced any early termination of our contracts for FYE 2021 to 2023, FPE 2024 and up to LPD, there can be no assurance that we will not experience the abovementioned in the future.

9.1.9 We are dependent on our suppliers for delivery of our services

As an IT service provider, our services are dependent upon our relationship with our technology partners and vendors. For the implementation of IT security and automation solution projects, our Group sources and procures software and hardware components from our suppliers based on the project's specifications and requirements.

We are reliant on the timely supply of such software and hardware components procured from our technology partners and vendors to facilitate the delivery of our services. If there are any interruptions in supply and/ or prolonged shortages of the required components, or operational issues or financial constraints faced by our suppliers which prevents them from fulfilling their obligations to us, the progress and delivery of our projects may be delayed. This will in turn adversely affect our business and financial performance.

For FYE 2021 to 2023, FPE 2024 and up to LPD, we have not experienced any supplier-related issues which resulted in a material adverse effect to our business operations. However, there can be no assurance that we will not experience such issues in the future.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We may not be able to keep up with changes in technology, customer requirements, industry standards and regulatory compliance requirements

The enterprise IT services industry that we are operating in is characterised by rapidly evolving technological developments and related industry standards, changing IT operating environments and customer demands. To remain competitive, it is important for our Group to keep abreast of, and to adapt promptly to the advancements in technology in developing new products and services on a timely basis to meet the fast changing market trends.

Our future success will depend on our continued ability to meet changing market demands and requirements, including adherence to amended applicable standards set by regulatory authorities and to continually improve the expertise and technical know-how of our people to be able to keep up with the changing demands of the marketplace.

We constantly develop new and enhance existing IT security and automation solutions to meet the growing requirements of our customers. Despite this, there can be no assurance that we would be able to continue to react and meet the changing demands in a timely manner. The development of new and enhanced IT security and automation solutions can be a complex and laborious process, which requires abundant resources in terms of technical expertise as well as accurate anticipation of market trends. Failure to anticipate and adapt to such changes in technology and/or being unable to adequately upgrade our capabilities to develop new and innovative solutions in a timely manner would have an adverse effect on our business and prospects.

9.2.2 We face competition within our industry

The markets in which our Group operates are competitive and characterised by rapid technological innovation. Our competitors compete in terms of technology, range and quality of services, price, and timeliness of project delivery. Our competitors may have longer operating histories, be equipped with better resources, and possess superior technical expertise than us, thereby enabling them to offer better value propositions to our potential customers. As such, we may experience and expect to continue to face intense competition from local and international vendors or service providers. Our Group may have to compete with international IT services providers that command greater name recognition in the market. Further, we may also face price competition from existing and new entrants with aggressive pricing strategies, which may result in the loss of our potential sales or lower margins. Our business and financial condition may be affected if we are unable to successfully compete with our competitors in terms of quality of services and/or pricing of services.

9.2.3 We are dependent on the availability of technical professionals

Due to the nature of our business, we are reliant on our IT personnel for the implementation and execution of the IT security and automation solution projects. The expertise of our IT employees who are equipped with IT knowledge and skill are crucial in delivering our services, from consultation to implementation of the respective solutions as well as operations, maintenance and support services.

We believe that our continued success and future growth depends on the continued services of our skilled and experienced IT personnel. We may experience loss of technical personnel due to turnover that may cause a shortfall in our workforce, thereby limiting our ability to grow our revenue. The loss of IT personnel and our inability to recruit and train suitable replacements in a timely manner may cause disruptions to our project deliverables.

Should our Group fail to adhere to our project delivery schedules, our customers may impose claims for LAD, which would increase our project costs and adversely affect our financial performance if there are significant numbers or value of such claims for LAD.

As part of our effort to mitigate and reduce this risk, we constantly review and offer competitive remuneration packages, continuous on-the-job training and career advancement prospects to retain our current employees as well as to attract new skilled IT personnel. However, there can be no guarantee that we will be able to retain existing qualified or competent personnel or to attract new candidates.

9.2.4 We are subject to political, economic and regulatory risks in Malaysia

Our Group is subject to political, economic, and regulatory conditions in Malaysia. Any adverse changes in the aforementioned conditions such as changes in political leadership, interest rates, changes in government policies and regulations, import duties, tariffs, methods of taxation, and inflation which could adversely affect our business operations, which may in turn lead to an adverse effect on our financial performance and prospects.

9.3 RISK RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there has been no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no guarantee that our IPO price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occur:

(a) the selected investors fail to subscribe for their portion of our IPO shares;

(b) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and

(c) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders, with each holding being not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full, without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 and 117 of the CMSA and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and/or broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, 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 witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

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

Our Promoters will collectively hold 70.0% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have a deciding vote on the outcome of (i.e. to approve or reject) certain matters requiring simple majority of the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

The list of related party transactions only includes related party transactions of TSM for FYE 2021 to 2023 which have occurred prior to the acquisition of SeeTec Asia on 9 January 2024. Save for the Acquisition and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2021 to 2023, FPE 2024 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value									
					FYE 2021		FYE 2022		FYE 2023		FPE 2024		1 August 2024 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Infinite Evolution Holdings Sdn Bhd# ("**IEH**")	TSM	• Tan Hock Lim • Tan Mee Hong	Tan Hock Lim is our Group's Promoter, Managing Director and substantial shareholder. Tan Hock Lim is also a director and substantial shareholder of IEH. Tan Mee Hong is a director and shareholder of IEH. Tan Mee Hong is the sister to Tan Hock Lim.	Expenses paid by IEH on behalf of TSM	3	(1)<0.1	-	-	-	-	-	-	-	-
				Repayment from IEH	11	(1)<0.1	-	-	2	(1)<0.1	-	-	-	-
				Expenses paid by TSM on behalf of IEH	2	(1)<0.1	2	(1)<0.1	*-	(1)<0.1	-	-	-	-
Tech-Store International Pte Ltd(2)	TSM	Tan Hock Lim	Tan Hock Lim is our Group's Promoter, Managing Director and substantial shareholder.	Repayment from Tech-Store International Pte Ltd	-	-	84	(1)0.3	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FPE 2024 RM'000	FPE 2024 %	1 August 2024 up to LPD RM'000	1 August 2024 up to LPD %
			Tan Hock Lim was also a director and indirect substantial shareholder of Tech-Store International Pte Ltd.											
IEH Technologies Sdn Bhd^	TSM	Tan Hock Lim	Tan Hock Lim is our Group's Promoter, Managing Director and substantial shareholder. Tan Hock Lim is also a director and indirect substantial shareholder of IEH Technologies Sdn Bhd.	Repayment from IEH Technologies Sdn Bhd	39	(1)0.2	123	(1)0.5	-	-	-	-	-	-
Tan Mee Hong	TSM	Tan Hock Lim	Tan Hock Lim is our Group's Promoter, Managing Director and substantial shareholder.	Provision of project administration services to TSM(3)	-	-	-	-	113	(4)3.3	56	(4)1.3	-	-
			Tan Mee Hong is the sister to Tan Hock Lim.	Acquisition of shares in SeeTec Asia from Tan Mee Hong	-	-	-	-	-	-	200	(1)0.6	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FPE 2024 RM'000	FPE 2024 %	1 August 2024 up to LPD RM'000	1 August 2024 up to LPD %
Chow Chui Yee	TSM	Tan Hock Lim	Tan Hock Lim is our Group's Promoter, Managing Director and substantial shareholder. Chow Chui Yee is the spouse of Tan Hock Lim.	Rental of office from Chow Chui Yee(5)	125	(6)28.5	125	(6)30.7	125	(6)20.1	73	(6)26.9	52	N/A
Wings Care Sdn Bhd	TSM	Tan Hock Lim	Tan Hock Lim is our Group's Promoter, Managing Director and substantial shareholder. Chow Chui Yee is a director and sole shareholder of Wings Care Sdn Bhd. Chow Chui Yee is the spouse of Tan Hock Lim.	Rental of accommodation from Wings Care Sdn Bhd(7)	32	(6)7.3	32	(6)7.9	32	(6)5.1	5	(6)1.8	-	-
SeeTec Asia(8)	TSM	Tan Hock Lim	Tan Hock Lim is our Group's Promoter, Managing Director and substantial shareholder.	Subcontractor charges charged by SeeTec Asia	1,089	(9)5.7	2,530	(9)8.1	2,843	(9)6.0	-	-	-	-
				Repayment to SeeTec Asia	10	(1)<0.1	39	(1)0.1	30	(1)<0.1	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FPE 2024 RM'000	FPE 2024 %	1 August 2024 up to LPD RM'000	1 August 2024 up to LPD %
			Tan Mee Hong was the director and sole shareholder of SeeTec Asia.	Expenses paid by SeeTec Asia on behalf of TSM	13	(1)<0.1	21	(1)<0.1	19	(1)<0.1	-	-	-	-
			Tan Mee Hong is the sister to Tan Hock Lim.	Expenses paid by TSM on behalf of SeeTec Asia	33	(1)0.2	*-	(1)<0.1	-	-	-	-	-	-
				Provision of installation services to TSM	-	-	55	(9)0.2	-	-	-	-	-	-
				Rental income of office from SeeTec Asia(11)	-	-	-	-	18	(10)6.2	-	-	-	-
Swings Sdn Bhd	TSM	Tan Hock Lim	Tan Hock Lim is our Group's Promoter, Managing Director and substantial shareholder. Chow Chui Yee is the spouse of Tan Hock Lim. She is also an indirect shareholder of Swings Sdn Bhd through her direct shareholding in Wings Care Sdn Bhd.	Provision of CCTV maintenance services to TSM	2	(4)<0.1	2	(4)<0.1	2	(4)<0.1	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Notes:

IEH was incorporated in Malaysia on 2 October 2013 under the Companies Act 1965 as a private limited company and is deemed registered under the Act. IEH is presently dormant and previously an investment holding company of IEH Technologies Sdn Bhd. As at LPD, the issued share capital of IEH is RM5,050,000 comprising 5,050,000 ordinary shares. The directors and shareholders of IEH as at LPD are as follows:

			Direct		Indirect	
Name	**Designation**	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Tan Hock Lim	Director and shareholder	Malaysian	2,979,500	59.0	-	-
Petr Obsel	Director and shareholder	Czech	1,010,000	20.0	-	-
Tan Mee Hong	Director and shareholder	Malaysian	50,500	1.0	-	-
Juraj Zidzik	Shareholder	Slovak	1,010,000	20.0	-	-

^ IEH Technologies was dissolved on 11 November 2024.

* Less than RM1,000

N/A Not applicable as we did not prepare any financial statements from 1 August 2024 up to LPD.

(1) Calculated based on our Group's NA for each of the respective financial years/periods.

(2) This company has been struck off from the register of companies of Singapore on 4 September 2023.

(3) Relates to the provision of overall project administration, such as liaising with internal departments and assist in compilation of project documentation for submission of claims and tender process. This transaction is a non-recurrent transaction as the contract period was from 2 May 2023 to 30 April 2024, with no option for renewal.

(4) Calculated based on our Group's administrative expenses for each of the respective financial years/periods.

(5) Our Group rented an office located in Puchong, Selangor from Chow Chui Yee. The tenancy period was from 1 May 2023 to 30 April 2024, which was subsequently renewed from 1 May 2024 to 30 April 2025 with an option to renew for 1 year. The rental rate per annum is RM125,400. This transaction is recurrent in nature. The tenancy may be terminated unilaterally by either party by giving 3-month notice. Additionally, in the event we fail to fulfil the tenancy period, the landlord is entitled to forfeit the deposit.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(6) Calculated based on our Group's other expenses for each of the respective financial years/periods.

(7) Our Group rented an accommodation located in Pahang from Wings Care Sdn Bhd. The tenancy period was from 1 June 2023 to 31 May 2024, and the rental arrangement ceased on 29 February 2024. We do not intend to renew the said tenancy.

(8) The transactions between SeeTec Asia and TSM were conducted prior to the acquisition of SeeTec Asia, therefore deemed as related party transactions.

(9) Calculated based on our Group's cost of sales for each of the respective financial years/periods.

(10) Calculated based on our Group's other income for each of the respective financial years/periods.

(11) SeeTec Asia rented an office located in Puchong, Selangor from TSM. The tenancy period prior to the acquisition of SeeTec Asia on 9 January 2024 was from 13 April 2023 to 12 April 2024, and subsequently renewed from 13 April 2024 to 12 April 2025, with an option to renew for 1 year. Although this transaction is recurrent in nature, it ceased to be a related party transaction subsequent to the completion of the acquisition of SeeTec Asia by TSM on 9 January 2024.

The payments made by our Group's related parties to us/on our behalf and the payments made by our Group to/on behalf of our related parties were not conducted on arm's length basis as the payments were interest free. The nature of these payments were mainly in relation to operating expenses such as insurance payments and subscription fees. Additionally, the subcontractor charges and installation services paid to SeeTec Asia were not conducted on arm's length basis as no other contractor was able to provide similar services to our Group. In this respect, the Group required a specific combination of services to carry out the obligations of our contracts to our customers which was unique to SeeTec Asia, and thus, we had appointed SeeTec Asia to provide subcontractor and installation services. The aforementioned services include specialised IT services for development of middleware and interfaces for integration of video management system for TSM's projects. We required SeeTec Asia to configure and implement large video surveillance and video analytics systems as well as develop surveillance control hardware and system for train stations within the country. As at LPD, all payments made on behalf of/by our Group's related parties have been fully settled. Although the subcontractor and installation services provided by SeeTec Asia are recurrent in nature, it ceased to be a related party transaction subsequent to the acquisition of SeeTec Asia by TSM on 9 January 2024.

Moving forward, our Group will no longer provide or receive any payments to/ from our Group's related parties.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Save for the above, our Board is of the view that the other related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties on the following basis:

(a) fees paid to Tan Mee Hong in relation to the provision of project administration services to TSM was based on prevailing market rates and comparable fees paid to non-related third parties;

(b) acquisition of SeeTec Asia by TSM from Tan Mee Hong was based on the cost of investment as SeeTec Asia is in a net liability position;

(c) rental (expenses)/ income (paid to)/ received from the related parties were based on prevailing market rental rates; and

(d) CCTV maintenance services fees paid to Swings Sdn Bhd was based on prevailing market rates and comparable fees obtained from non-related third parties.

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or

(ii) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) Whether the terms of the related party transactions are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from deliberating and voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from deliberating and voting in respect of his direct and/or indirect shareholdings. The relevant Directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2021 to 2023, FPE 2024 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)

(a) Outstanding loans and/or balances

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

Our Promoters, substantial shareholders and Directors, namely Tan Hock Lim and Mohd Fadzil bin Mohd Daud, have jointly and severally provided personal guarantees for the banking and hire purchase facilities extended by Alliance Islamic Bank Berhad, CIMB Islamic Bank Berhad, HSBC Amanah Malaysia Berhad, Maybank Islamic Berhad, OCBC Bank (Malaysia) Berhad, Koperasi Co-opbank Pertama Malaysia Berhad, CIMB Bank Berhad and PLC Credit & Factoring Sdn Bhd ("**Financiers**"), details of which are as follows:

Financiers	Type of facilities	Purpose	Outstanding balance as at LPD	Facility limit and amount guaranteed	Guarantor(s)
			RM'000	RM'000	
Alliance Islamic Bank Berhad	1 trade facility	For working capital	-	[(1)]2,000	• Tan Hock Lim • Mohd Fadzil bin Mohd Daud
CIMB Islamic Bank Berhad	1 trade facility and 1 property loan	For purchase of property and working capital	10,171	[(1)]11,945	• Tan Hock Lim • Mohd Fadzil bin Mohd Daud

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Financiers	Type of facilities	Purpose	Outstanding balance as at LPD	Facility limit and amount guaranteed	Guarantor(s)
			RM'000	RM'000	
Koperasi Co-opbank Pertama Malaysia Berhad	1 term loan	For working capital	29,695	[(1)]35,000	• Tan Hock Lim • Mohd Fadzil bin Mohd Daud
HSBC Amanah Malaysia Berhad	1 term loan	For working capital	914	[(1)]2,000	• Tan Hock Lim • Mohd Fadzil bin Mohd Daud
Maybank Islamic Berhad	1 trade facility and 1 property loan	For purchase of property and working capital	1,972	[(1)]3,850	• Tan Hock Lim • Mohd Fadzil bin Mohd Daud
OCBC Bank (Malaysia) Berhad	1 trade facility	For working capital	5,800	[(1)]8,850	• Tan Hock Lim • Mohd Fadzil bin Mohd Daud
CIMB Bank Berhad	1 trade facility	For working capital	-	[(1)]6,000	• Tan Hock Lim • Mohd Fadzil bin Mohd Daud
PLC Credit & Factoring Sdn Bhd	1 hire purchase facility	For ICT equipment and its accessories including license	2,573	[(1)]50,000	• Tan Hock Lim • Mohd Fadzil bin Mohd Daud
		Total	**51,125**	**119,645**	

Note:

[(1)] The guarantors have provided open all monies joint and several guarantee.

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, the aforesaid persons will continue to guarantee the banking facilities extended to our Group.

Other than the guarantors by our Directors, there is no other third party securities pledged in favour of the Financiers for facilities granted to our Group.

We have received conditional approvals from the Financiers to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financial institutions from Alliance Islamic Bank Berhad, CIMB Islamic Bank Berhad, HSBC Amanah Malaysia Berhad, OCBC Bank (Malaysia) Berhad, Maybank Islamic Berhad, Koperasi Co-opbank Pertama Malaysia Berhad, CIMB Bank Berhad and PLC Credit & Factoring Sdn Bhd. The approvals from the Financiers are subject to, amongst other conditions, the following:

(a) the success of our Listing;

(b) Tan Hock Lim and Mohd Fadzil bin Mohd Daud shall remain as controlling shareholders with a collective shareholding of not less than 50.0% plus 1 share, and subject to both individuals remaining as key management of our Company throughout the financing tenure with the relevant Financiers;

(c) Tan Hock Lim shall hold not less than 51.0% of shares in our Company, whether directly or indirectly; and

(d) the acquisition of the entire shareholdings in TSM by our Company is for the purpose of the Listing.

(c) Financial assistance provided for the benefit of a related party

As at LPD, there is no financial assistance provided by us for the benefit of any related party.

10.2.3 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Placement Agent and Underwriter for our Listing:

(a) Agreement dated 13 January 2022 entered into between TSM and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor and Placement Agent for our Listing; and

(b) Underwriting Agreement dated 6 January 2025 entered into between our Company and M&A Securities for the underwriting of 50,000,000 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

Save as disclosed below, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group, or which are customers and suppliers of our Group as at LPD.

Company	Principal activities	Nature of conflict of interest	Nature of interest in the entity
Swings Sdn Bhd	Sales, installation and service of security alarm, communication products, electrical and electronic appliances.	Our Group's supplier	Chow Chui Yee, who is the spouse of Tan Hock Lim (our Group's Managing Director, Promoter, substantial shareholder) holds 50.0% equity interest in Swings Sdn Bhd through her 100.0% equity interest in Wings Care Sdn Bhd.

Notwithstanding the above, our Board is of the view that the interests of Tan Hock Lim in Swings Sdn Bhd does not give rise to any existing or potential conflict of interest situation after taking into consideration the following:

(a) Swings Sdn Bhd

(i) Swings Sdn Bhd is principally involved in the provision of CCTV and alarm maintenance services to residential and business end-user on a subscription basis. Our Group mainly provides wide range of goods and services on a project basis to enterprise customers which require us to have specific knowhow and bid through a tender process. Swings Sdn Bhd has a distinct customer base aside from our Group, and as a result, Swings Sdn Bhd does not compete for the same customers as our Group;

(ii) Our Group is not dependent on Swings Sdn Bhd as our supplier as the cost incurred to Swings Sdn Bhd represents less than 0.1% of our Group's administrative expenses for each of FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively. Additionally, our Group's customer supplier relationship with Swings Sdn Bhd has ceased in 2023 and our Group has engaged another supplier which provides the same service as Swings Sdn Bhd;

(iii) All sales from Swings Sdn Bhd were transacted on an arm's length basis and on normal commercial terms as disclosed in Section 10.1; and

(iv) Neither Tan Hock Lim nor Chow Chui Yee are involved in the day-to-day management of Swings Sdn Bhd given that Swings Sdn Bhd has its own independent and standalone management team to undertake its day-to-day management and operations.

It is our Director's fiduciary duty to avoid conflict and in order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nomination Committee will then:

(a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;

(b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:

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

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

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

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

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) M&A 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 Adviser, Sponsor, Placement Agent and Underwriter for our Listing;

(b) Ong Eu Jin Partnership 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 Solicitors for our Listing;

11. CONFLICT OF INTEREST *(Cont'd)*

(c) Crowe Malaysia PLT 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 Auditors and Reporting Accountants for our Listing; and

(d) Protégé 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 IMR for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated on 23 January 2024 solely to facilitate the Listing. As such our historical financial information throughout the FYE 2021 to 2023 and FPE 2023 is solely based on the financial information of TSM, whilst our historical financial information for FPE 2024 includes TSM and SeeTec Asia, which have all been prepared in accordance with MFRS and IFRS.

The financial information included in this Prospectus is not intended to predict our financial position, results or cash flows. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

12.1.1 Combined statements of profit or loss and other comprehensive income

The following table sets out a summary of the audited combined statements of profit or loss and other comprehensive income of TSM for FYE 2021 to 2023, unaudited combined statements of profit or loss and other comprehensive income of TSM for FPE 2023 and audited combined statements of profit or loss and other comprehensive income of our Group for FPE 2024, which has been extracted from the Accountants' Report.

	Audited			**Unaudited**	**Audited**
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	29,382	42,239	62,207	19,910	30,120
Cost of sales	(18,976)	(31,274)	(47,143)	(14,435)	(23,415)
GP	**10,406**	**10,965**	**15,064**	**5,475**	**6,705**
Other income	192	1,209	290	150	1,948
Administrative expenses	(3,325)	(2,732)	(3,406)	(1,732)	(4,351)
Other expenses	(439)	(407)	(623)	(307)	(271)
Operating profit	**6,834**	**9,035**	**11,325**	**3,586**	**4,031**
Finance costs	(148)	(353)	(739)	(450)	(794)
Net impairment gains/(losses) on financial assets and contract assets	2,416	693	(90)	(38)	486
PBT	**9,102**	**9,375**	**10,496**	**3,098**	**3,723**
Income tax expense	(2,340)	(2,163)	(2,774)	(1,028)	(883)
PAT	**6,762**	**7,212**	**7,722**	**2,070**	**2,840**
EBIT(1)	9,185	9,638	11,135	3,493	3,050
EBITDA(1)	9,525	10,010	11,613	3,755	3,344
GP margin (%)(2)	35.4	26.0	24.2	27.5	22.3
PBT margin (%)(3)	31.0	22.2	16.9	15.6	12.4
PAT margin (%)(3)	23.0	17.1	12.4	10.4	9.4
Diluted EPS (sen)(4)	1.35	1.44	1.54	0.41	0.57

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
PAT	6,762	7,212	7,722	2,070	2,840
Less:					
Interest income	(65)	(90)	(100)	(55)	(1,467)
Add:					
Finance costs	148	353	739	450	794
Income tax expense	2,340	2,163	2,774	1,028	883
EBIT	**9,185**	**9,638**	**11,135**	**3,493**	**3,050**
Add:					
Depreciation	340	372	478	262	294
EBITDA	**9,525**	**10,010**	**11,613**	**3,755**	**3,344**

(2) Calculated based on GP divided by revenue.

(3) PBT margin and PAT margin are calculated based on PBT and PAT by revenue.

(4) Diluted EPS is calculated based on our PAT for FYE 2021 to 2023, FPE 2023 and FPE 2024 over the enlarged share capital of 500,000,000 Shares after our IPO.

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12.1.2 Combined statements of financial position

The following table sets out the audited combined statements of financial position of TSM as at 31 December 2021, 2022 and 2023 as well as audited combined statements of financial position of our Group as at 31 July 2024 which has been extracted from the Accountants' Report.

	Audited			
	As at 31 December			As at 31 July
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment(2)	980	1,512	1,857	1,879
Right-of-use assets(2)	1,760	2,360	2,352	2,259
Intangible assets(3)	-	-	-	2,491
Goodwill(4)	-	-	-	1,322
Trade and other receivables(5)	-	-	-	27,298
Deferred tax assets	569	405	526	834
Total non-current assets	**3,309**	**4,277**	**4,735**	**36,083**
Current assets				
Inventories	752	1,915	1,729	2,383
Trade and other receivables(5)	3,550	5,880	14,995	29,680
Contract assets(6)	14,978	28,570	22,751	14,867
Deposits and prepayments	515	1,064	1,298	3,907
Current tax assets	-	-	-	26
Cash and cash equivalents(7)	10,197	7,581	18,094	15,279
Total current assets	**29,992**	**45,010**	**58,867**	**66,142**
TOTAL ASSETS	**33,301**	**49,287**	**63,602**	**102,225**
EQUITY AND LIABILITIES				
Equity				
Share capital	4,000	5,000	12,000	12,000
Invested equity	-	-	-	(1)
Retained profits	13,438	19,350	20,072	22,913
TOTAL EQUITY	**17,438**	**24,350**	**32,072**	**34,913**
Non-current liabilities				
Lease liabilities	139	153	141	123
Long-term borrowings(8)	1,974	3,975	3,990	31,203
Total non-current liabilities	**2,113**	**4,128**	**4,131**	**31,326**
Current liabilities				
Trade and other payables(9)	12,666	18,755	21,427	25,629
Contract liabilities(10)	91	104	-	2,045
Lease liabilities	162	168	201	138
Short-term borrowings(8)	243	661	4,610	7,237
Current tax liabilities	588	1,121	1,161	937
Total current liabilities	**13,750**	**20,809**	**27,399**	**35,986**
TOTAL LIABILITIES	**15,863**	**24,937**	**31,530**	**67,312**
TOTAL EQUITY AND LIABILITIES	**33,301**	**49,287**	**63,602**	**102,225**

Notes:

(1) Represents less than RM1,000.

(2) The increase in property, plant and equipment as well as right-of-use assets as at 31 December 2022 was mainly due to the purchase of a leasehold double storey shop office land and building located at Puchong, which is used as office and warehouse.

(3) The intangible assets of RM2.5 million mainly relates to the capitalisation of cost incurred for the development of PSDS software. The criteria for recognising the costs incurred in the development of the PSDS software as an intangible asset are as follows:

(a) The technical feasibility of completing the PSDS software so that it is ready for use or sale;
(b) The PSDS software was completed in July 2024 and available for use in August 2024;
(c) The PSDS software is able to generate probable future economic benefits;
(d) The existence of a market for the output of the PSDS software;
(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the PSDS software; and
(f) The ability to reliably measure the expenditure attributable to the development of the PSDS software.

(4) The goodwill computation of RM1.3 million derived from the purchase consideration of RM0.2 million plus net liability assumed from acquisition of SeeTec Asia on 9 January 2024 amounting to RM1.1 million.

(5) Trade and other receivables breakdown are as follows:

	Audited			
	As at 31 December			**As at 31 July**
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current asset				
Finance lease receivable[(i)]	-	-	-	27,298
Current assets				
Trade receivables	3,529	5,568	14,801	22,964
Other receivables	21	312	194	802
Finance lease receivable[(i)]	-	-	-	5,914
	3,550	5,880	14,995	29,680
	3,550	**5,880**	**14,995**	**56,978**

Note:

(i) Finance lease receivable relates to the leasing of ICT equipment to a Government agency under a leasing arrangement.

(6) Contract assets arise when contract work is done for a project but we are not able to issue billing because the level of work done has not reached a billable milestone as stated in the project contract. The increase in contract assets as at 31 December 2022 was mainly due to the increase in revenue recognised for the LRT3 Project and PSDS Project where the billings were only issued upon reaching the project billing milestones as stated in the contracts.

(7) Cash and cash equivalents included in the combined statements of financial position comprise the following:

	Audited			
	As at 31 December			As at 31 July
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term investments	16	-	16	-
Fixed deposits with licensed banks	3,531	3,415	4,440	3,410
Cash and bank balances	6,650	4,166	13,638	11,869
	10,197	**7,581**	**18,094**	**15,279**

(8) The increase in short-term borrowings as at 31 December 2023 was mainly due to the increased utilisation of invoice financing facility by RM3.1 million to finance the net progressive claims for the LRT3 Project and the increase in utilisation of banker's acceptance by RM0.7 million which was mainly used for the purchase of goods such as programmable logic controller and accessories, cables, enclosures, and panel-mounted computers, to be installed for the PSDS Project.

The increase in long-term and short-term borrowings as at 31 July 2024 was mainly due to the drawdown of 1 additional term loan facility amounting to RM35.0 million to purchase ICT equipment to rent to a Government agency under a leasing arrangement.

(9) Trade and other payables breakdown are as follows:

	Audited			
	As at 31 December			As at 31 July
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	12,219	18,207	20,257	22,312
Other payables(i)	447	548	1,170	3,317
	12,666	**18,755**	**21,427**	**25,629**

Note:

(i) The increase in other payables as at 31 July 2024 was mainly due to an increase in other payables arising from the acquisition of a subsidiary, SeeTec Asia, accrual in trading costs and an increase in accrued expenses which includes salaries, bonuses, service tax, and professional fee.

(10) Contract liabilities arise when advance billing is issued for a project, but revenue is not recognised due to contract work yet to perform.

12.1.3 Combined statements of cash flows

The following table sets out the audited combined statements of cash flows of TSM for FYE 2021 to 2023 and audited combined statements of cash flows of our Group for FPE 2024 which has been extracted from the Accountants' Report.

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from/(for) operating activities				
PBT	9,102	9,375	10,496	3,723
Adjustments for:				
Allowance for impairment losses:				
- contract assets	-	-	-	245
- finance lease receivable	-	-	-	235
- trade receivables	-	-	580	-
Amortisation of intangible assets	-	-	-	(1)
Depreciation of property, plant and equipment	158	177	261	187
Depreciation of right-of-use assets	182	195	217	107
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptances	-	-	15	33
- bank guarantee	11	116	356	98
- bank overdrafts	-	-	-	17
- invoice financing	-	-	-	43
- term loans	87	199	292	584
Interest expenses on lease liabilities	20	24	25	11
Unrealised gain on foreign exchange	20	-	34	-
Finance income on finance lease receivable	-	-	-	(1,396)
Gain on reassessment of lease liabilities	-	-	-	(4)
Gain on derecognition of lease due to modification	(2)	(8)	(6)	(3)
Interest income on financial assets	(65)	(127)	(185)	(112)
Reversal of impairment losses:				
- contract assets	(10)	-	-	-
- non-trade receivables	(39)	(206)	-	-
- trade receivables	(2,368)	(487)	(490)	(966)
Operating profit before working capital changes	**7,096**	**9,258**	**11,595**	**2,802**
(Increase)/Decrease in inventories	(19)	(1,162)	186	(654)
(Increase)/Decrease in contract assets	(14,612)	(13,592)	5,819	7,639
(Decrease)/Increase in contract liabilities	(1,488)	12	(104)	2,045
Decrease/(Increase) in trade and other receivables	6,164	(2,350)	(9,483)	(7,988)
Increase in trade and other payables	5,219	6,061	2,700	1,864

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Decrease/(Increase) in amount owing by related parties	32	241	(33)	1,115
Cash from/(for) operations	**2,392**	**(1,532)**	**10,680**	**6,823**
Income tax paid	(1,488)	(1,466)	(2,855)	(1,417)
Income tax refunded	991	-	-	-
Interest paid	-	-	-	(428)
Net cash from/(for) operating activities	**1,895**	**(2,998)**	**7,825**	**4,978**
Cash flows from/(for) investing activities				
Advances to a director	-	(48)	-	-
Decrease/(Increase) in pledged fixed deposits with licensed banks	349	116	(1,025)	1,030
Development costs paid	-	-	-	(2,487)
Interest income received	65	127	185	112
Net cash outflow from acquisition of a subsidiary	-	-	-	(137)
Purchase of property, plant and equipment	(179)	(709)	(605)	(210)
Purchase of right-of-use assets	-	(608)	-	-
Repayment from a director	-	-	48	-
Net cash from/(for) investing activities	**235**	**(1,122)**	**(1,397)**	**(1,692)**
Cash flows (for)/from financing activities				
(Increase)/Decrease in restricted cash	(700)	-	887	(336)
Dividend paid	-	(300)	-	-
Drawdown of bankers' acceptances	-	-	1,735	1,927
Drawdown of invoice financing	-	-	3,050	1,741
Drawdown of term loan	-	4,295	1,000	-
Interest paid	(118)	(339)	(688)	(357)
Proceeds from issuance of shares	-	-	-	(1)-
Repayment of bankers' acceptances	-	-	(1,012)	(2,649)
Repayment of invoice financing	-	-	-	(4,791)
Repayment of lease liabilities	(157)	(160)	(182)	(89)
Repayment of term loans	(190)	(1,876)	(809)	(853)
Net cash (for)/from financing activities	**(1,165)**	**1,620**	**3,981**	**(5,407)**
Net increase/(decrease) in cash and cash equivalents	965	(2,500)	10,409	(2,121)
Effects of foreign exchange translation	-	-	(34)	-
Cash and cash equivalents at beginning of the financial year/period	4,814	5,779	3,279	13,654

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and cash equivalents at end of the financial year/period[(2)]	**5,779**	**3,279**	**13,654**	**11,533**

Notes:

(1) Represents less than RM1,000.

(2) Cash and cash equivalents included in the combined statements of cash flows comprise the following:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term investments	16	-	16	-
Fixed deposits with licensed banks	3,531	3,415	4,440	3,410
Cash and bank balances	6,650	4,166	13,638	11,869
	10,197	**7,581**	**18,094**	**15,279**
Less: Fixed deposits pledged to licensed banks	(3,531)	(3,415)	(4,440)	(3,410)
Less: Restricted cash	(887)	(887)	-	(336)
	5,779	**3,279**	**13,654**	**11,533**

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

The following discussion and analysis of our financial information for FYE 2021 to 2023, FPE 2023 and 2024 should be read in conjunction with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

We are principally involved in the provision of enterprise IT services, namely in IT security and automation solutions to support our customers' operations. Our Group's track record since the commencement of our business in 2011 spans several industries, and our solutions have been used in operations of various kinds, such as factories, theme parks, government buildings, and more recently, public infrastructure. By integrating several key operational functions from C&C, surveillance, security, access, and communication, our Group's solutions optimise the operations of our customers by, amongst others, improving security, increasing efficiency, and empowering employees to better deliver necessary actions in a timely manner, thereby increasing value to their businesses. Notably, our Group's solutions allow for the transformation and/or migration of customers' existing analogue systems to digital without overhaul of its existing systems.

Please refer to Section 7 for our detailed business overview.

(b) Revenue

Our Group's revenue stream can be segregated into 2 segments namely design and implementation services and maintenance and support services, as follows:

(i) Design and implementation services

We are appointed by our customers to carry out design and implementation of IT security and automation solutions that support the fundamental business operations of our customers.

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

Our fee is payable in stages after completion of specified progress milestone set out in the contract. Our service is deemed to be completed once our customers accept the result of the user acceptance test in the deployed technology infrastructure.

For contracts with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, TSM estimates it by using the costs plus margin approach. Revenue from contracts with customers is recognised by reference to the contract services progress using the input method, determined based on the proportion of contract costs incurred for work performed to date over the estimated total contract costs.

(ii) Maintenance and support services

We offer maintenance and support services on third-party IT hardware and/or software following the end of the DLP, which generally ranges from 12 months to 36 months. After project delivery, customers have the option to enter into system maintenance agreements for ad-hoc maintenance and support services or service level agreements for a regular services. The aforesaid agreements are typically annual agreements that are renewed based on our customers' requirements. We generally charge our customers a fixed fee for an agreed service period, taking into account our scope of work, required service level, complexity of the technology systems and the costs of procuring the required hardware and/or software. Our service fees are usually payable on monthly/quarterly/semi-annual/annual basis. Our service is deemed to be completed once the contract period expires.

Revenue from rendering of services is recognised over time in the period when service is rendered to the customer, which is when the performance obligation in the contract with the customer is satisfied over a period of time. Most contracts in this respect are renewals or extensions of licence subscriptions and/or warranty periods and technical support and maintenance.

Each of our contracts may encompass the above scopes of revenue which are recognised separately in their respective segments.

(c) Cost of sales

Our Group's cost of sales comprises purchase of materials/equipment, direct labour costs (which mainly consists of subcontractor cost and project labour cost) and overhead costs (project-related expenses).

(d) Other income

Other income comprises interest income from fixed deposits and bank balances with licenced banks, rental income, fair value gain on financial assets, net realised or unrealised gain on foreign exchange and reversal of over-provision of completed project/contract cost.

(e) Expenses

Our Group's expenses are classified under administrative expenses and other expenses.

(i) Administrative expenses

Administrative expenses are expenses not directly attributable to the generation of revenue. It includes expenses comprising employee-related costs, directors' remuneration, travelling and transportation charges, professional services, insurance, upkeep expenses, subscription fee, training fee, utilities expenses, printing and stationery, internet and website fee, entertainment, medical fee, rental expenses and others.

(ii) Other expenses

Other expenses comprise depreciation on property, plant and equipment and right-of-use assets and net realised or unrealised loss on foreign exchange.

(f) Finance costs

Finance costs comprise interest expense on our lease liabilities and bank borrowings (which include bank guarantee, term loans, bank overdraft, bankers' acceptances and bank commitment fee).

(g) Net impairment gains/(losses) on financial assets and contract assets

Net impairment gains/(losses) on financial assets and contract assets represent net changes in addition and reversal of impairment on financial assets and contract assets.

(h) Recent developments

Save for the Acquisition, there was no significant event subsequent to our audited financial statements for FYE 2021 to 2023 and FPE 2024.

(i) Exceptional and extraordinary items and audit qualifications

For FYE 2022, a reversal of the overprovision for costs associated with the LRT Ampang line infotainment system upgrade project occurred. Apart from this, there were no other exceptional or extraordinary items during FYE 2021 to 2023 and FPE 2024. Additionally, the audited financial statements for FYE 2021 to 2023 and FPE 2024 were not subject to any audit qualifications.

12.2.2 SIGNIFICANT FACTORS AFFECTING OUR REVENUE

Please refer to Section 9 for the details of the risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our revenue and financial performance. The significant factors affecting our revenue include, but are not limited to, the following:

(a) We are dependent on our major customer, Setia Utama

We are dependent on Setia Utama, the main contractor of the LRT3 line that connects Johan Setia and Bandar Utama. We have been providing design and implementation services to Setia Utama since 2019 and they have accounted for 77.4%, 78.2%, 62.0% and 30.7% of our revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

We are currently providing Setia Utama with design and implementation services relating to the supply, delivery, installation and testing and commissioning of AFC system and EAC system for the LRT3 line with contract period up to 30 November 2024. Delays in the handover of the site by our customer to our Group prevented us from commencing work at certain sites. On 12 November 2024 and 6 November 2024, our Group has submitted the request for extension of time for LRT3 EAC Project and LRT3 AFC Project respectively, from 1 December 2024 to 30 June 2025 as well as 1 December 2024 to 7 August 2025, respectively, to our customer and is awaiting confirmation from our customer, pending evaluation. Subsequently, our Group had vide a letter to Setia Utama dated 9 January 2025 submitted a revised work programme and request for an updated timeline to complete the works for LRT3 EAC Project and LRT3 AFC Project by 23 August 2025 and 30 August 2025, respectively, and is awaiting confirmation from our customer, pending evaluation. For FYE 2021, FYE 2022, FYE 2023 and FPE 2024, all the revenue generated from the LRT3 AFC Project and LRT3 EAC Project were under the design and implementation services segment. As such, the completion of the works and expiry of our contracts with Setia Utama without further renewal or extension may lead to a significant decrease in our revenue and materially and adversely affect our financial performance. For clarity, since Setia Utama is the main turnkey contractor for the LRT3 our Group estimates that works for revived 5 previously cancelled LRT3 stations may be awarded to existing LRT3 works package contractors, including our Group.

Furthermore, if we are unable to secure new contracts of similar value to replace the loss of revenue from Setia Utama, it may also affect our prospects in the future.

(b) We are dependent on our ability to secure new projects

Our Group's prospects and financial performance is dependent on our ability to continuously secure new projects from existing and new customers on a timely basis. Our revenue is subject to fluctuation depending on the number, size and duration of our Group's ongoing projects as well as if our arrangement with our customers is recurring or non-recurring. Generally, recurring income refers to income generated from the provision of maintenance and support services while non-recurring income refers to income generated from design and implementation of security and automation solutions. After the implementation and launch of new solutions to support our customers' operations, we provide maintenance and support services during the DLP as part of the design and implementation services. Our customers enter into service level agreements or system maintenance agreements with the Group after the delivery of design and implementation of security and automation solutions projects and the aforesaid agreements are yearly agreements that are renewed based on our customers' requirements. Our maintenance and support services contracts generally cover preventative and comprehensive maintenance of software and hardware. Additionally, the system maintenance agreements offered to our customers includes progressive updates of their software systems in accordance with availability software release upgrades.

The loss of our customers or our inability to secure new customers, or additional projects from our existing customers could adversely affect our financial performance.

Further, we are required to tender for projects and the success of our tender may be affected by factors such as level of competition, track record compared to competitors, as well as pricing of products and services. As such, we may not be successful in securing every project that we tender for. We may also be required to adjust our pricing in order to remain competitive during the tender process, which may lead to a decline in our financial performance.

(c) We are dependent on customers within the public land transportation sector

We are dependent on customers within the public land transportation sector as a substantial portion of our revenue growth in FYE 2021, FYE 2022, FYE 2023 and FPE 2024 was contributed by this group of customers. They have in aggregate accounted for approximately 82.2%, 90.3%, 83.6% and 64.9% of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively. The majority of revenue contributions from these customers are related to major public rail construction projects including the MRT, LRT and RTS. A decline in major public rail construction projects may adversely affect our financial performance and prospects if we are unable to replenish our orderbook with projects from other industries on a similar scale.

(d) We are dependent on our Executive Directors and key senior management

Our present and future success are largely dependent upon the continuous effort and invaluable experience of our Managing Director, Executive Director, and key senior management. Our Managing Director, Tan Hock Lim has over 20 years of experience in the IT industry while our Executive Director, Mohd Fadzil bin Mohd Daud has more than 10 years of experience in the M&E industry.

Our continued success will depend on, to a certain extent, our ability to retain the services of our Managing Director, Executive Director and the key senior management team. The loss of their services without suitable and timely replacements, may create an unfavourable impact on our Group's business and prospects.

12.2.3 Review of our results of operations

(a) Revenue

Revenue by business segment

Our Group's revenue by business segments is illustrated in the table below:

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
Business segment	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design and implementation services	23,240	79.1	37,516	88.8	56,229	90.4	17,118	86.0	23,478	77.9
Maintenance and support services	6,142	20.9	4,723	11.2	5,978	9.6	2,792	14.0	6,642	22.1
Total	**29,382**	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**19,910**	**100.0**	**30,120**	**100.0**

Revenue by type of customers/industries

Our Group's revenue by type of customers/industries is illustrated in the table below:

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
Type of customers/ industries	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Public land transportation	24,137	82.2	38,153	90.3	52,004	83.6	16,189	81.3	19,553	64.9
Leisure and hospitality	3,803	13.0	2,514	6.0	2,867	4.6	1,677	8.4	652	2.2
IT and security system	1,418	4.8	1,325	3.1	2,348	3.8	833	4.2	1,612	5.3
Utilities	7	-	-	-	3,193	5.1	510	2.6	-	-
Ports and logistics	-	-	223	0.5	1,421	2.3	701	3.5	234	0.8
Healthcare	-	-	20	0.1	200	0.3	-	-	-	-
Government agencies	-	-	-	-	114	0.2	-	-	8,021	26.6
Construction	7	-	-	-	60	0.1	-	-	48	0.2
Financial institution	7	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	4	-	-	-	-	-	-	-
Trading	3	-	-	-	-	-	-	-	-	-
	29,382	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**19,910**	**100.0**	**30,120**	**100.0**

Revenue by government/public sector

Our Group's revenue by government/public sector is illustrated in the table below:

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
Government/ Public sector	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Government	-	-	-	-	114	0.2	-	-	8,021	26.6
Government-linked companies	22,747	77.4	36,710	86.9	49,611	79.7	14,524	72.9	12,908	42.9
Private companies	6,635	22.6	5,529	13.1	12,482	20.1	5,386	27.1	9,191	30.5
	29,382	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**19,910**	**100.0**	**30,120**	**100.0**

Revenue by countries

Our Group's revenue by countries is illustrated in the table below:

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
Country	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	28,074	95.5	41,077	97.2	59,844	96.2	18,261	91.7	29,781	98.9
Singapore	1,308	4.5	1,162	2.8	2,363	3.8	1,649	8.3	339	1.1
	29,382	**100.0**	**42,239**	**100.0**	**62,207**	**100.0**	**19,910**	**100.0**	**30,120**	**100.0**

Comparison between FYE 2021 and FYE 2022

Our Group's total revenue increased by RM12.8 million or 43.5%, from RM29.4 million in FYE 2021 to RM42.2 million in FYE 2022, primarily attributed to the following:

(i) increase in the revenue from design and implementation services segment by RM14.3 million or 61.6% from RM23.2 million in FYE 2021 to RM37.5 million in FYE 2022 mainly due to the following:

  (a) commencement of new projects such as PSDS Project (RM3.1 million), AFC Storage Project (RM0.5 million), PAMS Project (RM0.2 million) and RTS ERP Project (RM0.6 million); and

  (b) on-going works carried out for the existing LRT3 Project, amounting to RM10.4 million;

(ii) decrease in revenue from the maintenance and support services segment by RM1.4 million or 23.0% from RM6.1 million in FYE 2021 to RM4.7 million in FYE 2022 mainly due to the following:

  (a) income from repair and diagnostic services decreased by RM0.6 million due to fewer ad-hoc services being undertaken in the theme park industry and fewer upgrading services for a money printing plant company during FYE 2022; and

  (b) income from the provision of consultancy services decreased by RM1.4 million as majority of these services being undertaken for the RTS depot equipment and service vehicles and RTS uninterruptible power supply had been rendered and completed in FYE 2021.

  This decrease was offset by the increase in the revenue from the trading of hardware and software by RM0.5 million or 71.4% from RM0.7 million in FYE 2021 to RM1.2 million in FYE 2022 mainly contributed to the supply of:

  (a) IoT module and expander module to Customer F; and

  (b) video wall to Customer C for upgrading of centralised C&C monitoring system.

Our Group has a diverse clientele from various industries ranging from public land transportation, leisure and hospitality, IT and security system and ports and logistics. Our total revenue was mainly derived from the public land transportation industry which accounted for RM24.1 million or 82.2% in FYE 2021 and RM38.2 million or 90.3% in FYE 2022.

Our Group's total geographical revenue was mainly derived from Malaysia, which accounted for 95.5% and 97.2% of the total revenue in FYE 2021 and FYE 2022 respectively.

Comparison between FYE 2022 and FYE 2023

Our Group's total revenue increased by RM20.0 million or 47.4%, from RM42.2 million in FYE 2022 to RM62.2 million in FYE 2023, primarily attributed to the following:

(i) increase in revenue from the design and implementation services segment by RM18.7 million or 49.9% from RM37.5 million in FYE 2022 to RM56.2 million in FYE 2023 mainly due to the following:

(a) commencement of new projects for Customer H and MRT Kajang line - Phase 1 of CCTV system NVR and video management system, which amounted to RM8.1 million;

(b) works carried out for the existing LRT3 Project, which amounted to RM5.4 million; and

(c) works carried out for PSDS Project, RTS ERP Project and PAMS Project, which commenced in FYE 2022 and which amounted to RM5.2 million;

(ii) increase in revenue from the maintenance and support services segment by RM1.3 million or 27.7% from RM4.7 million in FYE 2022 to RM6.0 million in FYE 2023 mainly due to the following:

(a) 2 new agreements from Customer A for the provision of maintenance services, such as maintenance of IT hardware and RFID system, which contributed RM1.0 million; and

(b) higher income generated from repair and diagnostic services by RM0.3 million for the supply, installation, testing, and commissioning of a surveillance system for a shopping mall in Kuala Lumpur.

Our Group's total revenue was mainly derived from the public land transportation industry which accounted for RM38.2 million or 90.3% in FYE 2022 and RM52.0 million or 83.6% in FYE 2023. During FYE 2023, we had expanded our clientele to include the utilities industry.

Our Group's total geographical revenue was mainly derived from Malaysia which accounted for 97.2% and 96.2% of the total revenue in FYE 2022 and FYE 2023 respectively. During FYE 2023, revenue contribution from Singapore increased due to the works carried out for RTS ERP Project.

Comparison between FPE 2023 and FPE 2024

Our Group's total revenue increased by RM10.2 million or 51.3%, from RM19.9 million in FPE 2023 to RM30.1 million in FPE 2024, primarily attributed to the following:

(i) increase in revenue from design and implementation services segment by RM6.4 million or 37.4% from RM17.1 million in FPE 2023 to RM23.5 million in FPE 2024 mainly due to the following:

(a) commencement of new project for Malaysia Agencies Fit-out Works at Singapore Customs, Immigration and Quarantine (CIQ) centre which amounted to RM1.8 million; and

(b) work carried out for the existing HRMIS Project and Earthing and Lighting Protection System project (ELPS) which amounted to RM10.3 million;

(ii) increase in revenue from maintenance and support services segment by RM3.8 million or 135.7% from RM2.8 million in FPE 2023 to RM6.6 million in FPE 2024 mainly due to the following:

(a) provision of maintenance services, contributing RM0.9 million for a project with Customer A for maintenance of IT hardware and RFID systems; and

(b) supplying PIS for a railway company, contributing RM4.2 million.

Our Group's total revenue was mainly derived from the public land transportation industry which accounted for RM16.2 million or 81.3% in FPE 2023 and RM19.6 million or 64.9% in FPE 2024. During FPE 2024, we expanded our clientele to include a Government agency.

Our Group's total geographical revenue was mainly derived from Malaysia which accounted for 91.7% and 98.9% of our total revenue in FPE 2023 and FPE 2024 respectively.

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by business segment

	Audited						**Unaudited**		**Audited**	
	FYE 2021		**FYE 2022**		**FYE 2023**		**FPE 2023**		**FPE 2024**	
Business segment	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Design and implementation services	17,240	90.9	29,425	94.1	44,268	93.9	13,413	92.9	18,449	78.8
Maintenance and support services	1,736	9.1	1,849	5.9	2,875	6.1	1,022	7.1	4,966	21.2
	18,976	**100.0**	**31,274**	**100.0**	**47,143**	**100.0**	**14,435**	**100.0**	**23,415**	**100.0**

Analysis of cost of sales by component

	Audited						**Unaudited**		**Audited**	
	FYE 2021		**FYE 2022**		**FYE 2023**		**FPE 2023**		**FPE 2024**	
Component	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Direct labour	15,401	81.2	27,440	87.7	36,166	76.7	11,465	79.4	16,967	72.5
Purchases	2,393	12.6	3,497	11.2	10,399	22.1	2,827	19.6	5,788	24.7
Overheads	1,182	6.2	337	1.1	578	1.2	143	1.0	660	2.8
	18,976	**100.0**	**31,274**	**100.0**	**47,143**	**100.0**	**14,435**	**100.0**	**23,415**	**100.0**

Analysis of cost of sales by component and by business segment

Design and implementation services	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct labour	14,375	83.4	26,745	90.9	34,768	78.5	10,924	81.4	16,282	88.2
Purchases	1,715	9.9	2,393	8.1	9,062	20.5	2,369	17.7	1,617	8.8
Overheads	1,150	6.7	287	1.0	438	1.0	120	0.9	550	3.0
	17,240	**100.0**	**29,425**	**100.0**	**44,268**	**100.0**	**13,413**	**100.0**	**18,449**	**100.0**

Maintenance and support services	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct labour	1,026	59.1	695	37.6	1,398	48.6	541	52.9	685	13.8
Purchases	678	39.1	1,104	59.7	1,336	46.5	458	44.8	4,171	84.0
Overheads	32	1.8	50	2.7	141	4.9	23	2.3	110	2.2
	1,736	**100.0**	**1,849**	**100.0**	**2,875**	**100.0**	**1,022**	**100.0**	**4,966**	**100.0**

Analysis of GP and GP margin by business segment

Business segment	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Design and implementation services	6,000	25.8	8,091	21.6	11,961	21.3	3,705	21.6	5,029	21.4
Maintenance and support services	4,406	71.7	2,874	60.9	3,103	51.9	1,770	63.4	1,676	25.2
	10,406	**35.4**	**10,965**	**26.0**	**15,064**	**24.2**	**5,475**	**27.5**	**6,705**	**22.3**

Comparison between FYE 2021 and FYE 2022

Our Group's cost of sales increased by RM12.3 million or 65.1% from RM18.9 million in FYE 2021 to RM31.2 million in FYE 2022, primarily attributed to the following:

(i) increase in the cost of sales from design and implementation services segment by RM12.2 million or 70.9% mainly due to the increase in direct labour cost by RM12.3 million or 85.4% arising from commencement of new projects secured that includes PSDS Project, AFC Storage Project, PAMS Project and RTS ERP Project, as well as the works carried out for the ongoing LRT3 Project; and

(ii) increase in the cost of sales from maintenance and support services segment by RM0.1 million or 5.9% mainly due to the increase for purchase of equipment arising from the supply of IoT module and expander module to Customer F and video wall to Customer C.

The increase was offset against the decrease in provision of maintenance and support, repair and diagnostic services and provision of consultancy services carried out in FYE 2022 by RM0.5 million or 30.3% resulting from lower direct labour cost.

Our GP increased by RM0.6 million from RM10.4 million in FYE 2021 to RM11.0 million in FYE 2022, primarily attributed to the increase in the GP from design and implementation services segment by RM2.1 million or 35.0%. This was mainly contributed by the works carried out for the LRT3 Project amounting to RM2.5 million. However, such increase was offset against the decrease in the GP from maintenance and support services segment by RM1.5 million or 34.1% mainly due to lower income generated from the repair and diagnostic services and provision of consultancy services.

Our GP margin decreased from 35.4% in FYE 2021 to 26.0% in FYE 2022, primarily attributed to the following:

(i) decrease in GP margin from the design and implementation services segment by 4.2% mainly due to completion of ticketing kiosk upgrading works for Customer A in the theme park industry which contributed to a higher GP margin in FYE 2021. Additionally, works carried out for the LRT3 Project for FYE 2022 were mainly for the AFC work packages, which carried a lower GP margin, as compared with FYE 2021, where works carried out were more for the EAC components, which contributed higher GP margin, as works were carried out mainly by our own staff, and the required equipment are sourced by us, whereas subcontractor costs were minimal. For FYE 2022, we secured the PAMS Project and RTS ERP Project, which contributed lower GP margin as we provided more competitive pricing to secure the projects; and

(ii) decrease in GP margin from the maintenance and support services segment by 10.8% mainly attributed to lower sales in this segment whilst maintaining an overhead cost, as well as higher purchase costs due to appreciation of EUR and USD against RM.

<u>Comparison between FYE 2022 and FYE 2023</u>

Our Group's cost of sales increased by RM15.9 million or 51.0% from RM31.2 million in FYE 2022 to RM47.1 million in FYE 2023, primarily attributed to the following:

(i) increase in the cost of sales from design and implementation services segment by RM14.9 million or 50.7% mainly due to the following:

  (a) increase in the direct labour cost by RM8.1 million or 30.3% due to commencement of new projects secured from Customer H and MRT Kajang line as well as ongoing works carried out for the LRT3 Project; and

  (b) increase in purchases by RM6.7 million or 279.2% due to the purchase of cables for project under Customer H and the purchase of software and hardware equipment for MRT Kajang line;

(ii) increase in the cost of sales from the maintenance and support services segment by RM0.9 million or 47.4% was mainly due to the increase in the direct labour cost by RM0.7 million or 100.0% attributable to the increase in manpower to support the services for Customer A.

Our GP increased by RM4.0 million from RM11.0 million in FYE 2022 to RM15.0 million in FYE 2023, primarily attributed to the following:

(i) increase in GP from the design and implementation services segment by RM3.8 million or 46.9% mainly contributed by the works carried out for the LRT3 Project and the commencement of new projects for Customer H and MRT Kajang line, as well as the completion of projects which was secured in FYE 2022; and

(ii) increase in GP from the maintenance and support services segment by RM0.2 million or 6.9% mainly due to the commencement of projects for 2 new agreements for Customer A and repair and diagnostic services for a shopping mall in Kuala Lumpur.

Our GP margin decreased by 1.8% from 26.0% in FYE 2022 to 24.2% in FYE 2023, primarily attributed to the following:

(i) decreased in GP margin from the design and implementation services segment by 0.3% mainly due to competitive pricing offered to secure the new projects from Customer H mentioned above; and

(ii) decreased in GP margin from the maintenance and support services segment by 9.0% mainly attributed to the increase in cost of sales associated with additional manpower required to support both existing and newly secured maintenance agreements, and certain costs associated with software licences and maintenance for Customer A were only recognised in FYE 2023 due to timing differences in the recognition of the supplier's billing, while the related revenue had already been recognised in FYE 2022. Furthermore, we earned a lower GP margin from supplying body-worn camera at more competitive prices to Government agencies.

Comparison between FPE 2023 and FPE 2024

Our Group's cost of sales increased by RM9.0 million or 62.5% from RM14.4 million in FPE 2023 to RM23.4 million in FPE 2024, primarily attributed to the following:

(i) increase in the cost of sales from design and implementation services segment by RM5.0 million or 37.3% mainly due to the increase in direct labour cost by RM5.4 million or 49.5% mainly due to work carried out for the HRMIS Project and ELPS Project; and

(ii) increase in the cost of sales from maintenance and support services segment by RM4.0 million or 400.0% mainly due to the increase in the purchases of equipment arising from the provision of ETS3 PIS Project for a railway company.

Our GP increased by RM1.2 million from RM5.5 million in FPE 2023 to RM6.7 million in FPE 2024, primarily attributed to the increase in GP from design and implementation services segment by RM1.3 million or 35.1% mainly contributed by the work carried out for HRMIS Project amounting to RM1.2 million.

Our GP margin decreased by 5.2% from 27.5% in FPE 2023 to 22.3% in FPE 2024, primarily attributed to the following:

(i) slight decrease in GP margin from design and implementation services segment by 0.2%, mainly due to the ELPS Project and HRMIS Project having contributed lower GP margin as we provided more competitive pricing to secure the projects; and

(ii) decrease in GP margin for the maintenance and support services segment by 38.2%, mainly due to the lower GP margin from ETS3 PIS Project. This project, which contributed to approximately 63.9% of the segment's revenue, had a lower GP margin as compared to other projects due to price competition and our Group's strategy to maintain a business relationship to secure future projects. As a result, this significantly impacted the overall GP margin, causing it to decrease.

(c) Other income

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Fixed deposit interest income	47	24.5	88	7.3	100	34.5	55	36.7	71	3.6
Fair value gain on financial assets	-	-	37	3.1	85	29.3	34	22.7	41	2.1
Net gain/(loss) on foreign exchange										
- Realised	81	42.2	144	11.9	46	15.9	36	24.0	18	0.9
- Unrealised	(6)	(3.1)	-	-	2	0.7	-	-	-	-
Lease income	24	12.5	24	2.0	44	15.2	14	9.3	15	0.8
Interest income	18	9.4	1	0.1	-	-	-	-	-	-
Other income – Compensation projects	-	-	-	-	-	-	-	-	33	1.7
Finance income from finance lease receivable	-	-	-	-	-	-	-	-	1,396	71.7
Reversal of overprovision of completed project[(1)]	-	-	854	70.6	-	-	-	-	81	4.2
Installation income	-	-	-	-	-	-	-	-	285	14.6
Others[(2)]	28	14.5	61	5.0	13	4.4	11	7.3	8	0.4
	192	**100.0**	**1,209**	**100.0**	**290**	**100.0**	**150**	**100.0**	**1,948**	**100.0**

Notes:

(1) Relates to the reversal of overprovision of completed project, being the unutilised defect liability provided for LRT Ampang line infotainment system upgrade project and AFC Storage project after expiry of the DLP.

(2) Others mainly consists of income received from wages subsidy programme, gain on reassessment for leases and referral fee. The reassessment for leases occurs when there is renewal of tenancy agreements.

Comparison between FYE 2021 and FYE 2022

Other income increased by RM1.0 million or 500.0% from RM0.2 million in FYE 2021 to RM1.2 million in FYE 2022. The increase was mainly attributable to the increase in one-off other income from the reversal of overprovision of completed project/contract cost by RM0.9 million, attributed to the reversal of provision of completed project which was no longer required due to the unutilised defect liability provided for LRT Ampang line infotainment system upgrade project after expiry of the DLP.

Comparison between FYE 2022 and FYE 2023

Other income decreased by RM0.9 million from RM1.2 million in FYE 2022 to RM0.3 million in FYE 2023. The decrease was mainly attributable to the one-off income recognised in FYE 2022 for reversal of provision of completed project which was no longer required due to the unutilised defect liability provided for LRT Ampang line infotainment system upgrade project by RM0.9 million after expiry of the DLP of the project has ended.

Comparison between FPE 2023 and FPE 2024

Other income increased by RM1.8 million or 1,800.0% from RM0.1 million in FPE 2023 to RM1.9 million in FPE 2024. The significant increase was mainly attributable to the increase in interest income on finance lease receivable, which amounted to RM1.4 million from amortised income from unearned finance lease receivable. Additionally, there is also installation income arising from self-delivery and self-installation of the ICT equipment amounted to RM0.3 million.

(d) Administrative expenses

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Employee-related costs(1)	1,523	45.8	818	30.0	1,350	39.6	574	33.1	1,723	39.6
Directors' remuneration	704	21.2	301	11.0	151	4.4	75	4.3	451	10.4
Traveling and transportation charges(2)	113	3.4	192	7.0	420	12.3	191	11.0	203	4.7
Professional services(3)	220	6.6	599	21.9	251	7.4	171	9.9	1,049	24.1
Insurance	200	6.0	119	4.4	205	6.0	142	8.2	123	2.8
Upkeep expenses(4)	66	2.0	47	1.7	158	4.7	56	3.2	102	2.3
Subscription fee	62	1.9	76	2.8	130	3.8	57	3.3	87	2.0
Training fee	46	1.4	43	1.6	112	3.3	85	4.9	31	0.7
Utilities expenses(5)	101	3.0	99	3.6	111	3.3	62	3.6	76	1.7
Printing and stationery	58	1.7	68	2.5	105	3.1	51	3.0	50	1.1
Internet and website fee	45	1.4	78	2.9	99	2.9	69	4.0	79	1.8
Entertainment	27	0.8	65	2.4	81	2.4	51	3.0	20	0.5
Medical fee	61	1.8	45	1.6	47	1.4	23	1.3	29	0.7
Rental expenses(6)	3	0.1	12	0.4	35	1.0	-	-	17	0.4
Other(7)	96	2.9	170	6.2	151	4.4	125	7.2	311	7.2
	3,325	**100.0**	**2,732**	**100.0**	**3,406**	**100.0**	**1,732**	**100.0**	**4,351**	**100.0**

Notes:

(1) Employee-related costs pertain to staff salaries, allowances, bonus, statutory contributions and staff welfare.

(2) Traveling and transportation charges mainly include accommodation, transportation charges, traveling expenses, petrol and toll charges, parking fee, mileage claim and road tax.

(3) Professional services mainly include IPO-related expenses, audit, consulting, tax, legal, secretarial, tender and accounting fees.

(4) Upkeep includes upkeep of premises, motor vehicles and office equipment expenses.

(5) Utilities expenses includes electricity, telephone and water charges.

(6) Rental expenses pertain to the short-term lease of motor vehicles for project site used, office premises and office equipment by our Group.

(7) Others are mainly expenses incurred for bank charges, office expenses, SST charges and recruitment expenses.

<u>Comparison between FYE 2021 and FYE 2022</u>

Our administrative expenses decreased by RM0.6 million or 18.2% from RM3.3 million in FYE 2021 to RM2.7 million in FYE 2022. The decrease was mainly attributable to:

(i) a reduction in employee-related costs by RM0.7 million to RM0.8 million (2021: RM1.5 million). This was mainly due to the overprovision of bonuses for FYE 2021 amounting to RM0.2 million, decreased in commission payout by RM0.1 million and costs being allocated to project cost (cost of sales) amounting to RM0.3 million; and

(ii) decrease in directors' remuneration by RM0.4 million to RM0.3 million (2021: RM0.7 million) mainly due to a portion of our directors' remuneration being allocated to the project cost (cost of sales) due to the director's extensive involvement as project consultant where the director was involved in those specific projects.

However, the decrease was partially offset by increase in professional services by RM0.4 million to RM0.6 million (2021: RM0.2 million). Such increase was mainly due to IPO-related expenses of RM0.4 million incurred in FYE 2022, which included costs associated with the appointment of due diligence working group.

<u>Comparison between FYE 2022 and FYE 2023</u>

Our administrative expenses increased by RM0.7 million or 25.9% from RM2.7 million in FYE 2022 to RM3.4 million in FYE 2023. The increase was mainly attributable to:

(i) increase in employee-related costs by RM0.6 million to RM1.4 million (2022: RM0.8 million) mainly due to business expansion as our Group secured 5 and 4 new projects in FYE 2022 and FYE 2023 respectively. Consequently, additional manpower is required to fulfil the project obligations, which resulted in an increase in number of headcount from 12 admin staff in FYE 2022 to 21 admin staff in FYE 2023 across various department;

(ii) increase in travelling and transportation charges by RM0.2 million to RM0.4 million (2022: RM0.2 million) mainly due to the expenses incurred for the LRT3 AFC Project which required overseas travel for factory acceptance test; and

(iii) increase in upkeep expenses by RM0.1 million mainly resulted from expenses incurred for the upkeep and repair of motor vehicles, the replacement of new office equipment and upgrading work performed for office.

Such increase was partially offset by the decrease in professional services by RM0.3 million which incurred for the IPO in FYE 2022.

Comparison between FPE 2023 and FPE 2024

Our administrative expenses increased by RM2.7 million or 158.8% from RM1.7 million in FPE 2023 to RM4.4 million in FPE 2024. The increase was mainly attributable to:

(i) increase in employee-related costs and directors' remuneration, which increased by RM1.1 million and RM0.4 million respectively. The increase was mainly due to the acquisition of the subsidiary company, SeeTec Asia during FPE 2024, leading to higher costs and an increase in headcount from 91 in FPE 2023 to 123 in FPE 2024; and

(ii) increase in professional services expenses by RM0.8 million, attributed to a RM0.6 million increase in listing expenses and a RM0.2 million increase in stamp duty expenses related to the application for new banking facilities for purchasing ICT equipment to rent to a Government agency under a leasing arrangement.

(e) Other expenses

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Amortisation of trademark	-	-	-	-	-	-	-	-	[(1)]	<0.1
Depreciation of property, plant and equipment	158	36.0	177	43.5	261	41.9	140	45.6	187	69.4
Depreciation of right-of-use assets	182	41.4	195	47.9	217	34.8	122	39.7	107	39.5
Loss/(Gain) on foreign exchange:										
- Realised	86	19.6	35	8.6	109	17.5	45	14.7	(23)	(8.9)
- Unrealised	13	3.0	-	-	36	5.8	-	-	-	-
	439	**100.0**	**407**	**100.0**	**623**	**100.0**	**307**	**100.0**	**271**	**100.0**

Note:

(1) Represents less than RM1,000.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our other expenses remained relatively stable as compared to FYE 2021. These expenses mainly include depreciation of computer and software, equipment and motor vehicles and the depreciation of right-of-use of assets related to the leasehold land and rental of office and accommodation used as a temporary office for our employees to carry out configuration and testing for theme park project.

Comparison between FYE 2022 and FYE 2023

Our other expenses for FYE 2023 increased by RM0.2 million or 50.0% from RM0.4 million in FYE 2022 to RM0.6 million in FYE 2023. The increase mainly attributable to the following:

(i) increase in depreciation of property and equipment of RM0.1 million or 50.0% for computer and software, attributed to the acquisition of additional units of laptops and monitors to accommodate the increase in employees and to replace older units. Additionally, we purchased software and servers to enhance the project and operation flow of our company; and

(ii) increase in realised loss on foreign exchange by RM0.1 million mainly due to weakening of our RM against USD and EUR upon payment to our suppliers.

Comparison between FPE 2023 and FPE 2024

For FPE 2024, our other expenses remained relatively stable as compared to FPE 2023. These expenses mainly include depreciation of computer and software, equipment and motor vehicles and the depreciation of right-of-use assets related to the leasehold land and rental of office.

(f) Finance costs

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expense on:										
Bank guarantee	11	7.4	68	19.3	256	34.7	183	40.7	49	6.2
Term loans	87	58.8	199	56.4	292	39.5	168	37.3	584	73.5
Bank interest charges	-	-	-	-	40	5.4	26	5.8	2	0.3
Bank overdraft	-	-	-	-	-	-	-	-	17	2.1
Lease liabilities	20	13.5	24	6.8	25	3.4	14	3.1	11	1.4
Bankers' acceptances	-	-	-	-	15	2.0	1	0.2	33	4.2
Bank commitment fee[(1)]	30	20.3	62	17.5	111	15.0	58	12.9	55	6.9
Invoice financing interest	-	-	-	-	-	-	-	-	43	5.4
	148	**100.0**	**353**	**100.0**	**739**	**100.0**	**450**	**100.0**	**794**	**100.0**

Note:

(1) Bank commitment fee mainly consists of the fee charges for the guarantee offered by SJPP in relation to our term loan facilities.

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM0.3 million or 300.0% from RM0.1 million in FYE 2021 to RM0.4 million in FYE 2022 mainly attributable to:

(i) increase in term loan interests by RM0.1 million or 100.0% from the drawdown of 2 additional term loan facilities amounting to RM1.0 million and RM2.0 million respectively for the purchase of one unit of double storey shop office located at Puchong and to finance our working capital requirements respectively; and

(ii) increase in bank guarantee interest by RM0.1 million or 100.0% attributed to the commission fees for the bank guarantee associated with the PSDS Project, RTS ERP Project and PAMS Project.

Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM0.3 million from RM0.4 million or 75.0% in FYE 2022 to RM0.7 million in FYE 2023 mainly attributable to:

(i) increase in bank guarantee interests by RM0.2 million or 200.0% mainly attributed to the commission fees charged for the additional placement of bank guarantee for LRT3 Project, HRMIS Project, EPCC for development of a solar photovoltaic plant, ELPS project and ICT equipment rental services for a Government agency; and

(ii) increase in term loan interests by RM0.1 million or 50.0% for the drawdown of 1 additional term loan facility amounting to RM1.0 million to finance our working capital requirements.

Comparison between FPE 2023 and FPE 2024

Our finance costs increased by RM0.3 million or 60.0% from RM0.5 million in FPE 2023 to RM0.8 million in FPE 2024. The increase was mainly attributable to the increase in term loan interests by RM0.4 million or 200.0% for the drawdown of 1 additional term loan facility amounting to RM35.0 million to finance our working capital for the purchase of ICT equipment to rent to a Government agency under a leasing arrangement.

(g) Net impairment gains/(losses) on financial assets and contract assets

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Reversal of impairment losses:										
- trade receivables[1]	2,368	98.0	487	70.3	490	(544.4)	143	(376.3)	966	198.8
- contract assets	10	0.4	-	-	-	-	-	-	-	-
- non-trade receivables	38	1.6	206	29.7	-	-	-	-	-	-
Impairment losses:										
- contract asset	-	-	-	-	-	-	(13)	34.2	(245)	(50.4)
- finance lease receivable	-	-	-	-	-	-	-	-	(235)	(48.4)
- trade receivables	-	-	-	-	(580)	644.4	(168)	442.1	-	-
	2,416	**100.0**	**693**	**100.0**	**(90)**	**100.0**	**(38)**	**100.0**	**486**	**100.0**

Note:

(1) Reversal of impairment losses on trade receivables was mainly derived from the collection of a long outstanding receivable. The customer encountered financial difficulty during the COVID-19 pandemic and had subsequently negotiated for repayment by instalments up to FPE 2024, which have been promptly paid as at LPD.

Comparison between FYE 2021 and FYE 2022

Net impairment gains on financial assets and contract assets decreased by RM1.7 million or 70.8% from RM2.4 million in FYE 2021 to RM0.7 million in FYE 2022. The decline was mainly due to a reduction in the reversal of impairment losses for trade receivables, which dropped by RM1.9 million to RM0.5 million (FYE 2021: RM2.4 million), as our Group succeeded in recovering the majority of previously doubtful debts from two projects.

Comparison between FYE 2022 and FYE 2023

Net impairment gains/(losses) on financial assets and contract assets decreased by RM0.8 million or 114.3% mainly attributable to the impairment loss on trade receivables by RM0.6 million in FYE 2023 attributable to long outstanding debts from customers where the likelihood of collection appears uncertain.

Comparison between FPE 2023 and FPE 2024

Net impairment gains on financial assets and contract assets increased by RM0.6 million or 600.0% mainly attributable to the variance of net movement of impairment losses on trade receivables by RM0.9 million in FPE 2024 as compared to FPE 2023, of which RM0.5 million were related to long outstanding debts that were repaid in instalments and RM0.4 million were related to specific provisions in the prior year. However, this was offset against the impairment losses provided for contract assets and finance lease receivable by RM0.3 million and RM0.2 million respectively due to the general provisions based on expected credit losses provided for FPE 2024 in accordance with MFRS 9 Financial Instruments.

(h) PBT and PAT

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
PBT (RM'000)	9,102	9,375	10,496	3,098	3,723
PBT margin (%)	31.0	22.2	16.9	15.6	12.4
PAT (RM'000)	6,762	7,212	7,722	2,070	2,840
PAT margin (%)	23.0	17.1	12.4	10.4	9.4

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT by RM0.3 million or 3.3% for FYE 2022. However, our PBT margin decreased from 31.0% in FYE 2021 to 22.2% in FYE 2022. The decrease in PBT margin was mainly due to lower GP margin from 35.4% in FYE 2021 to 26.0% in FYE 2022, as explained in Section 12.2.3(b) above.

Correspondingly, our PAT margin decreased from 23.0% in FYE 2021 to 17.1% in FYE 2022, while our PAT increased by RM0.4 million from RM6.8 million in FYE 2021 to RM7.2 million in FYE 2022.

Comparison between FYE 2022 and FYE 2023

We recorded an increase in PBT by RM1.1 million or 11.7% for FYE 2023. However, our PBT margin decreased from 22.2% in FYE 2022 to 16.9% in FYE 2023. The decrease in PBT margin was mainly due to lower GP margin from 26.0% in FYE 2022 to 24.2% in FYE 2023 and higher administrative and other expenses incurred in FYE 2023, as explained in Sections 12.2.3(b), (d) and (e) above.

Correspondingly, our PAT margin decreased from 17.1% in FYE 2022 to 12.4% in FYE 2023, while our PAT increased by RM0.5 million from RM7.2 million in FYE 2022 to RM7.7 million in FYE 2023.

Comparison between FPE 2023 and FPE 2024

We recorded an increase in PBT by RM0.6 million or 19.4% for FPE 2024. However, our PBT margin decreased from 15.6% in FPE 2023 to 12.4% in FPE 2024. The decrease in PBT margin was mainly due to lower GP margin from 27.5% in FPE 2023 to 22.3% in FPE 2024 and higher administrative expenses incurred in FPE 2024, as explained in Sections 12.2.3(b), (d) and (e) above.

Correspondingly, our PAT margin decreased from 10.4% in FPE 2023 to 9.4% in FPE 2024, while our PAT increased by RM0.7 million from RM2.1 million in FPE 2023 to RM2.8 million in FPE 2024.

(i) Income tax expense

The breakdown of our income tax expense is as follows:

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Income tax expense	2,340	2,163	2,774	1,028	883
Effective tax rate (%)[1]	25.7	23.1	26.4	33.2	23.7
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0

Note:

(1) Calculated based on income tax expenses over PBT for each financial year.

FYE 2021

Our effective tax rate for FYE 2021 was higher than the statutory tax rate primarily due to an underprovision of current tax and deferred tax expenses of RM33,000 from the previous financial year and non-deductible expenses. Expenses not deductible for tax purpose amounting to RM0.2 million relates to depreciation of property, plant and equipment, depreciation of right-of-use assets, restriction on deducting of term loan interest relating to the term loan for the purchase of double storey shop office located at Puchong, insurance, legal and professional fee.

FYE 2022

Our effective tax rate for FYE 2022 was lower than the statutory tax rate mainly due to overprovision of current tax and deferred tax expenses of RM0.1 million from FYE 2021.

FYE 2023

For FYE 2023, our effective tax rate was higher than the statutory tax rate primarily because of an underprovision of current tax expenses of RM0.2 million for FYE 2022. Additionally, this was compounded by non-deductible expenses. Expenses not deductible for tax purposes amounted to RM0.1 million such as depreciation of property, plant and equipment, depreciation of right-of-use assets, restriction on tax deductible interest expense due to insufficient business income for the deduction of interest expense incurred, restriction on deducting of term loan interest as mentioned above and entertainment.

FPE 2024

For FPE 2024, our effective tax rate of 23.7% was consistent with statutory tax rate of 24.0%.

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12.2.5 Review of cash flows

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from/(for) operating activities	1,895	(2,998)	7,825	4,978
Net cash from/(for) investing activities	235	(1,122)	(1,397)	(1,692)
Net cash (for)/from financing activities	(1,165)	1,620	3,981	(5,407)
Net increase/(decrease) in cash and cash equivalents	**965**	**(2,500)**	**10,409**	**(2,121)**
Effects on foreign exchange translation	-	-	(34)	-
Cash and cash equivalents at beginning of the financial year/period	4,814	5,779	3,279	13,654
Cash and cash equivalents at end of the financial year/period[(1)]	**5,779**	**3,279**	**13,654**	**11,533**

Note:

(1) Cash and cash equivalents included in the combined statements of cash flows comprise the following combined statements of financial position amounts:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term investments	16	-	16	-
Fixed deposits with licensed banks	3,531	3,415	4,440	3,410
Cash and bank balances	6,650	4,166	13,638	11,869
	10,197	**7,581**	**18,094**	**15,279**
Less: Fixed deposits pledged to licensed banks	(3,531)	(3,415)	(4,440)	(3,410)
Less: Restricted cash	(887)	(887)	-	(336)
	5,779	**3,279**	**13,654**	**11,533**

<u>**FYE 2021**</u>

Net cash from operating activities

In FYE 2021, we recorded net cash inflow from operating activities of RM1.9 million based on an operating profit of RM7.1 million and after taking into account the following working capital changes:

(i) increase in contract assets of RM14.6 million mainly attributable to the partial work completion of the LRT3 AFC Project amounting to RM12.4 million in which the billing for progress milestone are pending issuance to the customers as at FYE 2021;

(ii) decrease in contract liabilities of RM1.5 million mainly in relation to obligations to provide contract services for LRT3 EAC Project and theme park projects, which have been reversed and recognised as revenue in FYE 2021;

(iii) decrease in trade and other receivables of RM6.2 million mainly due to improved collection from customers; and

(iv) increase in trade and other payables of RM5.2 million mainly due to receipt of subcontractors invoice amounting to RM7.5 million for the LRT3 AFC Project end of FYE 2021.

Net cash for investing activities

In FYE 2021, we recorded a net cash inflow from investing activities of RM0.2 million. It was mainly attributable to:

(i) decrease in fixed deposits pledged with licensed banks by RM0.3 million due to cancellation of banking facilities; and

(ii) interest income received from fixed deposits and short-term investments amounting to RM0.1 million.

However, this was offset by the purchase of property, plant and equipment which included computer and software, equipment and furniture and fittings amounting to RM0.2 million.

Net cash for financing activities

In FYE 2021, we recorded a net cash outflow from financing activities of RM1.2 million, which was attributable to:

(i) increase in restricted cash amounting to RM0.7 million as part of security for banking facilities to facilitate the issuance of performance guarantee;

(ii) scheduled repayment of lease liabilities of RM0.2 million mainly for accommodation and office premises;

(iii) scheduled repayment of term loan facilities of RM0.2 million mainly for the drawdown for our working capital and the purchase of the leasehold three storey shop office located at Puchong; and

(iv) interest paid of RM0.1 million mainly for term loan and lease liabilities interest charged.

FYE 2022

Net cash for operating activities

In FYE 2022, we recorded a net cash outflow for operating activities of RM3.0 million based on an operating profit of RM9.3 million and after taking into account the following working capital changes:

(i) increase in inventories of RM1.2 million mainly due to increase in purchase of equipment and installation materials for LRT3 Project and PSDS Project;

(ii) increase in contract assets of RM13.6 million mainly due to the progressive completion of LRT3 Project and PSDS Project which were pending the issuance of the certificate of contract work done and billings;

(iii) increase in trade and other receivables of RM2.4 million mainly in line with the increase in revenue; and

(iv) increase in trade and other payables of RM6.1 million mainly due to the increase in accrued subcontractors work by RM13.9 million, which was offset by the repayment to suppliers.

Net cash for investing activities

In FYE 2022, we recorded net cash outflow for investing activities of RM1.1 million. This was mainly attributable to the purchase of property, plant and equipment amounting to RM0.7 million, which included computers and software and a leasehold double storey shop office building located at Puchong. Separately, the same office has a leasehold land component amounting to RM0.6 million accounted for as right-of-use asset.

This was partially offset by the interest income received from fixed deposits and short-term investments amounting to RM0.1 million and decrease in pledged fixed deposits with licensed banks amounting to RM0.1 million.

Net cash from financing activities

In FYE 2022, we recorded net cash inflow from financing activities of RM1.6 million, which was mainly attributable to the following:

(i) drawdown of term loan facilities of RM4.3 million for the purchase of a leasehold double storey shop office located at Puchong and for working capital requirements. This was offset by the scheduled repayment of term loan facilities of RM1.9 million;

(ii) scheduled repayment of lease liabilities of RM0.2 million for accommodation, photocopy machine and office premises;

(iii) dividend paid of RM0.3 million in respect of FYE 2022; and

(iv) interest paid of RM0.3 million mainly for bank guarantee and term loan interest charged.

<u>FYE 2023</u>

Net cash from operating activities

In FYE 2023, we recorded net cash inflows from operating activities of RM7.8 million based on an operating profit of RM11.6 million and after taking into account the following working capital changes:

(i) increase in trade and other receivables of RM9.5 million mainly in line with the increase in revenue;

(ii) decrease in contract assets of RM5.8 million as majority of the billing for LRT3 AFC Project was issued;

(iii) increase in trade and other payables of RM2.7 million which is in line with the increase in overall purchases in tandem with our Group's business growth; and

(iv) decrease in inventories of RM0.2 million mainly as materials were delivered to the project site for installation.

Net cash for investing activities

In FYE 2023, we recorded a net cash outflow for investing activities of RM1.4 million, which was mainly attributable to:

(i) increase in pledged fixed deposit with licensed bank of RM1.0 million for the additional security pledged for existing term loan, new applications, and utilisation of tradeline facilities; and

(ii) additions in property, plant and equipment of RM0.6 million which consists of computer and software, office equipment, motor vehicle, furniture and fittings and additional renovation cost incurred for office premises.

This was partially offset by the interest income received from fixed deposits and short-term investments amounting to RM0.2 million.

Net cash from financing activities

In FYE 2023, we recorded net cash inflow from financing activities of RM4.0 million, which was mainly attributable to the following:

(i) net drawdown of bankers' acceptances facility by RM0.7 million, of which RM0.5 million was denominated in RM and RM0.2 million was denominated in SGD, to pay suppliers;

(ii) drawdown of invoice financing of RM3.1 million to finance the net progressive claims for the LRT3 AFC Project;

(iii) drawdown of term loan facilities of RM1.0 million for working capital requirements which was offset against the scheduled repayment of term loan facilities of RM0.8 million;

(iv) scheduled repayment of lease liabilities of RM0.2 million for accommodation and office premises;

(v) interest paid of RM0.7 million mainly for bank guarantee and term loan interest charged; and

(vii) decrease in restricted cash of RM0.9 million for the bank guarantee.

<u>FPE 2024</u>

Net cash from operating activities

In FPE 2024, we recorded net cash inflows from operating activities of RM5.0 million based on an operating profit of RM2.8 million and after taking into account the following working capital changes:

(i) increase in trade and other receivables of RM8.0 million which is in line with the increase in revenue. Additionally, there was an increase in advance deposit arising from 2 months instalment paid for a newly drawn down term loan facility;

(ii) increase in trade and other payables of RM1.9 million which is in line with the increase in overall purchases in tandem with our Group's business growth;

(iii) increase in inventories of RM0.7 million mainly due to increase in purchase of equipment and installation materials for PSDS Project and door system test bench project;

(iv) decrease in contract assets of RM7.6 million mainly due to the billings issued for PAMS Project, LRT3 EAC Project, EPCC for development of a solar photovoltaic plant, PSDS Project and video management system upgrade for MRT Kajang line project;

(v) increase in contract liabilities of RM2.0 million, mainly due to the advance payment received for CIQ Project, which were offset against contract work done and billings;

(vi) increase in amount owing to related parties of RM1.1 million, mainly due to advances from IEH to SeeTec Asia when SeeTec Asia was once its subsidiary company;

(vii) income tax payment amounting to RM1.4 million; and

(viii) interest paid for term loan facility amounting to RM0.4 million for the purchase of ICT equipment.

Net cash for investing activities

In FPE 2024, we recorded a net cash outflow for investing activities of RM1.7 million, which was mainly attributable to the following:

(i) net cash outflow from the acquisition of a subsidiary company, SeeTec Asia amounting to RM0.1 million;

(ii) development cost paid of RM2.5 million relating to the capitalisation of development cost for PSDS Project;

(iii) purchase of property, plant and equipment which mainly consists of computer, software and equipment amounting to RM0.2 million; and

(iv) decrease in fixed deposit pledged with licensed banks of RM1.4 million upon settlement of term loan, this was offset against additional security pledged for existing term loan facilities of RM0.4 million.

Net cash from financing activities

In FPE 2024, we recorded a net cash outflow for financing activities of RM5.4 million, which was mainly attributable to the following:

(i) net repayment of invoice financing of RM3.1 million which was financed by the net progressive claims for the LRT3 AFC Project;

(ii) scheduled repayment of term loan facilities of RM0.9 million for the purchase of property and working capital;

(iii) net repayment of bankers' acceptances of RM0.7 million to pay our trade payables; and

(iv) increase in restricted cash amounting to RM0.3 million mainly as part of security for banking facilities to facilitate the issuance of performance guarantee.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our facilities from financial institutions comprise term financing, bank overdrafts, trade facilities and lease liabilities.

There are no legal, financial, or economic restriction on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, loans or advances, subject to the availability of distributable reserves compliance with financial covenants during FYE 2021 to 2023 and FPE 2024.

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

(a) our cash and cash equivalents as at LPD of RM9.3 million (excluding RM3.7 million which is pledged as security for our banking facilities);

(b) our expected future cash flows from operations taking into account on unbilled order book of RM104.7 million as at LPD;

(c) our total banking facilities (excluding lease liabilities) of up to a limit of RM121.1 million as at LPD, of which RM59.2 million has been utilised; and

(d) our pro forma gearing level of 0.64 times, based on our pro forma combined statements of financial position as at 31 July 2024 after the Acquisition, our Public Issue and utilisation of proceeds.

We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

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12.4 BORROWINGS AND INDEBTEDNESS

We utilise banking facilities such as term loan, invoice financing and bankers' acceptances to finance our working capital and purchase of properties. Lease liabilities are used for rental of office, accommodation and photocopy machine.

As at 31 July 2024, our Group's total outstanding borrowings and indebtedness stood at RM38.4 million (excluding lease liabilities of RM0.3 million), details of which are set out below. All our borrowings are interest-bearing and denominated in RM.

	Purpose	Number of borrowing/ facility/ indebtedness	Tenure of facility/ Commencement of facility	Security	Effective interest rate	As at 31 July 2024
					% per annum	RM'000
Term loans	For working capital purposes	3	- TL I: 5 years (Commenced on 17 September 2020) - TL II: 5 years (Commenced on 11 March 2022) - TL III: 5 years (Commenced on 19 January 2023)	- All monies facilities agreement; - Joint and several guarantee by the directors; - SJPP guarantee under COVID-19 special relief fund up to RM1.6 million; and - Guarantee cover from the Government up to RM1.40 million.	5.00 – 8.70	7,185
	To finance the purchase of properties	2	- TL IV: 20 years (Commenced on 22 March 2022) - TL V: 25 years (Commenced on 25 May 2022)	- Pledged of properties; - Joint and several guarantee by the directors; - All monies facilities agreement; and - Pledged of fixed deposits.	4.02 – 4.35	52
					Total current borrowing	**7,237**

	Purpose	Number of borrowing/ facility/ indebtedness	Tenure of facility/ Commencement of facility	Security	Effective interest rate	As at 31 July 2024
					% per annum	**RM'000**
Term loans	For working capital purposes	3	- TL I: 5 years (Commenced on 17 September 2020) - TL II: 5 years (Commenced on 11 March 2022) - TL III: 5 years (Commenced on 19 January 2023)	- All monies facilities agreement; - Joint and several guarantee by the directors; - SJPP guarantee under COVID-19 special relief fund up to RM0.8 million; and - Guarantee cover from the Government up to RM1.40 million.	3.50 – 8.70	29,105
	To finance the purchase of properties	2	- TL IV: 20 years (Commenced on 22 March 2022) - TL V: 25 years (Commenced on 25 May 2022)	- Pledged of properties; - Joint and several guarantee by the directors; - All monies facilities agreement; and - Pledged of fixed deposits.	4.02 – 4.35	2,098
					Total non-current borrowing	**31,203**
					Total borrowing	**38,440**

Pro forma gearing (times)

After Acquisition but before Public Issue and utilisation of proceeds[(1)]	1.19
After Acquisition, Public Issue and utilisation of proceeds[(2)]	0.64

Notes:

(1) Computed based on our pro forma total equity of RM34.9 million in the pro forma combined statements of financial position after the Acquisition, but before Public Issue and utilisation of proceeds.

(2) Computed based on our pro forma total equity of RM57.4 million in the pro forma combined statements of financial position after the Acquisition, Public Issue and utilisation of proceeds.

We also rely on bank guarantees for performance bonds. Such bank guarantees are used for all aspects of the project contract lifecycle from the start of project up to expiration of our liability towards the customer in accordance with the terms of each contract. The bank guarantees allow us to execute and guarantee our deliverables to our customers. Our total bank guarantees as at 31 July 2024 stood at RM15.3 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM:

	Purpose	Securities	Tenure	Bank charges % per month	As at 31 July 2024 RM'000
Bank guarantee	As performance bond in favour of our customers approved by the bank in relation to the respective contracts	(a) First party pledge of fixed deposits of up to RM1.2 million; (b) Joint and several guarantee by the directors; (c) Guarantee in favour of the bank by SJPP for 80% of the principal and profit outstanding; (d) Execution of memorandum of charge over fixed deposit(s) up to RM4.8 million; (e) Pledged of property; (f) All monies facilities agreement; (g) An assignment and fixed charge over receivables;	Ranging from 1 year to 7 years	0.1% to 0.125%, subject to minimum sum of RM100	15,263

Purpose	Securities	Tenure	Bank charges % per month	As at 31 July 2024 RM'000
	(h) A fixed charge over designated collection account, and other accounts; and (i) A charge over goods.			

All liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our customers. During FYE 2021 to 2023 and FPE 2024, we did not experience any call on the bonds issued to our customers.

As at LPD, we do not have any borrowings which are non-interest bearing. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities.

Separately, we have also recognised the following lease liabilities:

	Purpose	Tenure	As at 31 July 2024 RM'000
Lease liabilities payable within 1 year	Lease arrangement of office premise	1 year with a renewal option of 1 year	115
	Lease arrangement of photocopy machine	5 years	23
		Total current lease liabilities	**138**
Lease liabilities payable more than 1 year	Lease arrangement of office premise	1 year with a renewal option of 1 year	91
	Lease arrangement of photocopy machine	5 years	32
		Total non-current lease liabilities	**123**
		Total lease liabilities	**261**

We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout FYE 2021 to 2023, FPE 2024 and up to LPD. As at LPD, our Group is not in breach of any terms, conditions or covenants associated with credit arrangements or bank loans which can materially affect our financial position and results or business operations or the investments by holders of our securities.

From FYE 2021 to 2023 and FPE 2024, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

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12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4, we do not utilise any other financial instruments. We receive proceeds in USD in respect of our foreign sales and pay for purchases denominated in USD from our foreign currency accounts.

We finance our operations mainly through cash generated from our operations, credit extended by trade payables as well as external sources of funds which mainly comprise borrowings. Save for finance leases and bank guarantees, which carry fixed interest rates, all other borrowings bear variable interest rates based on the bank's cost of funds plus a rate which varies depending on the different types of bank facilities.

The main objective of our financial management and treasury policies is to maintain sufficient working capital at all times and ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain its debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed in Section 4.9.1(d) and below, we do not have any other material capital commitments:

	Funded with borrowings	To be funded from proceeds of our IPO
	RM'000	**RM'000**
Approved and contracted for		
- Purchase of ICT equipment	(1)2,573	-
- Purchase of a motor vehicle	(2)545	-

Notes:

(1) On 31 December 2024, TSM entered into a hire purchase facility-i agreement with PLC Credit & Factoring Sdn Bhd amounting to RM50.0 million. The proceeds were partially drawn down on 31 December 2024 amounting to RM2.6 million to pay suppliers for the purchase of ICT equipment to rent to a Government agency under a finance lease arrangement. The ICT equipment has been fully paid upon drawdown of the hire purchase loan.

(2) On 10 September 2024, TSM signed a hire purchase agreement with Public Bank Berhad. The proceeds were drawn down on 10 September 2024 amounting to RM0.5 million for the acquisition of a motor vehicle.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

(a) Material litigation

As at LPD, we have not been engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of our Group.

(b) Contingent liabilities

As at LPD, save for the bank guarantees placed as performance bonds as set out under Section 12.4, there are no contingent liabilities incurred by us, our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries' financial position.

12.8 KEY FINANCIAL RATIOS

Our key financial ratios of our Group as at 31 December 2021, 2022 and 2023 as well as 31 July 2024 are as follows:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
Trade receivable turnover (days)(1)	94	33	38	91
Trade payable turnover (days)(2)	119	143	116	152
Inventories turnover (days)(3)	109	110	58	72
Current ratio (times)(4)	2.18	2.16	2.15	1.84
Gearing ratio (times)(5)	0.13	0.19	0.27	1.10

Notes:

(1) Computed based on average trade receivables multiplied by 365 and 213 days for the respective financial year/period and divided by total revenue:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade receivables*	11,074	4,086	3,469	9,542
Closing trade receivables*	4,086	3,469	9,542	16,260
Revenue	29,382	42,239	62,207	30,120

* The total trade receivables amount derived from the gross trade receivables excluding retention sum.

12. FINANCIAL INFORMATION *(Cont'd)*

(2) Computed based on average trade payables multiplied by 365 and 213 days for the respective financial year/period and divided by cost of sales:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade payables#	2,201	10,172	14,351	15,722
Closing trade payables#	10,172	14,351	15,722	17,787
Cost of sales	18,976	31,274	47,143	23,415

\# The total trade payables and accrued purchases as well as accrued subcontractor amounts, excluding the retention sums and provision of costs.

(3) Computed based on average inventories multiplied by 365 and 213 days for the respective financial year/period and divided by cost of sales:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventories	733	752	1,915	1,729
Closing inventories	752	1,915	1,729	2,383
Cost of sales^	2,482	4,408	11,391	6,049

^ Being cost of sales directly attributable to inventories cost.

(4) Computed based on current assets over current liabilities as at the end of the respective financial year/period.

(5) Computed based on the total borrowings (excluding lease liabilities recognised under MFRS 16) over total equity as at the end of the respective financial year/period.

12.8.1 Trade receivables turnover

The normal credit terms that we give our customers are generally 30 to 60 days from the date of invoice, but this may be extended in certain cases after taking into consideration the background and credit-worthiness of the customer, payment history of the customer and our relationship with the customer.

Our Group's trade receivables average turnover period as at 31 December 2021, 2022 and 2023 as well as 31 July 2024 were 94 days, 33 days, 38 days and 91 days respectively. As at 31 December 2021, our trade receivables turnover period stood at 94 days, which was over the normal credit terms given to our customers. The high turnover period was due to the high opening balance of trade receivables for FYE 2021 resulted from the timing of billings issued to Setia Utama close to the year-end amounting to RM4.3 million.

The decrease of the trade receivables turnover days from 94 days to 33 days as at 31 December 2022 compared to 31 December 2021 is due to speedier collection from customers and notably from Setia Utama which had an outstanding amount of RM4.3 million as at 31 December 2020. Whereas the increase of trade receivables turnover days from 33 days to 38 days as at 31 December 2023 compared to 31 December 2022 is due to billings issued close to financial year end.

12. FINANCIAL INFORMATION *(Cont'd)*

However, trade receivables turnover days increased from 38 days as at 31 December 2023 to 91 days as at 31 July 2024. The high turnover period was due to billings issued to ETS3 PIS Project, PSDS Project, MRT Kajang line and a Government agency close to the end of financial period amounting to RM2.2 million, RM0.4 million, RM0.5 million and RM1.5 million respectively. Additionally, an outstanding balance of RM5.0 million from the HRMIS Project, which is one month overdue, also contributed to the increase.

The ageing analysis of our trade receivables as at 31 July 2024 and the subsequent collections up to LPD are set out below:

		Within credit period	Exceeding credit period				Total
			1 to 30 days	**31 to 60 days**	**61 to 90 days**	**More than 90 days**	
Gross trade receivables (excluding retention sum) (RM'000)	A	10,488	4,998	87	2	685	16,260
Less: Impairment (RM'000)	B	(57)	(57)	(14)	(1)	(684)	(813)
Net trade receivables (RM'000)	C = A - B	10,431	4,941	73	1	1	15,447
% of net trade receivables	D = C / A	*99.5%*	*98.9%*	*83.9%*	*50.0%*	*0.1%*	*95.0%*
Subsequent collections up to LPD (RM'000)	E	10,350	4,998	87	2	674	16,111
% of subsequent collections up to LPD (%)	*F = E / A*	*98.7%*	*100.0%*	*100.0%*	*100.0%*	*98.4%*	*99.1%*
Outstanding gross trade receivables (RM'000)	**G = A - E**	**138**	**-**	**-**	**-**	**11**	**149**

Note:

(1) Impairment losses mainly relates to one of the major trade receivables amounting to RM0.5 million. However, the debtor has agreed to repay us on an instalment basis. Up to LPD, we have promptly collected all the instalment amount.

As at LPD, we have collected RM16.1 million of our gross trade receivables as at 31 July 2024.

Our management closely monitors the recoverability of the trade receivables on a regular basis, and when appropriate, provides for specific impairment of these trade receivables. Our Board is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration our relationship with our customers as well as our effort to improve collection with various credit control measures to reduce the potential exposure on credit risk.

12.8.2 Trade payables turnover

The normal trade credit terms granted to us by our suppliers range from 30 to 90 days. Our trade payables turnover periods as at 31 December 2021, 2022 and 2023 as well as 31 July 2024 were between 116 days to 152 days. The long days in payables generally due to a discrepancy between the recognition of trade payables and the billing process of the suppliers and subcontractors. The recognition of trade payables of our Group is determined upon the performance of work and incurring of relevant costs by our Group, whereas the invoice by the suppliers undergo a verification/certification process which takes up to 1.5 months, after which the invoice is then issued.

Our trade payables turnover period increased from 119 days as at 31 December 2021 to 143 days as at 31 December 2022 mainly due to the accrual of subcontractor work close to year-end. This increase occurred because although the work was completed, the billing had not yet been issued from the creditor. For clarity, the work completed was certified in December 2022, however, the billing was issued upon reaching the project milestone in the first quarter of 2023. Our trade payables turnover period improved to 116 days as at 31 December 2023. This was mainly due to higher lump sum payment to suppliers in 2023.

However, as at 31 July 2024, trade payables turnover period increased from 116 days as at 31 December 2023 to 152 days. The average trade payables increased mainly due to higher purchase for ETS3 PIS Project and PSDS Project as well as consultancy fee incurred for CIQ Project towards the end of the financial period.

Certain payables exceeded the credit period, as our suppliers have in practice allowed a longer period for payment in view of our established relationship with them, our payment history and our credentials. We have not encountered any issue with our suppliers in spite of the slower payment to them.

The ageing analysis of our trade payables as at 31 July 2024 is as follows:

		Within credit period	Exceeding credit period				Total
			1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	
Trade payables (RM'000)	A	2,090	675	-	-	502	3,267
% of total trade payables (%)		*64.0%*	*20.6%*	-	-	*15.4%*	*100.0%*
Subsequent payments up to LPD (RM'000)	B	2,090	662	-	-	500	3,252
% of subsequent payments up to LPD (%)	*C = B / A*	*100.0%*	*98.1%*	-	-	*99.6%*	*99.5%*
Outstanding trade payables (RM'000)	**D = A -B**	-	**13**	**-**	-	**2**	**15**

As at 31 July 2024, our total trade payables were RM3.3 million, of which RM1.2 million or 36.4% of our trade payables exceeded the normal credit period.

As at LPD, we have settled the trade payables of RM3.3 million as at 31 July 2024. As at LPD, there are no disputes in respect of any trade payables and our Board confirms that there has been no legal action initiated by our suppliers to demand for payment from us in the past and present.

12.8.3 Inventories turnover

Our inventories primarily comprise project equipment, spare parts and some consumable products. The inventories are typically purchased based on the requirements of our customers and projects. Given such practices, we generally maintain a minimal level of inventories which we deem sufficient for our projects and to cater for our maintenance and technical support operations.

Our inventory turnover period decreased from 109 days as at 31 December 2021 to 58 days as at 31 December 2023 as our Group purchased inventories based on project schedule and maintained a relatively smaller inventory compared to cost of sales. As at 31 December 2021 and 31 December 2022, the inventories turnover days were higher at 109 and 110 days respectively, due to a delay in handover of sites by upstream work package contractors for the LRT3 Project as the infrastructure of the site was not ready, thus delaying our ability to undertake the necessary installation and implementation of hardware and software.

However, inventories turnover days increased from 58 days as at 31 December 2023 to 72 days as at 31 July 2024 mainly due to additional purchase of equipment and materials for PSDS Project and door system test bench project. The target for completing the delivery stage for PSDS Project is at the end of January 2025.

12.8.4 Current ratio

Our current ratios as at 31 December 2021, 2022 and 2023 as well as 31 July 2024 are as follows:

	Audited			
	As at 31 December			**As at 31 July**
	2021	**2022**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	29,992	45,010	58,867	66,142
Current liabilities	13,750	20,809	27,399	35,986
Net current assets	**16,242**	**24,201**	**31,468**	**30,156**
Current ratio (times)	2.18	2.16	2.15	1.84

As at 31 December 2021, 2022 and 2023, our current ratio remained relatively consistent between 2.15 times and 2.18 times, indicating our ability to maintain a sufficient level of liquid assets to address our short-term obligations.

However, our current ratio dropped from 2.15 times as of 31 December 2023 to 1.84 times as of 31 July 2024, primarily due to the drawdown of an additional term loan facility amounting to RM35.0 million for the purchase of ICT equipment.

12.8.5 Gearing ratio

Our gearing ratios as at 31 December 2021, 2022 and 2023 as well as 31 July 2024 are as follows:

	Audited			
	As at 31 December			As at 31 July
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Total borrowings[(1)]	2,217	4,636	8,600	38,440
Total equity	17,438	24,350	32,072	34,913
Gearing ratio (times)	0.13	0.19	0.27	1.10

Note:

(1) Excluding lease liabilities recognised under MFRS 16.

Our gearing ratio increased from 0.13 times as at 31 December 2021 to 0.19 times as at 31 December 2022. The increase was mainly due to additional drawdown of term loan facilities to purchase one unit of leasehold double storey shop office land and building located at Puchong and for working capital requirements.

The gearing ratio continued to increase from 0.19 times as at 31 December 2022 to 0.27 times as at 31 December 2023 mainly due to the additional drawdown of invoice financing to finance the net progressive claim of the interim payment certificate in relation to the LRT3 AFC Project and drawdown of term loan facility for working capital requirements.

However, gearing ratio increased significantly from 0.27 times as at 31 December 2023 to 1.10 times as at 31 July 2024. The increase was mainly due to the additional drawdown of term loan facilities amounting to RM35.0 million to finance the working capital for the purchase of ICT equipment to rent to a Government agency under a leasing arrangement.

Overall, our Group's gearing ratio has increased year on year as a result of growing number of projects that required additional working capital.

In addition, for FPE 2024, our Group has successfully secured a project from a Government agency, which required our Group to provide upfront capital outlay. The Government agency will repay via lease rental over 60 monthly instalments, and the collection will be used for loan instalments and will provide a positive net cash flow to our Group over time. Additionally, it may offer opportunities to our Group to expand into future Government sector projects, diversifying our business and reducing our reliance on the public and transportation industries.

Furthermore, we had undertaken the said borrowings with a view of the impending Public Issue, which will cushion the impact of the increased gearing. According to our Group's pro forma combined statements of financial position, upon Listing, our Group's total equity will increase from RM34.9 million to RM57.4 million, resulting in a decrease in the gearing ratio from 1.10 times to 0.64 times.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which materially affected our financial performance during FYE 2021 to 2023 and FPE 2024. However, there can be 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 adversely and materially affect our operations are set out in Section 9.

12.10 IMPACT OF INFLATION

During FYE 2021 to 2023 and FPE 2024, 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.

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES

(a) Impact of foreign exchange rates

We are mainly exposed to transactional currency exposure as our revenue and purchase are denominated in RM, USD and EUR. Any significant change in foreign exchange rates may affect our financial results.

For FYE 2021 to 2023 and FPE 2023 and 2024, our net gains/(losses) from foreign exchange fluctuations are as follows:

	Audited			**Unaudited**	**Audited**
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Realised (loss)/gain on foreign exchange	(5)	109	(63)	(9)	42
Unrealised loss on foreign exchange	(19)	-	(34)	-	-
Net (loss)/gain	**(24)**	**109**	**(97)**	**(9)**	**42**

Our exposure to changes in the foreign currency exchange rates at the end of the reporting period against the functional currency of our Group does not have a material impact on the PAT and equity of our Company for FPE 2024 and hence, no sensitivity analysis was performed.

We maintain foreign currency accounts to receive sales proceeds in foreign currencies. In addition, we also mitigate foreign exchange risk through natural hedging of our foreign currency accounts used to pay for foreign currency denominated purchases of software licence and hardware. Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

(b) Impact of interest rates

Our interest coverage ratios throughout FYE 2021 to 2023 and FPE 2024 are as follows:

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
Interest coverage ratio[(1)] (times)	62.06	27.30	15.07	7.75	4.40

Note:

(1) Computed based on EBIT over finance costs for FYE 2021 to 2023 and FPE 2023 and 2024.

Our interest coverage ratio range from 4.40 times to 62.06 times for FYE 2021 to 2023 and FPE 2023 and 2024 indicates that our Group has been able to generate sufficient EBIT to meet its interest serving obligations. Our interest coverage ratio dropped significantly in FPE 2024 to 4.40 times due to the higher term loan interest incurred in line with additional borrowings drawn.

Our exposure to changes in interest rate relates primarily to our borrowings from banks. We do not hedge interest rate risk.

A sensitivity analysis was performed based on the outstanding floating rate of the bank borrowings as at 31 December 2023 indicates that our PAT for FYE 2023 would increase or decrease by RM33,000, as a result of increase or decrease in interest rates by 100 basis points on these borrowings.

Our financial results for FYE 2021 to 2023 and FPE 2024 were not materially affected by fluctuations in interest rates. However, should we undertake significant bank borrowings, a major increase in interest rates would raise the cost of borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

(c) Impact of commodity prices

We are not affected by fluctuations in commodity prices as the hardware, software and licences that we use in delivering our products and service are not commodities.

12.12 SIGNIFICANT CHANGES

On 31 December 2024, TSM entered into a hire purchase facility-i agreement with PLC Credit & Factoring Sdn Bhd amounting to RM50.0 million. The proceeds were partially drawn down on 31 December 2024 amounting to RM2.6 million to pay suppliers for the purchase ICT equipment to rent to a Government agency under a finance lease arrangement. The ICT equipment has been fully paid upon drawdown of the hire purchase loan.

On 10 September 2024, TSM signed a hire purchase agreement with Public Bank Berhad. The proceeds were drawn down on 10 September 2024 amounting to RM0.5 million for the acquisition of a motor vehicle.

Save for the above, there are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FPE 2024 and up to LPD.

12.13 ORDER BOOK

Our order book relates to the contract value of on-going projects less amounts recognised as revenue up to LPD. These on-going contracts will be performed and recognised as revenue progressively up to FYE 2029 based on expected progress.

Business segment	FYE 2025 RM'million	FYE 2026 RM'million	FYE 2027 RM'million	FYE 2028 RM'million	FYE 2029 RM'million	Total as at LPD RM'million
Design and implementation services[1]	36.2	20.3	-	-	-	56.5
Maintenance and support services[2]	17.4	10.5	9.8	9.0	1.5	48.2
	53.6	**30.8**	**9.8**	**9.0**	**1.5**	**[3]104.7**

Notes:

(1) Comprising mainly, RTS link between Johor and Singapore project for railway company (RM35.5 million), LRT3 Project (RM11.8 million) and human resources management project for a Government agency (RM2.4 million).

(2) Comprising mainly, ICT equipment rental services for Government agencies (RM40.7 million) and maintenance and support services on hardware and supply of IT components for Customer F (RM1.3 million).

(3) Our order book based on geographical location is as follows:

Geographical location	RM'million
Malaysia	104.2
Overseas	0.5
Total	**104.7**

As at LPD, the total value of the projects that we have tendered for amounts to RM647.2 million. These projects, if awarded to our Group, will further increase our order book.

12.14 DIRECTORS' STATEMENT ON OUR FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) our revenue will remain sustainable with an upward growth trend and the positive outlook of the enterprise IT services industry in Malaysia as set out in the IMR Report in Section 8;

(b) our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies and prospects as stated in Section 7.16; and

(c) 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 funding for our business expansion should the need arise.

In addition to the above, our Board confirms that there are no known circumstances which would result in a significant decline of 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, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position, operations, liquidity and capital resources save as disclosed in Sections 12.2, 12.9 and 12.12;

(b) material commitments for capital expenditure disclosed in Section 12.6;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed Sections 12.2, 12.9 and 12.12;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue and/or profits save as disclosed in Sections 12.2, 12.9 and 12.12; and

(e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position save as disclosed in Sections 12.2, 12.9 and 12.12.

Based on the above, our Board is optimistic about the future prospects of our Group given the positive outlook of the enterprise IT services industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.15 and our Group's intention to implement our business strategies as set out in Section 7.16.

12.16 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. We will require financiers' consent as set out in the respective facility agreements to pay dividends to our shareholders in the future. However, 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:

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

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

(c) our expected results of operations and future level of operations;

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

(e) the prior consent from our lenders, if any.

There is no assurance as to whether the dividend distribution will occur, the amount of dividend payment or timing of such payment.

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:

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

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

During FYE 2021 to 2023, FPE 2024 and up to LPD, we have declared and paid the following dividends:

	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**	**1 August 2024 up to LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividend declared and paid	-	300	-	-	-

The dividends declared and paid in FYE 2022 were funded via internally generated funds. We do not intend to declare and pay any dividends from the LPD up to the point of our Listing.

12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness based on the latest unaudited financial information of our Group as at 30 November 2024 and after adjusting for the effects of significant event and the Public Issue including the utilisation of proceeds.

		I	II	III
	(1)As at 30 November 2024	(3)After significant event	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Capitalisation				
Shareholders' equity	37,562	37,562	62,562	60,207
Total capitalisation	**37,562**	**37,562**	**62,562**	**60,207**
Indebtedness				
Current				
Secured and guaranteed				
Term loans	7,333	7,333	7,333	4,993
Bankers' acceptances	450	450	450	450
Hire purchase payables	61	864	864	864
Bank overdrafts	2,966	2,966	2,966	2,966
Lease liabilities	143	143	143	143
Non-current				
Secured and guaranteed				
Term loans	29,308	29,308	29,308	26,648
Hire purchase payables	419	2,189	2,189	2,189
Lease liabilities	74	74	74	74
Total indebtedness	**40,754**	**43,327**	**43,327**	**38,327**
Total capitalisation and indebtedness	**78,316**	**80,889**	**105,889**	**98,534**
Gearing ratio (times)(2)	1.08	1.15	0.69	0.64

Notes:

(1) After adjusting for the effects of the Acquisition.

(2) Calculated based on the total indebtedness divided by the total capitalisation.

(3) On 31 December 2024, TSM entered into a hire purchase facility-i agreement with PLC Credit & Factoring Sdn Bhd amounting to RM50.0 million. The proceeds were partially drawn down on 31 December 2024 amounting to RM2.6 million to pay suppliers for the purchase of ICT equipment to rent to a Government agency under a finance lease arrangement. The ICT equipment has been fully paid upon drawdown of the hire purchase loan.

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Date: 6 January 2025

The Board of Directors
TECHSTORE BERHAD
No. 20-2 Jalan Suria Puchong 6
Pusat Perniagaan Suria Puchong
47110 Puchong Selangor

Dear Sirs/Madams,

REPORTING ACCOUNTANT'S OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANT'S REPORT OF TECHSTORE BERHAD ("TECHSTORE" OR "THE COMPANY")

OPINION

We have audited the financial information contained in the Accountants' Report of TechStore Berhad, which is the combined financial statements of TechStore and its combining entity, Tech-Store Malaysia Sdn. Bhd. ("TSM") and its subsidiary ("TSM Group") (collectively TechStore and TSM Group are referred to as "TechStore Group" or "the Group"), which comprise the combined statements of financial position as at 31 December 2021, 2022 and 2023 and 31 July 2024 of the Group and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2021, 2022 and 2023 and financial period ended ("FPE") 31 July 2024 and notes to the combined financial statements, including material accounting policy information, as set out in pages 4 to 110.

This historical financial information has been prepared for inclusion in the prospectus of the Group in connection with the listing and quotation of the entire enlarged issued ordinary shares of the Group on the ACE Market of Bursa Malaysia Securities Berhad. This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") (the Prospectus "Guidelines") and is given for the purpose of complying with Chapter 10 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the combined financial position of the Group as at 31 December 2021, 2022 and 2023 and 31 July 2024 and of its combined financial performance and combined cash flows for each of the FYE 31 December 2021, 2022 and 2023 and FPE 31 July 2024 in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

BASIS FOR OPINION

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

BASIS FOR OPINION (CONT'D)

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.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

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

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

REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 information.

As a 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.

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REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

As a 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 (Cont'd):-

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

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents 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 information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

OTHER MATTERS

The significant events subsequent to the end of the FPE 31 July 2024 have been disclosed in Note 33 to this report.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the prospectus of TechStore in connection with the listing and quotation of the entire enlarged issued shares capital of TechStore on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be 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.

Crowe Malaysia PLT	**Chin Kit Seong**
201906000005 (LLP0018817-LCA) & AF 1018	03030/01/2025 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

TECHSTORE BERHAD
COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	<------FYE 31 December 2021	2022	2023------>	FPE 31 July 2024
		RM	RM	RM	RM
		Audited	Audited	Audited	Audited
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	979,625	1,512,253	1,856,620	1,878,891
Right-of-use assets	5	1,759,607	2,360,091	2,352,084	2,259,237
Goodwill	6	-	-	-	1,321,874
Intangible assets	7	-	-	-	2,490,821
Trade and other receivables	8	-	-	-	27,297,682
Deferred tax assets	9	569,000	405,000	526,000	834,000
		3,308,232	4,277,344	4,734,704	36,082,505
CURRENT ASSETS					
Inventories	10	752,395	1,914,580	1,728,653	2,383,026
Trade and other receivables	8	3,550,107	5,879,671	14,995,394	29,680,124
Contract assets	11	14,977,908	28,570,210	22,751,298	14,867,037
Deposits and prepayments	12	514,959	1,063,793	1,297,958	3,906,905
Current tax assets		-	-	-	25,881
Cash and cash equivalents	13	10,197,296	7,580,560	18,093,844	15,279,098
		29,992,665	45,008,814	58,867,147	66,142,071
TOTAL ASSETS		33,300,897	49,286,158	63,601,851	102,224,576

TECHSTORE BERHAD
COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	<-----FYE 31 December----- 2021 RM Audited	2022 RM Audited	2023 RM Audited---->	FPE 31 July 2024 RM Audited
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16(a)	-	-	-	1
Invested equity	16(b)	4,000,000	5,000,000	12,000,000	12,000,000
Retained profits		13,438,016	19,350,242	20,072,086	22,912,671
TOTAL EQUITY		17,438,016	24,350,242	32,072,086	34,912,672
NON-CURRENT LIABILITIES					
Lease liabilities	17	138,577	152,860	141,369	123,051
Long-term borrowings	18	1,973,696	3,974,871	3,989,834	31,202,779
		2,112,273	4,127,731	4,131,203	31,325,830
CURRENT LIABILITIES					
Trade and other payables	19	12,665,973	18,754,700	21,426,557	25,628,904
Contract liabilities	11	91,276	103,640	-	2,044,627
Lease liabilities	17	162,363	167,808	200,961	138,483
Short-term borrowings	18	242,784	660,884	4,610,023	7,236,855
Current tax liabilities		588,212	1,121,153	1,161,021	937,205
		13,750,608	20,808,185	27,398,562	35,986,074
TOTAL LIABILITIES		15,862,881	24,935,916	31,529,765	67,311,904
TOTAL EQUITY AND LIABILITIES		33,300,897	49,286,158	63,601,851	102,224,576

TECHSTORE BERHAD
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	<------------------FYE 31 December	----------------	---------------->	<-----------FPE 31 July	----------->
		2021	**2022**	**2023**	**2023**	**2024**
		RM	RM	RM	RM	RM
		Audited	Audited	Audited	Unaudited	Audited
REVENUE	20	29,382,470	42,239,189	62,207,480	19,909,834	30,120,075
COST OF SALES		(18,975,747)	(31,273,792)	(47,143,460)	(14,435,297)	(23,415,278)
GROSS PROFIT		10,406,723	10,965,397	15,064,020	5,474,537	6,704,797
OTHER INCOME		192,363	1,208,682	289,424	150,554	1,948,407
		10,599,086	12,174,079	15,353,444	5,625,091	8,653,204
ADMINISTRATIVE EXPENSES		(3,325,444)	(2,732,437)	(3,405,708)	(1,732,210)	(4,350,638)
OTHER EXPENSES		(439,314)	(406,921)	(623,250)	(306,783)	(270,951)
FINANCE COSTS		(148,250)	(353,042)	(739,403)	(450,066)	(793,901)
NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS	21	2,416,566	693,194	(89,557)	(38,180)	486,347
PROFIT BEFORE TAXATION	22	9,102,644	9,374,873	10,495,526	3,097,852	3,724,061
INCOME TAX EXPENSE	23	(2,340,294)	(2,162,647)	(2,773,682)	(1,027,682)	(883,476)
PROFIT AFTER TAXATION		6,762,350	7,212,226	7,721,844	2,070,170	2,840,585
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		6,762,350	7,212,226	7,721,844	2,070,170	2,840,585

TECHSTORE BERHAD
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		<-------FYE 31 December	------->		<----FPE 31 July	---->
		2021	**2022**	**2023**	**2023**	**2024**
	Note	RM	RM	RM	RM	RM
		Audited	Audited	Audited	Unaudited	Audited
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-						
Owners of the Company		6,762,350	7,212,226	7,721,844	2,070,170	2,840,585
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-						
Owners of the Company		6,762,350	7,212,226	7,721,844	2,070,170	2,840,585
EARNINGS PER SHARE (SEN)	24					
- basic		56.35	60.10	64.35	17.25	23.67
- diluted		56.35	60.10	64.35	17.25	23.67

TECHSTORE BERHAD
COMBINED STATEMENTS OF CHANGES IN EQUITY

		<----	Audited	---->	
	Note	**Share Capital** RM	**Invested Equity** RM	**Retained Profits** RM	**Total Equity** RM
Balance as at 1.1.2021		-	4,000,000	6,675,666	10,675,666
Profit after taxation/Total comprehensive income for the financial year		-	-	6,762,350	6,762,350
Balance as at 31.12.2021/1.1.2022		-	4,000,000	13,438,016	17,438,016
Profit after taxation/Total comprehensive income for the financial year		-	-	7,212,226	7,212,226
Bonus issue of shares	16(b)	-	1,000,000	(1,000,000)	-
Dividends	26	-	-	(300,000)	(300,000)
Total contributions by and distributions to owners		-	1,000,000	(1,300,000)	(300,000)
Balance as at 31.12.2022/1.1.2023		-	5,000,000	19,350,242	24,350,242
Profit after taxation/Total comprehensive income for the financial year		-	-	7,721,844	7,721,844
Bonus issue of shares	16(b)	-	7,000,000	(7,000,000)	-
Balance as at 31.12.2023/1.1.2024		-	12,000,000	20,072,086	32,072,086
Issuance of shares at the date of incorporation	16(a)	1	-	-	1
Profit after taxation/Total comprehensive income for the financial period		-	-	2,840,585	2,840,585
Balance as at 31.7.2024		1	12,000,000	22,912,671	34,912,672

TECHSTORE BERHAD
COMBINED STATEMENTS OF CASH FLOWS

		<--------------------FYE 31 December		------------------>	<------------FYE 31 July--------->	
		2021	**2022**	**2023**	**2023**	**2024**
	Note	RM	RM	RM	RM	RM
		Audited	Audited	Audited	Unaudited	Audited
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES						
Profit before taxation		9,102,644	9,374,873	10,495,526	3,097,852	3,724,061
Adjustments for:-						
Allowance for impairment losses:						
- contract assets		-	-	-	13,000	245,000
- finance lease receivable		-	-	-	-	235,000
- trade receivables		-	-	579,557	168,180	-
Amortisation of intangible assets		-	-	-	-	178
Depreciation of property, plant and equipment		157,732	176,856	260,809	139,482	187,306
Depreciation of right-of-use assets		182,277	195,192	217,066	122,259	107,449
Interest expense on financial liabilities that are not at fair value through profit or loss:						
- bankers' acceptances		-	-	15,165	962	32,934
- bank overdraft		-	-	-	-	16,540
- bank guarantee		11,115	116,177	355,758	234,109	98,144
- invoice financing		-	-	-	-	42,892
- term loans		86,847	198,575	292,400	167,623	584,269
Interest expenses on lease liabilities		20,017	23,994	25,049	14,149	10,702
Unrealised gain on foreign exchange		19,957	-	34,114	-	-
Finance income on finance lease receivable		-	-	-	-	(1,396,288)
Gain on lease modification due to termination		-	-	-	-	(2,641)
Operating profit before working capital changes bought forward		9,580,589	10,085,667	12,275,444	3,957,616	3,884,278

TECHSTORE BERHAD
COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

		<---FYE 31 December		--->	<---FYE 31 July	--->
		2021	**2022**	**2023**	**2023**	**2024**
	Note	RM	RM	RM	RM	RM
		Audited	Audited	Audited	Unaudited	Audited
Operating profit before working capital changes carried forward		9,580,589	10,085,667	12,275,444	3,957,616	3,884,278
Gain on reassessment of lease liabilities		(2,008)	(8,004)	(5,845)	(5,845)	(3,909)
Interest income on financial assets		(65,110)	(126,584)	(184,563)	(89,548)	(112,150)
Reversal of impairment losses:						
- contract assets		(10,000)	-	-	-	-
- non-trade receivables		(38,566)	(206,117)	-	-	-
- trade receivables		(2,368,000)	(487,077)	(490,000)	(143,000)	(966,347)
Operating profit before working capital changes		7,096,905	9,257,885	11,595,036	3,719,223	2,803,140
(Increase)/Decrease in inventories		(18,829)	(1,162,185)	185,927	(806,103)	(654,373)
(Increase)/Decrease in contract assets		(14,612,086)	(13,592,302)	5,818,912	16,391,018	7,639,261
(Decrease)/Increase in contract liabilities		(1,488,533)	12,364	(103,640)	2,954,894	2,044,627
Decrease/(Increase) in trade and other receivables		6,164,324	(2,350,600)	(9,482,651)	(9,393,378)	(7,988,142)
Increase/(Decrease) in trade and other payables		5,218,580	6,061,424	2,699,436	(9,649,172)	1,864,186
Decrease/(Increase) in amount owing by related parties		32,351	241,138	(32,812)	(370,932)	1,114,623
CASH FROM/(FOR) OPERATIONS		2,392,712	(1,532,276)	10,680,208	2,845,550	6,823,322
Income tax paid		(1,488,144)	(1,465,706)	(2,854,814)	(734,548)	(1,417,437)
Income tax refunded		990,862	-	-	-	-
Interest paid		-	-	-	-	(428,218)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		1,895,430	(2,997,982)	7,825,394	2,111,002	4,977,667

TECHSTORE BERHAD
COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	<----FYE 31 December----		---->	<----FYE 31 July----	---->
		2021	**2022**	**2023**	**2023**	**2024**
		RM	RM	RM	RM	RM
		Audited	Audited	Audited	Unaudited	Audited
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES						
Advances to a director		-	(48,439)	-	-	-
Decrease/(Increase) in pledged fixed deposits with licensed banks		349,068	116,297	(1,025,072)	(779,758)	1,029,755
Development costs paid		-	-	-	-	(2,486,736)
Interest income received		65,110	126,584	184,563	89,548	112,150
Net cash outflow from acquisition of a subsidiary	25(c)	-	-	-	-	(136,620)
Purchase of property, plant and equipment	27(a)	(178,655)	(709,484)	(605,176)	(392,340)	(209,576)
Purchase of right-of-use assets	27(a)	-	(607,738)	-	-	-
Repayment from a director		-	-	48,439	48,439	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		235,523	(1,122,780)	(1,397,246)	(1,034,111)	(1,691,027)

TECHSTORE BERHAD
COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	<--FYE 31 December--> 2021 RM Audited	2022 RM Audited	2023 RM Audited -->	<--FYE 31 July-- 2023 RM Unaudited	2024 RM Audited -->
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES						
(Increase)/Decrease in restricted cash		(700,000)	-	886,625	-	(335,637)
Dividend paid	26	-	(300,000)	-	-	-
Drawdown of bankers' acceptances	27(b)	-	-	1,734,769	1,734,769	1,926,717
Drawdown of invoice financing	27(b)	-	-	3,050,000	-	1,741,136
Drawdown of term loan	27(b)	-	4,295,000	1,000,000	1,000,000	-
Interest paid		(117,979)	(338,746)	(688,372)	(416,843)	(357,263)
Proceeds from issuance of share		-	-	-	-	1
Repayment of bankers' acceptances	27(b)	-	-	(1,012,046)	(964,147)	(2,649,440)
Repayment of invoice financing	27(b)	-	-	-	-	(4,791,136)
Repayment of lease liabilities	27(b)	(157,583)	(160,206)	(181,552)	(101,702)	(88,848)
Repayment of term loans	27(b)	(189,537)	(1,875,725)	(808,621)	(465,606)	(852,798)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,165,099)	1,620,323	3,980,803	786,471	(5,407,268)

TECHSTORE BERHAD
COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

		<------FYE 31 December	------	------>	<------FYE 31 July	------>
		2021	**2022**	**2023**	**2023**	**2024**
	Note	RM	RM	RM	RM	RM
		Audited	Audited	Audited	Unaudited	Audited
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		965,854	(2,500,439)	10,408,951	1,863,362	(2,120,628)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		-	-	(34,114)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		4,814,109	5,779,963	3,279,524	3,279,524	13,654,361
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	13	5,779,963	3,279,524	13,654,361	5,142,886	11,533,733

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

On 23 January 2024, TechStore Berhad ("TechStore" or "the Company") was incorporated as a private limited liability company to facilitate the proposed initial public offering. On 6 June 2024, the Company was converted from a private limited company to a public limited company by shares.

The registered office and principal place of business are as follows:-

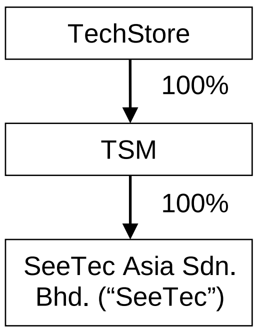
Registered office	:	B-21-1, Level 21, Tower B, Northpoint Mid Valley City No.1, Medan Syed Putra Utara 59200 Kuala Lumpur, W.P. Kuala Lumpur
Principal place of business	:	No. 20-2 Jalan Suria Puchong 6 Pusat Perniagaan Suria Puchong 47110 Puchong Selangor

For the purpose of listing the Group on the ACE Market of Bursa Malaysia Securities Berhad, the Company entered into Share Sale Agreements ("SSA") on 6 May 2024 to acquire 100% equity interests in Tech-Store Malaysia Sdn. Bhd. ("TSM").

TSM was incorporated in Malaysia on 19 April 2011 under the Companies Act 2016 as a private limited liability company limited by shares.

TSM is principally engaged in the business of the distribution and provision of professional project contracting services relating to software and hardware for security and ICT products.

Following the completion of the acquisition, the Group adopted the current structure as follows:-



2. BASIS OF PREPARATION

As the Group has not been in place as at 31 December 2023, there are no consolidated financial statements of the Group for FYE 31 December 2021, 2022 and 2023.

For the purpose of inclusion in the prospectus of TechStore in connection with the listing and quotation of the entire enlarged issued share capital of TechStore on the ACE Market of Bursa Malaysia Securities Berhad, the Group prepared the combined financial statements comprise the combined statements of financial position as at 31 December 2021, 2022 and 2023 and 31 July 2024 of the Group and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the FYE 31 December 2021, 2022 and 2023 and FPE 31 July 2024.

The combined financial statements is a continuation of the acquired entity and the assets and liabilities of the acquired entity are stated at their existing carrying amounts.

The financial information as prepared in the combined financial statements may not correspond with the consolidated financial statements of the Group after incorporating or effecting the relevant acquisitions, as the combined financial statements reflect business combinations under common control for the purpose of listing the Company on the ACE Market of Bursa Malaysia Securities Berhad. Such financial information from the combined financial statements does not purport to predict the financial positions, results of operation and cash flows of the Group.

The combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the financial statements for the relevant financial years/periods as follows:-

Entities Under Common Control	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
TechStore Group	*	*	*	*	✓, ^
Tech-Store Malaysia Group	@	@	@	@	✓, ^

* *No financial statements are available for TechStore as the Company was incorporated on 23 January 2024.*

@ *The combined financial statements of the Group for the financial year/period have been prepared based on the audited financial statements of TSM for the FYE 31 December 2021, 2022 and 2023 which were audited by Crowe Malaysia PLT and the auditors' report expressed an unmodified opinion.*

✓ *The combined financial statements of the Group include the financial statements of these combining entities for the financial period.*

^ *The combined financial statements of the Group for the financial period have been prepared based on the audited financial statements which were audited by Crowe Malaysia PLT for the purpose of inclusion into the combined financial statements of the Group.*

2. BASIS OF PREPARATION (CONT'D)

The audited financial statements of all the combining entities were not subject to any modified audit opinions.

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

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

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

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the combined financial statements of the Group.

2. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the combined financial statements of the Group upon its initial application except as follows:-

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard sets out the new requirements for the presentation and disclosure of information in the primary financial statements and notes. The potential impact of the new standard on the combined financial statements of the Group has yet to be assessed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Impairment of Goodwill and Intangible Assets

The assessment of whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill and intangible assets are allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and intangible assets as at the reporting date and the key assumptions are disclosed in Notes 6 and 7 to the combined financial statements respectively.

(b) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determine whether an item of its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 4 and 5 to the combined financial statements respectively.

(c) Impairment of Trade Receivables, Finance Lease Receivable and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables, finance lease receivable and contract assets. The finance lease receivable and contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables, finance lease receivable and contract assets. The carrying amounts of trade receivables, finance lease receivable and contract assets as at the reporting date are disclosed in Notes 10 and 11 to the combined financial statements respectively.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Revenue Recognition for Contract Services

The Group recognises certain contract services by reference to the contract services progress using the input method, determined based on the proportion of contract costs incurred for work performed to date over the estimated total contract costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 11 to the combined financial statements.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and liabilities as at the reporting date are RM25,881 (31.12.2021 - Nil, 31.12.2022 - Nil, 31.12.2023 - Nil) and RM937,205 (31.12.2021 - RM588,212, 31.12.2022 - RM1,121,153, 31.12.2023 - RM1,161,021) respectively.

(f) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 8 to the combined financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial period are disclosed in Note 25(b) to the combined financial statements.

Critical Judgements Made in Applying Accounting Policies

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

Lease Terms

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

3.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

<u>Financial Assets Through Profit or Loss</u>

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

<u>Financial Assets at Amortised Cost</u>

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial Liabilities

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

3.3 BASIS OF COMBINATION

(a) Combining Entities

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities, under common control of the shareholders that control the Company and the combining entities ("Controlling Shareholders"), and are accounted for as if the Company and the combining entities are a single economic entity at the beginning of the earlier comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated.

The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of equity of the combining entities' are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity. The accounting policies of combining entities have been changed where necessary to align them with the policies adopted by the Group.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.3 BASIS OF COMBINATION (CONT'D)

(a) Combining Entities (Cont'd)

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have de facto power over an investee when, despite not having the majority of voting rights, they have the current ability to direct the activities of the investee that significantly affect the investee's return.

(b) Subsidiaries

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the combined financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(c) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.4 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

3.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Buildings	2%
Computer and software	20%
Equipment	10% to 20%
Furniture and fittings	20%
Motor vehicles	20%
Renovation	20%
Signboard	20%

3.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Group apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

3.7 INTANGIBLE ASSETS

Intangible assets are initially measured at cost. Subsequent to the initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible Assets with Definite Useful Lives

The intangible assets are amortised using the straight-line method to allocate their depreciable amounts over the following periods:-

Trademark	10 years

3.8 RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as an expense when they are incurred.

Capitalised development costs are initially measured at cost. Subsequent the to initial recognition, the development costs are stated at cost less accumulated amortisation and any accumulated impairment losses.

Capitalised development costs are amortised from the point at which the asset is available for use using the straight-line method over periods of 5 years. Prior to that, the capitalised development costs are tested for impairment annually and whenever there is an indication that they may be impaired.

3.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	<--------Audited			-------->
	At 1.1.2021 RM	Additions (Note 27(a)) RM	Depreciation Charges (Note 22) RM	At 31.12.2021 RM
FYE 31 December 2021				
Carrying Amount				
Buildings	530,274	-	(6,835)	523,439
Computer and software	83,761	118,740	(53,093)	149,408
Equipment	94,523	49,523	(31,377)	112,669
Furniture and fittings	4,901	10,392	(4,151)	11,142
Motor vehicles	240,542	-	(60,135)	180,407
Renovation	4,701	-	(2,141)	2,560
	958,702	178,655	(157,732)	979,625

	<--------Audited			-------->
	At 1.1.2022 RM	Additions (Note 27(a)) RM	Depreciation Charges (Note 22) RM	At 31.12.2022 RM
FYE 31 December 2022				
Carrying Amount				
Buildings	523,439	476,062	(18,709)	980,792
Computer and software	149,408	149,968	(50,890)	248,486
Equipment	112,669	35,680	(36,956)	111,393
Furniture and fittings	11,142	17,074	(5,181)	23,035
Motor vehicles	180,407	27,000	(63,285)	144,122
Renovation	2,560	3,700	(1,835)	4,425
	979,625	709,484	(176,856)	1,512,253

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<-----Audited			----->
	At 1.1.2023 RM	Additions (Note 27(a)) RM	Depreciation Charges (Note 22) RM	At 31.12.2023 RM
FYE 31 December 2023				
Carrying Amount				
Buildings	980,792	-	(21,003)	959,789
Computer and software	248,486	500,272	(131,388)	617,370
Equipment	111,393	52,087	(27,449)	136,031
Furniture and fittings	23,035	12,246	(6,538)	28,743
Motor vehicles	144,122	34,500	(72,235)	106,387
Renovation	4,425	6,071	(2,196)	8,300
	1,512,253	605,176	(260,809)	1,856,620

	<-----Audited				----->
	At 1.1.2024 RM	Acquisition of a Subsidiary (Note 25(b)) RM	Additions (Note 27(a)) RM	Depreciation Charges (Note 22) RM	At 31.7.2024 RM
FPE 31 July 2024					
Carrying Amount					
Buildings	959,789	-	-	(12,252)	947,537
Computer and software	617,370	-	124,434	(106,548)	635,256
Equipment	136,031	1	63,345	(19,446)	179,931
Furniture and fittings	28,743	-	3,952	(4,963)	27,732
Motor vehicles	106,387	-	-	(42,253)	64,134
Renovation	8,300	-	17,845	(1,844)	24,301
	1,856,620	1	209,576	(187,306)	1,878,891

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<----Audited	----	---->
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
At 31.12.2021			
Buildings	574,131	(50,692)	523,439
Computer and software	890,464	(741,056)	149,408
Equipment	436,528	(323,859)	112,669
Furniture and fittings	316,683	(305,541)	11,142
Motor vehicles	438,350	(257,943)	180,407
Renovation	151,791	(149,231)	2,560
Signboard	10,750	(10,750)	-
	2,818,697	(1,839,072)	979,625
At 31.12.2022			
Buildings	1,050,193	(69,401)	980,792
Computer and software	1,040,432	(791,946)	248,486
Equipment	472,208	(360,815)	111,393
Furniture and fittings	333,757	(310,722)	23,035
Motor vehicles	465,350	(321,228)	144,122
Renovation	155,491	(151,066)	4,425
Signboard	10,750	(10,750)	-
	3,528,181	(2,015,928)	1,512,253
At 31.12.2023			
Buildings	1,050,193	(90,404)	959,789
Computer and software	1,540,704	(923,334)	617,370
Equipment	524,295	(388,264)	136,031
Furniture and fittings	346,003	(317,260)	28,743
Motor vehicles	499,850	(393,463)	106,387
Renovation	161,562	(153,262)	8,300
Signboard	10,750	(10,750)	-
	4,133,357	(2,276,737)	1,856,620

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<-----Audited	-----	----->
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
At 31.7.2024			
Buildings	1,050,193	(102,656)	947,537
Computer and software	1,667,828	(1,032,572)	635,256
Equipment	589,925	(409,994)	179,931
Furniture and fittings	349,955	(322,223)	27,732
Motor vehicles	499,850	(435,716)	64,134
Renovation	179,407	(155,106)	24,301
Signboard	18,550	(18,550)	-
	4,355,708	(2,476,817)	1,878,891

The buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the combined financial statements.

5. RIGHT-OF-USE ASSETS

	<-----Audited	-----	-----	----->
	At 1.1.2021 RM	Reassessment of Lease Liabilities RM	Depreciation Charges (Note 22) RM	At 31.12.2021 RM
FYE 31 December 2021				
Carrying Amount				
Leasehold lands	1,484,767	-	(19,138)	1,465,629
Office premises	39,088	234,112	(117,128)	156,072
Hostel	70,459	29,511	(29,223)	70,747
Equipment	83,947	-	(16,788)	67,159
	1,678,261	263,623	(182,277)	1,759,607

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

5. RIGHT-OF-USE ASSETS (CONT'D)

	<-----	-----	Audited	-----	----->
	At 1.1.2022 RM	Addition (Note 27(a)) RM	Reassessment of Lease Liabilities RM	Depreciation Charges (Note 22) RM	At 31.12.2022 RM
FYE 31 December 2022					
Carrying Amount					
Leasehold lands	1,465,629	607,738	-	(26,363)	2,047,004
Office premises	156,072	-	117,060	(117,056)	156,076
Hostel	70,747	-	29,268	(29,273)	70,742
Equipment	67,159	-	41,610	(22,500)	86,269
	1,759,607	607,738	187,938	(195,192)	2,360,091

	<-----	-----	Audited	-----	----->
	At 1.1.2023 RM	Addition (Note 27(a)) RM	Reassessment of Lease Liabilities RM	Depreciation Charges (Note 22) RM	At 31.12.2023 RM
FYE 31 December 2023					
Carrying Amount					
Leasehold lands	2,047,004	-	-	(27,321)	2,019,683
Office premises	156,076	-	117,056	(117,056)	156,076
Hostels	70,742	62,729	29,274	(50,185)	112,560
Equipment	86,269	-	-	(22,504)	63,765
	2,360,091	62,729	146,330	(217,066)	2,352,084

	<-----	-----	Audited	-----	----->
	At 1.1.2024 RM	Derecognition Due to Lease Modification RM	Reassessment of Lease Liabilities RM	Depreciation Charges (Note 22) RM	At 31.7.2024 RM
FPE 31 July 2024					
Carrying Amount					
Leasehold lands	2,019,683	-	-	(15,937)	2,003,746
Office premises	156,076	-	117,056	(68,279)	204,853
Hostels	112,560	(102,454)	-	(10,106)	-
Equipment	63,765	-	-	(13,127)	50,638
	2,352,084	(102,454)	117,056	(107,449)	2,259,237

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

5. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group has leases contract for leasehold lands, office premises, hostels and equipment used in its operations with the following lease terms:-

	<---------------------FYE 31 December--------------------->			FPE 31 July
	2021	**2022**	**2023**	**2024**
	Audited	Audited	Audited	Audited
Leasehold lands	84 years	84 years and 75 years	84 years and 75 years	84 years and 75 years
Office premises	1 year + 1 year renewal option	1 year + 1 year renewal option	1 year + 1 year renewal option	1 year + 1 year renewal option
Hostels	1 year + 2 years renewal option	1 year + 2 years renewal option	1 year + 2 years renewal option and 1 year + 1 year renewal option	NIL
Equipment	5 years	5 years	5 years	5 years

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(c) The leasehold lands of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the combined financial statements.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

6. GOODWILL

	FPE 31 July 2024 RM Audited
Cost:-	
At 1 January 2024	-
Acquisition of a subsidiary (Note 25(d))	1,321,874
At 31 July 2024	1,321,874
Accumulated impairment loss:-	
At 1 January 2024	-
Impairment during the financial period (Note 38)	-
At 31 July 2024	-
	1,321,874

The Group has assessed the recoverable amount of goodwill and determined that no impairment is required. The recoverable amount is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the cash-generating unit based on the projections of financial budgets approved by the management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

	2024 %	Basis
Revenue growth rate	1.80	Based on historical inflation rate
Gross profit margin	15.00	Based on the cost markup specified in the agreement.
Discount rate (pre-tax)	5.09	The rate reflects specific risks relating to the cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future projections in the cash-generating unit and are based on both external sources and internal historical data.

The management believes that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit's carrying amount to exceed its recoverable amount.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS

	FPE 31 July 2024 RM Audited
Cost:-	
At 1 January 2024	-
Additions	2,486,736
Acquisition of a subsidiary	6,080
At 31 July 2024	2,492,816
Accumulated amortisation:-	
At 1 January 2024	-
Acquisition of a subsidiary	(1,817)
Amortisation during the financial period (Note 27)	(178)
At 31 July 2024	(1,995)
	2,490,821
Represented by:-	
Development cost	2,486,736
Trademark	4,085

Included in additions during the financial period are:-

Staff costs	430,488

The development costs are in respect of development of platform screen door and belong to the Design and Implementation of enterprise IT security and automation solutions segment.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS (CONT'D)

The Group has assessed the recoverable amount of development cost and determined that no impairment is required. Its recoverable amount is determined using the value in use approach, and this is derived from the present value of the future cash flows from platform screen door computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

	2024 %	**Basis**
Gross profit margin	24.00	Based on similar project execute during past performance
Discount rate (pre-tax)	5.09	The rate reflects specific risks relating to the cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future projections in the cash-generating unit and are based on both external sources and internal historical data.

The management believes that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit's carrying amount to exceed its recoverable amount.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES

	<------------------FYE 31 December------------------>			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Trade receivables				
Third parties (Note (a))	4,086,254	3,468,703	9,541,624	16,259,736
Retention sums (Note (b))	1,628,865	3,797,847	7,047,497	7,526,269
	5,715,119	7,266,550	16,589,121	23,786,005
Allowance for impairment losses	(2,185,739)	(1,698,662)	(1,788,219)	(821,872)
	3,529,380	5,567,888	14,800,902	22,964,133
Non-trade receivables				
Non-current				
Finance lease receivable (Note (c))	-	-	-	27,297,682
Current				
Third parties	10,835	261,170	187,085	798,289
Finance lease receivable (Note (c))	-	-	-	6,149,112
Amount owing by related parties (Note (d))	216,009	2,174	7,407	3,590
Amount owing by a director (Note (e))	-	48,439	-	-
	226,844	311,783	194,492	6,950,991
	226,844	311,783	194,492	34,248,673
Allowance for impairment losses	(206,117)	-	-	(235,000)
	20,727	311,783	194,492	34,013,673
Total trade and non-trade receivables	3,550,107	5,879,671	14,995,394	56,977,806

8. TRADE AND OTHER RECEIVABLES (CONT'D)

	<---FYE 31 December		--->	FPE 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Trade receivables				
Allowance for impairment losses:-				
At 1 January	4,553,739	2,185,739	1,698,662	1,788,219
Addition during the financial year/period (Note 21)	-	-	579,557	-
Reversal during the financial year/period (Note 21)	(2,368,000)	(487,077)	(490,000)	(966,347)
At 31 December/31 July	2,185,739	1,698,662	1,788,219	821,872
Non-trade receivables				
Allowance for impairment losses:-				
At 1 January	244,683	206,117	-	-
Addition during the financial year/period (Note 21)	-	-	-	235,000
Reversal during the financial year/period (Note 21)	(38,566)	(206,117)	-	-
At 31 December/31 July	206,117	-	-	235,000

(a) The Group's normal trade credit term is ranging from 30 to 60 (31.12.2021 - 30 to 60, 31.12.2022 - 7 to 60, 31.12.2023 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) The retention sums are expected to be collected within the periods of 24 (31.12.2021 - 24, 31.12.2022 - 24, 31.12.2023 - 24) months.

(c) The Group entered into a finance lease arrangement for ICT equipment and lease to public sector. The lease is denominated in RM. The terms of finance lease entered is 5 years.

The interest rate inherent in the lease is fixed at the contract date for the entire lease term. The effective interest rate contracted is 10.46%.

The Group entered a specific charge and deed of assignment over finance lease receivable with licensed bank as security for banking facilities granted to the Group as disclosed in Note 18 to the combined financial statements.

(d) The amount owing by related parties is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

(e) In the FYE 31 December 2022, the amount owing by a director was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

9. DEFERRED TAX ASSETS

	<---FYE 31 December--->			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
At 1 January	1,095,000	569,000	405,000	526,000
Recognised in profit or loss (Note 21)	(526,000)	(164,000)	121,000	308,000
At 31 December/31 July	569,000	405,000	526,000	834,000

The deferred tax assets recognised at the end of the reporting period are as follows:-

	<---FYE 31 December--->			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Deferred tax assets:-				
Finance lease receivable	-	-	-	328,000
Provisions	596,000	449,000	598,000	576,000
Deferred tax liability:-				
Accelerated capital allowances over depreciation	(27,000)	(44,000)	(72,000)	(70,000)
At 31 December/31 July	569,000	405,000	526,000	834,000

At the end of the reporting period, the amount of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	FYE 31 December 2023	**FPE 31 July 2024**
	RM	RM
	Audited	Audited
Unused tax losses:		
- expires in year of assessment 2028	721,000	688,000
- expires in year of assessment 2029	1,000	1,000
- expires in year of assessment 2031	17,000	17,000
- expires in year of assessment 2032	21,000	21,000
- expires in year of assessment 2033	27,000	27,000
- expires in year of assessment 2034	-	327,000
Unabsorbed capital allowance	2,000	2,000
Provisions	205,000	258,000
	994,000	1,341,000

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

10. INVENTORIES

	FYE 31 December 2021 RM Audited	FYE 31 December 2022 RM Audited	FYE 31 December 2023 RM Audited	FPE 31 July 2024 RM Audited
At cost:-				
Spare parts, tools and consumables	752,395	1,914,580	1,728,653	2,383,026

	FYE 31 December 2021 RM Audited	FYE 31 December 2022 RM Audited	FYE 31 December 2023 RM Audited	FPE 31 July 2023 RM Unaudited	FPE 31 July 2024 RM Audited
Recognised in profit or loss:-					
Inventories recognised as cost of sales	2,481,981	4,408,313	11,390,859	2,889,934	6,048,926

None of the inventories is carried at net realisable value.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

11. CONTRACT ASSETS/(LIABILITIES)

	<------------------FYE 31 December------------------>			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Contract Assets				
At 1 January	365,822	14,977,908	28,570,210	22,751,298
Performance obligations performed (Note 20)	21,660,526	37,515,702	56,091,006	21,660,355
Transfer to trade receivables	(7,048,440)	(24,027,040)	(61,909,918)	(29,299,616)
Transfer to contract liabilities	-	103,640	-	-
Allowance for impairment losses	-	-	-	(245,000)
At 31 December/31 July	14,977,908	28,570,210	22,751,298	14,867,037
Allowance for impairment losses:-				
At 1 January	10,000	-	-	-
Addition during the financial year/period (Note 21)	-	-	-	245,000
Reversal during the financial year/period (Note 21)	(10,000)	-	-	-
At 31 December/31 July	-	-	-	245,000

(i) The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

11. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

	<--FYE 31 December		-->	FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Contract Liabilities				
At 1 January	(1,579,809)	(91,276)	(103,640)	-
Contract liabilities at the beginning of financial year/period recognised as revenue (Note 18)	1,488,533	91,276	103,640	-
Performance obligations performed (Note 18)	-	-	34,000	1,817,448
Transfer to trade receivables	-	-	(34,000)	(3,862,075)
Transfer from contract assets	-	(103,640)	-	-
At 31 December/31 July	(91,276)	(103,640)	-	(2,044,627)

(i) The contract liabilities primarily relate to advances received from customers to render contract services not yet redeemed. The amount will be recognised as revenue when the performance obligations are satisfied.

The transaction price allocated to unsatisfied and/or partially unsatisfied performance obligations as at the reporting date are as below:-

	<--FYE 31 December		-->	FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Within 1 year	28,712,876	65,944,766	50,910,123	53,320,837
Between 2 to 5 years	32,074,341	24,635,890	11,087,799	20,012,592
	60,787,217	90,580,656	61,997,922	73,333,429

The amounts disclosed include variable consideration which is constrained.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

12. DEPOSITS AND PREPAYMENTS

	<------------------FYE 31 December------------------>			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Deposits	202,996	501,546	182,246	1,842,140
Prepayments	311,963	477,092	1,115,712	1,999,327
Accrued sales	-	85,155	-	65,438
	514,959	1,063,793	1,297,958	3,906,905

(a) In FYE 31 December 2021, included in deposits is an amount of RM105,000 being deposit made to the vendor for acquisition of a property.

(b) Included in deposits is an amount of RM1,361,100 being advance deposit to the Finance Service Revenue Account with financial institution and has been pledged to financial institution as security for banking facilities granted to the Group as disclosed in Note 18 to the combined financial statements.

(c) Included in prepayments is an amount of RM1,020,691 (31.12.2021 - RM274,620, 31.12.2022 - RM329,620, 31.12.2023 - RM938,284) being advances made to suppliers and will be offset against future purchases from suppliers.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

13. CASH AND CASH EQUIVALENTS

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following:-

	<------------------FYE 31 December------------------>			<----------FPE 31 July---------->	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Short-term investments (Note 14)	15,972	-	16,348	-	-
Fixed deposits with licensed banks (Note 15)	3,530,708	3,414,411	4,439,483	4,194,169	3,409,728
Cash and bank balances	6,650,616	4,166,149	13,638,013	6,029,511	11,869,370
	10,197,296	7,580,560	18,093,844	10,223,680	15,279,098
Less: Fixed deposits pledged to licensed banks (Note 15)	(3,530,708)	(3,414,411)	(4,439,483)	(4,194,169)	(3,409,728)
Restricted cash	(886,625)	(886,625)	-	(886,625)	(335,637)
	5,779,963	3,279,524	13,654,361	5,142,886	11,533,733

Included in the cash and bank balances of the Group is amount of RM335,637 (31.12.2021 - RM886,625, 31.12.2022 - RM886,625, 31.12.2023 - Nil), pledged as security for banking facilities to facilitate the issuance of performance guarantees for contracts awarded by customers.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

14. SHORT-TERM INVESTMENTS

	<-----FYE 31 December----->			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Money market funds, at fair value	15,972	-	16,348	-

The money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with seven (7) days notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

15. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks at the end of the reporting period bore effective interest rates ranging from 2.60% to 3.10% (31.12.2021 - 1.75% to 2.00%, 31.12.2022 - 1.55% to 3.00%, 31.12.2023 - 2.55% to 3.10%) per annum. The fixed deposits have a maturity periods ranging from 3 to 12 (31.12.2021 - 2 to 12, 31.12.2022 - 3 to 12, 31.12.2023 - 3 to 12) months.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM3,409,728 (31.12.2021 - RM3,530,708, 31.12.2022 - RM3,414,411, 31.12.2023 - RM4,439,483) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 16 to the combined financial statements.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

16. SHARE CAPITAL AND INVESTED EQUITY

(a) Share Capital

	<------------------FYE 31 December------------------>			FPE 31 July
	2021 Audited	**2022** Audited	**2023** Audited	**2024** Audited
Issued and Fully Paid-Up				
	Number Of Share			
Ordinary Share				
At 23 January 2024/ date of incorporation	-	-	-	1
At 31 December/ 31 July	-	-	-	1

	<------------------FYE 31 December------------------>			FPE 31 July
	2021 RM Audited	**2022** RM Audited	**2023** RM Audited	**2024** RM Audited
Issued and Fully Paid-Up				
Ordinary Share				
At 23 January 2024/ date of incorporation	-	-	-	1
At 31 December/ 31 July	-	-	-	1

16. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)

(b) Invested Equity

	<------FYE 31 December------> 2021 Audited	2022 Audited	2023 Audited	FPE 31 July 2024 Audited
Issued and Fully Paid-Up				
	Number Of Shares			
Ordinary Shares				
At 1 January	4,000,000	4,000,000	5,000,000	12,000,000
Bonus issue of shares	-	1,000,000	7,000,000	-
At 31 December/ 31 July	4,000,000	5,000,000	12,000,000	12,000,000

	<------FYE 31 December------> 2021 RM Audited	2022 RM Audited	2023 RM Audited	FPE 31 July 2024 RM Audited
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	4,000,000	4,000,000	5,000,000	12,000,000
Bonus issue of shares	-	1,000,000	7,000,000	-
At 31 December/ 31 July	4,000,000	5,000,000	12,000,000	12,000,000

(i) For the purpose of these combined financial statements, the invested equity at the end of the respective financial year/period is the share capital of TSM.

(ii) In FYE 31 December 2022 and 2023, TSM issued 1,000,000 and 7,000,000 new ordinary shares respectively pursuant to the bonus issue exercise undertaken by TSM on the basis of seven bonus shares for every five existing ordinary shares held by the shareholders of TSM.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Group.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

16. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)

(b) Invested Equity (Cont'd)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group, and are entitled to one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.

17. LEASE LIABILITIES

	<------------------FYE 31 December------------------>			FPE 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
At 1 January	196,908	300,940	320,668	342,330
Addition (Note 27(a))	-	-	62,729	-
Changes due to reassessment of lease liabilities	261,615	179,934	140,485	113,147
Derecognition due to lease modification	-	-	-	(105,095)
Interest expenses recognised in profit or loss (Note 22)	20,017	23,994	25,049	10,702
Repayment of principal	(157,583)	(160,206)	(181,552)	(88,848)
Repayment of interest expense	(20,017)	(23,994)	(25,049)	(10,702)
At 31 December/July	300,940	320,668	342,330	261,534
Analysed by:-				
Current liabilities	162,363	167,808	200,961	138,483
Non-current liabilities	138,577	152,860	141,369	123,051
	300,940	320,668	342,330	261,534

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. BORROWINGS

	<------------------FYE 31 December------------------>			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Non-current				
Term loans (Secured)	1,973,696	3,974,871	3,989,834	31,202,779
Current				
Term loans (Secured)	242,784	660,884	837,300	7,236,855
Bankers' acceptances	-	-	722,723	-
Invoice financing	-	-	3,050,000	-
	242,784	660,884	4,610,023	7,236,855

(a) The borrowings are secured by:-

(i) All monies facilities agreement between borrower and the financial institution;

(ii) Leasehold lands and buildings as disclosed in Notes 4 and 5 to the combined financial statements;

(iii) A specific charge and deed of assignment over finance lease receivable as disclosed in Note 8 to the combined financial statements;

(iv) Fixed deposits with licensed banks as disclosed in Note 15 to the combined financial statements;

(v) Memorandum of advance deposit to the Finance Service Revenue Account as disclosed in Note 12 to the combined financial statements and deposit of sinking fund;

(vi) Personal and joint and several guarantee by directors of the Group;

(vii) Syarikat Jaminan Pembiayaan Berhad (SJPP) guarantee under covid-19 special relief fund up to RM9,600,000 being 80% of the principal limit of the facility; and

(viii) Guarantee cover from the Government of Malaysia up to RM1,400,000 being 70% of the principal limit of the facility.

(b) In connection with certain borrowings, the Group has to comply with the following significant covenants:-

(i) Leverage ratio of not more than 2.50 times; and

(ii) Gearing ratio of not more than 1.50 times.

(c) The Group has complied with the loan covenants.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. BORROWINGS (CONT'D)

(d) The interest rates profile of the borrowings are summarised below:-

	Effective Interest Rate			
	FYE 31 December			**FPE 31 July**
	2021	**2022**	**2023**	**2024**
	%	%	%	%
	Audited	Audited	Audited	Audited
Term loans:				
- floating rate	4.60	2.77 to 7.73	4.02 to 8.70	4.02 to 8.70
- fixed rate	3.50	3.50	3.50	NIL
Bankers' acceptances	NIL	NIL	5.47 to 5.62	NIL
Invoice financing	NIL	NIL	7.76	NIL

19. TRADE AND OTHER PAYABLES

	FYE 31 December			**FPE 31 July**
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Trade payables				
Third parties	10,172,100	473,829	2,718,357	3,267,261
Retention sums	1,693,507	3,774,866	4,453,954	4,524,325
Provision of costs	353,677	81,215	81,215	-
Accrued subcontractor work	-	13,877,312	13,003,467	14,520,027
At 31 December/31 July	12,219,284	18,207,222	20,256,993	22,311,613
Non-trade payables				
Third parties	81,702	86,738	152,232	1,043,242
Amount owing to related parties	276	27,579	-	1,110,806
Deposits received	6,000	6,000	12,000	6,000
Accruals	358,711	310,155	893,134	1,085,693
Deferred income	-	117,006	112,198	71,550
At 31 December/31 July	446,689	547,478	1,169,564	3,317,291
	12,665,973	18,754,700	21,426,557	25,628,904

(a) The normal credit terms granted to the Group ranging from 30 to 90 (31.12.2021 - 30 to 90, 31.12.2022 - 30 to 90, 31.12.2023 - 30 to 90) days. Other credit terms are granted and approved by the suppliers on a case-by-case basis.

(b) The retention sums are expected to be settled within the period of 24 (31.12.2021 - 24, 31.12.2022 - 24, 31.12.2023 - 24) months.

20. REVENUE

	<---FYE 31 December	--->		<---FPE 31 July	--->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Revenue recognised at a point in time					
Sale of goods	713,549	1,197,363	1,143,431	353,628	4,503,435
Revenue recognised over time					
Contract services	23,240,335	37,515,702	56,228,646	17,117,841	23,477,802
Rendering of services	5,428,586	3,526,124	4,835,403	2,438,365	2,138,838
	26,668,921	41,041,826	61,064,049	19,556,206	25,616,640
	29,382,470	42,239,189	62,207,480	19,909,834	30,120,075

(a) The information on transaction price allocated to unsatisfied and/or partially unsatisfied performance obligations as at the reporting date is disclosed in Note 11 to the combined financial statements.

(b) The information about the performance obligations in contracts with customers is summarised below:-

Sale of goods

Revenue is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the goods sold.

Contract services

The contract services include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

20. REVENUE (CONT'D)

(b) The information about the performance obligations in contracts with customers is summarised below (Cont'd):-

Contract services (Cont'd)

Revenue from contract services is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of contract costs incurred for work performed to date over the estimated total contract costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the contract services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the contract services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

A defect liability period is ranging from 6 to 24 months is given to the customers.

Rendering of services

Revenue is recognised over time in the period in which the services are rendered. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

21. NET IMPAIRMENT (GAINS)/LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	<------FYE 31 December	------	------>	<----FPE 31 July	---->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Impairment losses:					
- contract assets (Note 11)	-	-	-	13,000	245,000
- finance lease receivable (Note 10)	-	-	-	-	235,000
- trade receivables (Note 10)	-	-	579,557	168,180	-
	-	-	579,557	181,180	480,000
Reversal of Impairment losses:					
- contract assets (Note 11)	(10,000)	-	-	-	-
- non-trade receivables (Note 10)	(38,566)	(206,117)	-	-	-
- trade receivables (Note 10)	(2,368,000)	(487,077)	(490,000)	(143,000)	(966,347)
	(2,416,566)	(693,194)	(490,000)	(143,000)	(966,347)
	(2,416,566)	(693,194)	89,557	38,180	(486,347)

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

22. PROFIT BEFORE TAXATION

	<---FYE 31 December--->			<---FPE 31 July--->	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Profit before taxation is arrived at after charging/(crediting):-					
Auditors' remuneration:					
- current financial year/period	40,000	49,000	59,000	34,000	54,617
- overprovision in the previous financial year	(954)	-	-	-	-
Amortisation of intangible assets	-	-	-	-	178
Depreciation:					
- property, plant and equipment (Note 4)	157,732	176,856	260,809	139,482	187,306
- right-of-use assets (Note 5)	182,277	195,192	217,066	122,259	107,449
Interest expense on financial liabilities that are not at fair value through profit or loss:					
- bankers' acceptances	-	-	15,165	962	32,934
- bank overdraft	-	-	-	-	16,540
- bank guarantee	11,115	116,177	355,758	234,109	98,144
- invoice financing	-	-	-	-	42,892
- term loans	86,847	198,575	292,400	167,623	584,269
Interest expenses on lease liabilities (Note 17)	20,017	23,994	25,049	14,149	10,702
Lease expenses:					
- low-value assets	1,100	550	-	-	2,344
- short-term	2,200	11,702	41,200	-	14,329
Net loss/(gain) in foreign exchange:					
- realised	4,505	(108,863)	63,373	8,904	(42,135)
- unrealised	19,957	-	34,114	-	-

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

22. PROFIT BEFORE TAXATION (CONT'D)

	<---FYE 31 December		--->	<---FPE 31 July	--->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-					
Staff costs:					
- salaries, bonuses, incentives and allowances	2,872,314	3,039,910	4,712,884	2,113,126	3,462,800
- defined contribution benefits	298,170	319,269	407,005	209,846	388,672
- other benefits	71,743	71,088	183,796	95,126	147,357
Fair value gain on financial assets measured at fair value through profit or loss mandatorily on short-term investments	-	(36,952)	(84,384)	(34,694)	(41,414)
Finance income from finance lease receivable	-	-	-	-	(1,396,288)
Gain on lease modification due to termination	-	-	-	-	(2,641)
Gain on reassessment of lease liabilities	(2,008)	(8,004)	(5,845)	(5,845)	(3,909)
Interest income on financial assets	(65,110)	(89,632)	(100,179)	(54,758)	(70,736)
Lease income	(24,000)	(24,000)	(44,200)	(14,000)	(15,400)
Reversal of overprovision of completed project	-	(853,677)	-	-	(81,215)

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

23. INCOME TAX EXPENSE

	<------FYE 31 December------>			<----FPE 31 July---->	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Current tax expense:					
- for the financial year/period	1,781,000	2,022,000	2,742,000	875,000	1,213,000
- under/(over) provision in the previous financial year/period	33,294	(23,353)	152,682	152,682	(21,524)
	1,814,294	1,998,647	2,894,682	1,027,682	1,191,476
Deferred tax:					
- origination and reversal of temporary differences	526,000	215,000	(115,000)	-	(282,000)
- overprovision in the previous financial year/period	-	(51,000)	(6,000)	-	(26,000)
	526,000	164,000	(121,000)	-	(308,000)
Income tax expense for the financial year/period	2,340,294	2,162,647	2,773,682	1,027,682	883,476

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

23. INCOME TAX EXPENSE (CONT'D)

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

	<-----FYE 31 December		----->	<-----FPE 31 July	----->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Profit before taxation	9,102,644	9,374,873	10,495,526	3,097,852	3,724,061
Tax at the statutory tax rate of 24%	2,184,000	2,250,000	2,519,000	743,000	894,000
Tax effects of:-					
Non-deductible expenses	152,000	203,000	130,000	24,000	184,000
Non-taxable income	(29,000)	(216,000)	(22,000)	(10,000)	(226,000)
Deferred tax assets not recognised during the financial year/period	-	-	-	118,000	79,000
Under/(Over) provision in the previous financial year/period:					
- current tax	33,294	(23,353)	152,682	152,682	(21,524)
- deferred tax	-	(51,000)	(6,000)	-	(26,000)
Income tax expense for the financial year/period	2,340,294	2,162,647	2,773,682	1,027,682	883,476

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year/period.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

23. INCOME TAX EXPENSE (CONT'D)

Income tax savings during the financial year/period arising from:-

	<------FYE 31 December------>			<------FPE 31 July------>	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Utilisation of capital allowances:					
- current financial year/period	152,000	50,538	80,953	47,223	79,020

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

24. EARNING PER SHARE

The basic earnings per share is calculated by dividing the combined profit attributable to owners of the Group for the financial year/period by the weighted average number of ordinary shares in issue during the financial year/period as follows:-

	<----FYE 31 December	---->		<----FPE 31 July	---->
	2021 RM Audited	**2022** RM Audited	**2023** RM Audited	**2023** RM Unaudited	**2024** RM Audited
Profit after taxation	6,762,350	7,212,226	7,721,844	2,070,170	2,840,585
Weighted average number of ordinary shares in issue:					
- Ordinary shares at 1 January	4,000,000	4,000,000	5,000,000	5,000,000	12,000,000
- Effect of bonus shares#	8,000,000	8,000,000	7,000,000	7,000,000	-
	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Basic earnings per share (Sen)	56.35	60.10	64.35	17.25	23.67

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares as at the end of the financial year/period.

The number of ordinary shares used for the calculation of earnings per share in a common control combination which is accounted for under reorganisation scheme, is the aggregate of the weighted average number of shares of the entity whose shares are outstanding after the combination.

Note:
\# - The comparative figure for the weighted average number of ordinary shares in issue has been restated to reflect the adjustment arising from bonus shares of 1,000,000 and 7,000,000 which was completed on 4 January 2022 and 21 November 2023 respectively.

25. ACQUISITION OF A SUBSIDIARY

On 9 January 2024, TSM acquired 100% equity interests in SeeTec as disclosed in Note 33(b) to the combined financial statements.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

(a) Fair Value of Purchase Consideration

	FPE 31 July 2024 RM Audited
Cash	200,000
Total purchase consideration	200,000

(b) Identifiable Assets Acquired and Liabilities Assumed

	FPE 31 July 2024 RM Audited
Property, plant and equipment (Note 5)	1
Intangible assets (Note 6)	4,263
Other receivables and deposits	14,101
Current tax assets	23,736
Bank balance	36,502
Other payables and accruals	(1,200,477)
Fair value of net identifiable liabilities assumed	(1,121,874)

(c) Cash Flows Arising from Acquisition

	FPE 31 July 2024 RM Audited
Purchase consideration settled in cash and cash equivalents (item (a) above)	200,000
Less: Cash and cash equivalents of subsidiary acquired (item (b) above)	(63,380)
Net cash outflow from the acquisition of a subsidiary	136,620

25. ACQUISITION OF A SUBSIDIARY (CONT'D)

(d) Goodwill Arising from Acquisition

	FPE 31 July 2024 RM Audited
Total consideration transferred (item (a) above)	200,000
Add: Fair value of identifiable net assets liabilities (item (b) above)	1,121,874
Goodwill from the acquisition of a subsidiary (Note 9)	1,321,874

The goodwill is not deductible for tax purposes.

(e) Impact of Acquisition on the Group's Results

The acquired subsidiary has contributed the following results to the Group:-

	FPE 31 July 2024 RM Audited
Revenue	136,098
Profit after taxation	32,978

If the acquisition had taken place at the beginning of the current financial period, the Group's revenue and profit after taxation would have been RM136,098 and RM32,978 respectively.

There were no acquisitions of new subsidiaries in the previous financial year.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. DIVIDENDS

	<---FYE 31 December	FYE 31 December	FYE 31 December--->	<---FPE 31 July	FPE 31 July--->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Final dividend of RM0.06 per ordinary share in respect of the financial year/period	-	300,000	-	-	-

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use asset are as follows:-

	<-------FYE 31 December	-------FYE 31 December-------	FYE 31 December------->	<-----FPE 31 July	FPE 31 July----->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Property, plant and equipment					
Cash of property, plant and equipment purchased (Note 4)	178,655	709,484	605,176	392,340	209,576
Right-of-use asset					
Cost of right-of-use asset acquired (Note 5)	-	607,738	62,729	62,729	-
Less: Addition of new lease liability (Note 17)	-	-	(62,729)	(62,729)	-
	-	607,738	-	-	-

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION (CONT'D)

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

	Audited		
	Lease Liabilities RM	Term Loans RM	Total RM
FYE 31 December 2021			
At 1 January	196,908	2,406,017	2,602,925
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(157,583)	(189,537)	(347,120)
Repayment of interests	(20,017)	(86,847)	(106,864)
	(177,600)	(276,384)	(453,984)
<u>Other Changes</u>			
Interest expense recognised in profit or loss (Note 22)	20,017	86,847	106,864
Reassessments of leases (Note 17)	261,615	-	261,615
	281,632	86,847	368,479
At 31 December	300,940	2,216,480	2,517,420

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION (CONT'D)

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

	<---Audited--->		
	Lease Liabilities RM	Term Loans RM	Total RM
FYE 31 December 2022			
At 1 January	300,940	2,216,480	2,517,420
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawndown	-	4,295,000	4,295,000
Repayment of principal	(160,206)	(1,875,725)	(2,035,931)
Repayment of interests	(23,994)	(198,575)	(222,569)
	(184,200)	2,220,700	2,036,500
<u>Other Changes</u>			
Interest expense recognised in profit or loss (Note 22)	23,994	198,575	222,569
Reassessments of leases (Note 17)	179,934	-	179,934
	203,928	198,575	402,503
At 31 December	320,668	4,635,755	4,956,423

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION (CONT'D)

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

	<--Audited-->				
	Lease Liabilities RM	Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Total RM
FYE 31 December 2023					
At 1 January	320,668	4,635,755	-	-	4,956,423
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawndown	-	1,000,000	1,734,769	3,050,000	5,784,769
Repayment of principal	(181,552)	(808,621)	(1,012,046)	-	(2,002,219)
Repayment of interests	(25,049)	(292,400)	(15,165)	-	(332,614)
	(206,601)	(101,021)	707,558	3,050,000	3,449,936
<u>Other Changes</u>					
Addition of new lease liability (Note 17)	62,729	-	-	-	62,729
Interest expense recognised in profit or loss (Note 22)	25,049	292,400	15,165	-	332,614
Reassessments of leases (Note 17)	140,485	-	-	-	140,485
	228,263	292,400	15,165	-	535,828
At 31 December	342,330	4,827,134	722,723	3,050,000	8,942,187

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION (CONT'D)

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

	<------Unaudited------>			
	Lease Liabilities RM	Term Loans RM	Bankers' Acceptances RM	Total RM
FPE 31 July 2023				
At 1 January	320,668	4,635,755	-	4,956,423
Changes in Financing Cash Flows				
Proceeds from drawndown	-	1,000,000	1,734,769	2,734,769
Repayment of principal	(101,702)	(465,606)	(964,147)	(1,531,455)
Repayment of interests	(14,149)	(167,623)	(962)	(182,734)
	(115,851)	366,771	769,660	1,020,580
Other Changes				
Addition of new lease liability (Note 17)	62,729	-	-	62,729
Interest expense recognised in profit or loss (Note 22)	14,149	167,623	962	182,734
Reassessments of leases (Note 17)	140,485	-	-	140,485
	217,363	167,623	962	385,948
At 31 July	422,180	5,170,149	770,622	6,362,951

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION (CONT'D)

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

	<-----Audited-----				---->
	Lease Liabilities RM	Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Total RM
FPE 31 July 2024					
At 1 January	342,330	4,827,134	722,723	3,050,000	8,942,187
Changes in Financing Cash Flows					
Proceeds from drawndown	-	-	1,926,717	1,741,136	3,667,853
Repayment of principal	(88,848)	(852,798)	(2,649,440)	(4,791,136)	(8,382,222)
Repayment of interests	(10,702)	(156,051)	(32,934)	(42,892)	(242,579)
	(99,550)	(1,008,849)	(755,657)	(3,092,892)	(4,956,948)
Other Changes					
Acquisition of new finance lease	-	34,465,298	-	-	34,465,298
Interest expense recognised in profit or loss (Note 20)	10,702	584,269	32,934	42,892	670,797
Repayment of interests	-	(428,218)	-	-	(428,218)
Reassessments of leases (Note 17)	113,147	-	-	-	113,147
Derecognition of lease modification (Note 17)	(105,095)	-	-	-	(105,095)
	18,754	34,621,349	32,934	42,892	34,715,929
At 31 July	261,534	38,439,634	-	-	38,701,168

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	<------FYE 31 December------>			<----FPE 31 July---->	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Payment of short-term leases	2,200	11,702	41,200	-	14,329
Payment of low-value assets	1,100	550	-	-	2,344
Interest paid on lease liabilities	20,017	23,994	25,049	14,149	10,702
Payment of lease liabilities	157,583	160,206	181,552	101,702	88,848
	180,900	196,452	247,801	115,851	116,223

28. RELATED PARTY DISCLOSURES

(a) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties during the financial year/period:-

	<------------------FYE 31 December------------------>			<----------FPE 31 July---------->	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Related parties					
Acquisition of shares	-	-	-	-	(200,000)
Consultation fees	-	-	(112,800)	(42,300)	(56,400)
Lease expenses	(157,800)	(157,800)	(157,800)	(73,150)	(78,550)
Lease income	-	-	18,000	-	-
Payment paid by	(15,235)	(20,712)	(19,185)	-	(3,590)
Payment paid on behalf of	35,251	2,463	54	1,197	3,590
Purchases	-	(55,000)	-	-	-
Subcontractor wages	(1,088,680)	(2,530,482)	(2,843,095)	(1,475,500)	-
Upkeep of office equipment	(2,018)	(2,148)	(2,148)	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

28. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key Management Personnel Compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The directors and certain members of senior management are the key management personnel of the Group.

The key management personnel compensation during the financial year/period are as follows:-

	<------------------FYE 31 December	------------------	------------------>	<-----------FPE 31 July	---------->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
<u>Directors of the Group</u>					
Short-term employee benefits:					
- fee	-	68,000	-	-	-
- salaries, commission and bonuses	852,030	538,591	577,285	282,262	720,381
- defined contribution benefits	106,917	68,616	56,243	32,952	85,937
- others benefits	2,302	2,950	3,468	2,028	2,221
	961,249	678,157	636,996	317,242	808,539

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

28. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key Management Personnel Compensation (Cont'd)

The key management personnel compensation during the financial year/period are as follows (Cont'd):-

	FYE 31 December			FPE 31 July	
	2021 RM Audited	**2022** RM Audited	**2023** RM Audited	**2023** RM Unaudited	**2024** RM Audited
Other Key Management Personnel of the Group					
Short-term employee benefits:					
- salaries, commission and bonuses	-	-	-	-	818,118
- defined contribution benefits	-	-	-	-	48,495
- others benefits	-	-	-	-	7,373
	-	-	-	-	873,986

28. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key Management Personnel Compensation (Cont'd)

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Group was Nil (31.12.2021 - Nil, 31.12.2022 - Nil, 31.12.2023 - RM67,080).

29. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on yearly basis. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

The Group is organised into 2 main reportable segments as follows:-

- Design and implementation of enterprise IT security and automation solutions ("Design and Implementation")
- Maintenance and support services ("Maintenance and Support")

(a) The directors as its chief operating decision maker assesses the performance of the reportable segments based on their operating income. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Segment assets and liabilities information are not provided to the director as its chief operating decision makers. Hence, no disclosure is made on segment assets and liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS

	Design and Implementation RM	Maintenance and Support RM	**The Group** RM
FYE 31 December 2021			
Revenue			
External revenue	23,240,335	6,142,135	29,382,470
Combined revenue			29,382,470
Results			
Segment profit	6,000,435	4,406,288	10,406,723
Other income			192,363
Administrative expenses			(3,325,444)
Other expenses			(439,314)
Finance costs			(148,250)
Net impairment gains on financial assets and contract assets			2,416,566
Combined profit before taxation			9,102,644
Income tax expense			(2,340,294)
Combined profit after taxation			6,762,350

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

	Design and Implementation RM	Maintenance and Support RM	**The Group** RM
FYE 31 December 2022			
Revenue			
External revenue	37,515,701	4,723,488	42,239,189
Combined revenue			42,239,189
Results			
Segment profit	8,090,583	2,874,814	10,965,397
Other income			1,208,682
Administrative expenses			(2,732,437)
Other expenses			(406,921)
Finance costs			(353,042)
Net impairment gains on financial assets and contract assets			693,194
Combined profit before taxation			9,374,873
Income tax expense			(2,162,647)
Combined profit after taxation			7,212,226

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

	Design and Implementation RM	Maintenance and Support RM	**The Group** RM
FYE 31 December 2023			
Revenue			
External revenue	56,228,647	5,978,833	62,207,480
Combined revenue			62,207,480
Results			
Segment profit	11,959,898	3,104,122	15,064,020
Other income			289,424
Administrative expenses			(3,405,708)
Other expenses			(623,250)
Finance costs			(739,403)
Net impairment losses on financial assets and contract assets			(89,557)
Combined profit before taxation			10,495,526
Income tax expense			(2,773,682)
Combined profit after taxation			7,721,844

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

	Design and Implementation RM	Maintenance and Support RM	**The Group** RM
FPE 31 July 2023			
Revenue			
External revenue	17,117,841	2,791,993	19,909,834
Combined revenue			19,909,834
Results			
Segment profit	3,705,257	1,769,280	5,474,537
Other income			150,554
Administrative expenses			(1,732,210)
Other expenses			(306,783)
Finance costs			(450,066)
Net impairment losses on financial assets and contract assets			(38,180)
Combined profit before taxation			3,097,852
Income tax expense			(1,027,682)
Combined profit after taxation			2,070,170

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

	Design and Implementation RM	Maintenance and Support RM	**The Group** RM
FPE 31 July 2024			
Revenue			
External revenue	23,477,802	6,642,273	30,120,075
Combined revenue			30,120,075
Results			
Segment profit	5,028,785	1,676,012	6,704,797
Other income			1,948,407
Administrative expenses			(4,350,638)
Other expenses			(270,951)
Finance costs			(793,901)
Net impairment gains on financial assets and contract assets			486,347
Combined profit before taxation			3,724,061
Income tax expense			(883,476)
Combined profit after taxation			2,840,585

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

29. OPERATING SEGMENTS (CONT'D)

29.2 GEOGRAPHICAL INFORMATION

Revenue is based on country in which the customers are located.

	<----FYE 31 December----		---->	<----FPE 31 July	---->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
Malaysia	28,074,687	41,077,498	59,843,905	18,260,504	29,781,468
Singapore	1,307,783	1,161,691	2,363,575	1,694,330	338,607
	29,382,470	42,239,189	62,207,480	19,909,834	30,120,075

30. CAPITAL COMMITMENTS

	<----FYE 31 December----		---->	<----FPE 31 July	---->
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Purchase of a motor vehicle	-	33,000	-	-	544,563
Purchase of a property	945,000	-	-	-	-
Purchase of computer and equipment	-	-	35,000,278	-	2,572,899
	945,000	33,000	35,000,278	-	3,117,462

30. CAPITAL COMMITMENTS (CONT'D)

In FYE 31 December 2021, the Group has paid a deposit of RM105,000 for the purchase of a property as disclosed in the Note 12 to the combined financial statements.

31. FINANCIAL INSTRUMENTS

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

31.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Euro Dollar ("EURO"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	<------Audited------>				
	United States Dollar RM	Euro Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
FYE 31 December 2021					
Financial Assets					
Trade receivables	-	-	-	3,529,380	3,529,380
Other receivables	-	-	-	10,835	10,835
Amount owing by a related party	-	-	-	9,892	9,892
Short-term investment	-	-	-	15,972	15,972
Fixed deposits with licensed banks	-	-	-	3,530,708	3,530,708
Cash and bank balances	737,039	506,752	1,776	5,405,049	6,650,616
	737,039	506,752	1,776	12,501,836	13,747,403

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	<------	------	Audited	------	------>
	United States Dollar RM	Euro Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
FYE 31 December 2021					
Financial Liabilities					
Trade payables	1,027,930	21,604	-	11,169,750	12,219,284
Other payables and accruals	-	-	-	440,413	440,413
Amount owing to a related party	-	-	-	276	276
Term loans	-	-	-	2,216,480	2,216,480
	1,027,930	21,604	-	13,826,919	14,876,453
Net financial (liabilities)/assets	(290,891)	485,148	1,776	(1,325,083)	(1,129,050)
Less: Net financial liabilities denominated in the Group's functional currencies	-	-	-	1,325,083	1,325,083
Currency exposure	(290,891)	485,148	1,776	-	196,033

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	<----------Audited----------				---------->
	United States Dollar RM	Euro Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
FYE 31 December 2022					
Financial Assets					
Trade receivables	-	-	-	5,567,888	5,567,888
Other receivables	-	-	-	261,170	261,170
Amount owing by a related party	-	-	-	2,174	2,174
Amount owing by a director	-	-	-	48,439	48,439
Fixed deposits with licensed banks	-	-	-	3,414,411	3,414,411
Cash and bank balances	324,169	114,003	45,025	3,682,952	4,166,149
	324,169	114,003	45,025	12,977,034	13,460,231

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	<----Audited				---->
	United States Dollar RM	Euro Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
FYE 31 December 2022					
Financial Liabilities					
Trade payables	57,552	65,777	-	18,083,893	18,207,222
Other payables and accruals	-	-	-	396,893	396,893
Amount owing to a related party	-	-	-	27,579	27,579
Term loans	-	-	-	4,635,755	4,635,755
	57,552	65,777	-	23,144,120	23,267,449
Net financial assets/(liabilities)	266,617	48,226	45,025	(10,167,086)	(9,807,218)
Less: Net financial liabilities denominated in the Group's functional currencies	-	-	-	10,167,086	10,167,086
Currency exposure	266,617	48,226	45,025	-	359,868

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	<------	------	Audited	------	------>
	United States Dollar RM	Euro Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
FYE 31 December 2023					
Financial Assets					
Trade receivables	-	-	-	14,800,902	14,800,902
Other receivables	-	-	-	187,085	187,085
Amount owing by a related party	-	-	-	7,407	7,407
Short-term investments	-	-	-	16,348	16,348
Fixed deposits with licensed banks	-	-	-	4,439,483	4,439,483
Cash and bank balances	208,304	4,747	17,104	13,407,858	13,638,013
	208,304	4,747	17,104	32,859,083	33,089,238

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	<------	------	Audited	------	------>
	United States Dollar RM	Euro Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
FYE 31 December 2023					
Financial Liabilities					
Trade payables	68,074	-	29,020	20,159,899	20,256,993
Other payables and accruals	-	-	-	1,045,366	1,045,366
Term loans	-	-	-	4,827,134	4,827,134
Bankers' acceptances	-	-	213,522	509,201	722,723
Invoice financing	-	-	-	3,050,000	3,050,000
	68,074	-	242,542	29,591,600	29,902,216
Net financial assets/(liabilities)	140,230	4,747	(225,438)	3,267,483	3,187,022
Less: Net financial assets denominated in the Group's functional currencies	-	-	-	(3,267,483)	(3,267,483)
Currency exposure	140,230	4,747	(225,438)	-	(80,461)

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	<----------Audited				---------->
	United States Dollar RM	Euro Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
FPE 31 July 2024					
Financial Assets					
Trade receivables	-	-	-	22,964,133	22,964,133
Finance lease receivable	-	-	-	33,211,794	33,211,794
Other receivables	-	-	-	798,289	798,289
Amount owing by related parties	-	-	-	3,590	3,590
Fixed deposits with licensed banks	-	-	-	3,409,728	3,409,728
Cash and bank balances	131,448	484	16,908	11,720,530	11,869,370
	131,448	484	16,908	72,108,064	72,256,904

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	<----------	----------	Audited	----------	---------->
	United States Dollar RM	Euro Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
FPE 31 July 2024					
Financial Liabilities					
Trade payables	827,879	169,569	41,938	17,831,065	18,870,451
Other payables and accruals	357,080	-	124,051	5,570,097	5,570,097
Amount owing to related parties	-	-	-	1,110,806	1,110,806
Term loans	-	-	-	38,439,634	38,439,634
	1,184,959	169,569	165,989	62,569,620	64,090,137
Net financial (liabilities)/assets	(1,053,511)	(169,085)	(149,081)	9,538,444	8,166,767
Less: Net financial assets denominated in the Group's functional currencies	-	-	-	(9,538,444)	(9,538,444)
Currency exposure	(1,053,511)	(169,085)	(149,081)	-	(1,371,677)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currency of the Group does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from interest-bearing financial liabilities. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was as follows:-

	<----------------FYE 31 December---------------->			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Fixed Rate Instruments				
Fixed deposits with licensed banks	3,530,708	3,414,411	4,439,483	3,409,728
Term loans	(856,965)	(681,749)	(480,596)	-
Bankers' acceptances	-	-	(722,723)	-
Invoice financing	-	-	(3,050,000)	-
	2,673,743	2,732,662	186,164	3,409,728
Floating Rate Instrument				
Term loans	(1,359,515)	(3,954,006)	(4,346,538)	(38,439,634)

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest Rate Risk Sensitivity Analysis

The interest rate sensitivity analysis on the fixed rate instruments is not disclosed as these financial instruments are measured at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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

	<----------------FYE 31 December		---------------->	FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Effects on Profit After Taxation				
Increase of 100 basis points	(7,698)	(18,224)	(32,919)	(83,602)
Decrease of 100 basis points	7,698	18,224	32,919	83,602

(iii) Equity Price Risk

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

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including short-term investment, cash and bank balances and fixed deposits with licensed banks), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

At the end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by 3 (31.12.2021 - 2, 31.12.2022 - 3, 31.12.2023 - 3) customers which constituted approximately 78% (31.12.2021 - 82%, 31.12.2022 - 77%, 31.12.2023 - 87%) of its trade receivables.

(ii) Maximum Exposure to Credit Risk

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

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

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

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:
- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

Trade Receivables, Finance Lease Receivable and Contract Assets

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for all trade receivables, contract assets and finance lease receivable.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables, finance lease receivable and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables and contract assets with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 13 months (31.12.2021 - 13 months, 31.12.2022 - 13 months; 31.12.2023 - 13 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate, inflation rate and customer price index as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables, Finance Lease Receivable and Contract Assets (Cont'd)

Allowance for Impairment Losses

	<-----Audited			----->
	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
FYE 31 December 2021				
Current (not past due)	2,712,783	-	(142,000)	2,570,783
Past due:				
- 1 to 30 days	348,683	-	(13,000)	335,683
- 31 to 60 days	44,989	-	-	44,989
- 61 to 90 days	402,249	-	(209,000)	193,249
- more than 90 days	384,676	-	-	384,676
Credit impaired	1,821,739	(1,821,739)	-	-
Trade receivables	5,715,119	(1,821,739)	(364,000)	3,529,380
Contract assets	14,977,908	-	-	14,977,908
	20,693,027	(1,821,739)	(364,000)	18,507,288

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables, Finance Lease Receivable and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd):-

	<-----Audited	----->	
	Gross Amount RM	Lifetime Individual Allowance RM	Carrying Amount RM
FYE 31 December 2022			
Current (not past due)	5,543,820	(5,850)	5,537,970
Past due:			
- 1 to 30 days	-	-	-
- 31 to 60 days	-	-	-
- 61 to 90 days	38,703	(8,785)	29,918
- more than 90 days	159,038	(159,038)	-
Credit impaired	1,524,989	(1,524,989)	-
Trade receivables	7,266,550	(1,698,662)	5,567,888
Contract assets	28,570,210	-	28,570,210
	35,836,760	(1,698,662)	34,138,098

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables, Finance Lease Receivable and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd):-

	<------Audited------>			
	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
FYE 31 December 2023				
Current (not past due)	14,804,600	(55,779)	(93,000)	14,655,821
Past due:				
- 1 to 30 days	108,370	-	(8,000)	100,370
- 31 to 60 days	28,667	-	(2,000)	26,667
- 61 to 90 days	36,044	-	(18,000)	18,044
- more than 90 days	568,800	-	(568,800)	-
Credit impaired	1,042,640	(1,042,640)	-	-
Trade receivables	16,589,121	(1,098,419)	(689,800)	14,800,902
Contract assets	22,751,298	-	-	22,751,298
	39,340,419	(1,098,419)	(689,800)	37,552,200

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables, Finance Lease Receivable and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd):-

	<------Audited------			------>
	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
FPE 31 July 2024				
Current (not past due)	18,014,570	-	(65,597)	17,948,973
Past due:				
- 1 to 30 days	4,998,006	-	(57,000)	4,941,006
- 31 to 60 days	87,394	-	(14,000)	73,394
- 61 to 90 days	1,760	-	(1,000)	760
- more than 90 days	168,403	-	(168,403)	-
Credit impaired	515,872	(515,872)	-	-
Trade receivables	23,786,005	(515,872)	(306,000)	22,964,133
Finance lease receivable	33,446,794	-	(235,000)	33,211,794
Contract assets	15,112,037	-	(245,000)	14,867,037
	72,344,836	(515,872)	(786,000)	71,042,964

Trade receivables and contract assets that are individually determined to be impaired relate to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

Trade receivables and contract assets that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

	<-----Audited-----			----->
	Gross Amount RM	12-month Loss Allowance RM	Lifetime Loss Allowance RM	Carrying Amount RM
FYE 31 December 2021				
Low credit risk	20,727	-	-	20,727
Credit impaired	206,117	-	(206,117)	-
	226,844	-	(206,117)	20,727
FYE 31 December 2022				
Low credit risk	311,783	-	-	311,783

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Other Receivables and Amount Owing by Related Parties (Cont'd)

Allowance for Impairment Losses (Cont'd)

	<---Audited---			--->
	Gross Amount RM	12-month Loss Allowance RM	Lifetime Loss Allowance RM	Carrying Amount RM
FYE 31 December 2023				
Low credit risk	194,492	-	-	194,492
FPE 31 July 2024				
Low credit risk	801,879	-	-	801,879

Short-term Investments, Fixed Deposits with Licensed Banks and Cash and Bank Balances

The Group considers these licensed banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(c) Liquidity Risk

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

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	<------------Audited------------>					
	Effective		Contractual	On Demand		
	Interest	Carrying	Undiscounted	or Within1 - 5	Over 5	
	Rate	Amount	Cash Flows	1 Year	Years	Years
	%	RM	RM	RM	RM	RM
FYE 31 December 2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	12,219,284	12,219,284	12,219,284	-	-
Other payables and accruals	-	440,413	440,413	440,413	-	-
Amount owing to a related party	-	276	276	276	-	-
Lease liabilities	6.69 - 6.71	300,940	324,700	177,600	147,100	-
Term loans	3.50 - 4.60	2,216,480	2,957,333	331,836	1,161,712	1,463,785
		15,177,393	15,942,006	13,169,409	1,308,812	1,463,785

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	<----	----	----Audited----	----	----	---->
	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within1 - 5 1 Year RM	Over 5 Years RM	Years RM
FYE 31 December 2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	18,207,222	18,207,222	18,207,222	-	-
Other payables and accruals	-	396,893	396,893	396,893	-	-
Amount owing to a related party	-	27,579	27,579	27,579	-	-
Lease liabilities	6.69 - 6.71	320,668	346,700	184,200	162,500	-
Term loans	2.77 - 7.73	4,635,755	6,223,345	908,632	2,575,694	2,739,019
		23,588,117	25,201,739	19,724,526	2,738,194	2,739,019

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	<------------------------------Audited------------------------------>					
	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within1 - 5 1 Year RM	Over 5 Years RM	Years RM
FYE 31 December 2023						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	20,256,993	20,256,993	20,256,993	-	-
Other payables and accruals	-	1,045,366	1,045,366	1,045,366	-	-
Lease liabilities	6.69 - 6.71	342,330	365,100	217,800	147,300	-
Term loans	3.50 - 8.70	4,827,134	6,512,855	1,092,871	2,601,774	2,818,210
Bankers' acceptances	5.47 - 5.62	722,723	722,723	722,723	-	-
Invoice financing	7.76	3,050,000	3,050,000	3,050,000	-	-
		30,244,546	31,953,037	26,385,753	2,749,074	2,818,210

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	<------	------	------Audited------	------	------	------>
	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
FPE 31 July 2024						
Non-derivative Financial Liabilities						
Trade payables	-	18,870,451	18,870,451	18,870,451	-	-
Other payables and accruals	-	5,570,097	5,570,097	5,570,097	-	-
Amount owing to related parties	-	1,110,806	1,110,806	1,110,806	-	-
Lease liabilities	6.69 - 6.70	261,534	278,850	151,800	127,050	-
Term loans	4.25 - 8.70	38,439,634	44,269,692	9,020,483	32,523,942	2,725,267
		64,252,522	70,099,896	34,723,637	32,650,992	2,725,267

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 CAPITAL RISK MANAGEMENT

The Group manages their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting period are as follows:-

	<------------------FYE 31 December------------------>			FPE 31 July
	2021	**2022**	**2023**	**2024**
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Term loans	2,216,480	4,635,755	4,827,134	38,439,634
Bankers' acceptances	-	-	722,723	-
Invoice financing	-	-	3,050,000	-
	2,216,480	4,635,755	8,599,857	38,439,634
Less: Cash and cash equivalents (Note 13)	(5,779,963)	(3,279,524)	(13,654,361)	(11,533,733)
(Net cash)/Net debt	(3,563,483)	1,356,231	(5,054,504)	26,905,901
Total equity	17,438,016	24,350,242	32,070,086	34,960,678
Debt-to-equity ratio	N/A	0.06	N/A	0.77

There was no change in the approach to capital management during the financial year/period.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<---FYE 31 December		--->	FPE 31 July
	2021	2022	2023	2024
	RM	RM	RM	RM
	Audited	Audited	Audited	Audited
Financial Assets				
Fair Value Through Profit or Loss				
Short-term investments	15,972	-	16,348	-
Amortised Cost				
Trade receivables	3,529,380	5,567,888	14,800,902	22,964,133
Finance lease receivable	-	-	-	33,211,794
Other receivables	10,835	261,170	187,085	798,289
Amount owing by a director	-	48,439	-	-
Amount owing by a related party	9,892	2,174	7,407	3,590
Fixed deposits with licensed banks	3,530,708	3,414,411	4,439,483	3,409,728
Cash and bank balances	6,650,616	4,166,149	13,638,013	11,869,370
	13,747,403	13,460,231	33,089,238	72,256,904
Financial Liability				
Amortised Cost				
Trade payables	12,219,284	18,207,222	20,256,993	18,870,451
Other payables and accruals	440,413	396,893	1,045,366	5,570,097
Amount owing to related parties	276	27,579	-	1,110,806
Term loans	2,216,480	4,635,755	4,827,134	38,439,634
Bankers' acceptances	-	-	722,723	-
Invoice financing	-	-	3,050,000	-
	14,876,453	23,267,449	29,902,216	63,990,988

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<------------------FYE 31 December------------------>			<----------FPE 31 July---------->	
	2021	**2022**	**2023**	**2023**	**2024**
	RM	RM	RM	RM	RM
	Audited	Audited	Audited	Unaudited	Audited
Financial Assets					
Fair Value Through Profit or Loss					
Net gain recognised in profit or loss	-	36,952	84,384	34,694	41,414
Amortised Cost					
Net gain recognised in profit or loss	2,481,676	782,826	19,490	19,392	1,468,473
Financial Liability					
Amortised Cost					
Net loss recognised in profit or loss	(122,424)	(205,889)	(735,564)	(414,317)	(734,093)

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 FAIR VALUE INFORMATION

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

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	<---Audited--->							
	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value				
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
FYE 31 December 2021								
Financial Asset								
Short-term investments	-	15,972	-	-	-	-	15,972	15,972
Financial Liabilities								
Term loans:								
- Fixed rate	-	-	-	-	856,965	-	856,965	856,965
- Floating rate	-	-	-	-	1,359,515	-	1,359,515	1,359,515

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 FAIR VALUE INFORMATION (CONT'D)

	<-----	-----	-----	-----	Audited	-----	-----	----->
	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value				
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	RM	RM	RM	RM	RM	RM	RM	RM
FYE 31 December 2022								
<u>Financial Liabilities</u>								
Term loans:								
- Fixed rate	-	-	-	-	681,749	-	681,749	681,749
- Floating rate	-	-	-	-	3,954,006	-	3,954,006	3,954,006
FYE 31 December 2023								
<u>Financial Asset</u>								
Short-term investments	-	16,348	-	-	-	-	16,348	16,348
<u>Financial Liabilities</u>								
Term loans:								
- Fixed rate	-	-	-	-	480,596	-	480,596	480,596
- Floating rate	-	-	-	-	4,346,538	-	4,346,538	4,346,538

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 FAIR VALUE INFORMATION (CONT'D)

	Audited							
	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
FPE 31 July 2024								
Financial Asset								
Finance lease receivable	-	-	-	-	33,211,794	-	33,211,794	33,211,794
Financial Liability								
Term loans:								
- Floating rate	-	-	-	-	38,439,634	-	38,439,634	38,439,634

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair value of money market funds is determined by reference to statement provided by the respective financial institution, with which the investment was entered into at the close of business at the end of the reporting period.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

(i) The fair value of term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rate on or near the reporting date.

(ii) The fair value of finance lease receivable and term loan that carry fixed interest rate is determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<----------------FYE 31 December---------------->			**FPE 31 July**
	2021	**2022**	**2023**	**2024**
	%	%	%	%
	Audited	Audited	Audited	Audited
Finance lease receivable	-	-	-	5.00
Term loan	3.50	3.50	3.50	-

There were no transfer between level 1 and level 2 during the financial year/period.

32. SIGNIFICANT EVENTS OCCURRING DURING THE REPORTING PERIOD

(a) On 6 December 2023, TSM signed a Letter of Offer with Koperasi Co-opbank Pertama Malaysia Berhad amounting to RM35 million. Subsequently on 22 March 2024, TSM entered into a Facility Agreement where the proceeds were drawdown on 3 May 2024 to lease to public sector under a finance lease arrangement. The ICT equipments has been fully paid to the supplier upon drawdown of the term loan.

(b) On 9 January 2024, TSM acquired 100% equity interest of SeeTec for a total purchase consideration of RM200,000. The purchase of consideration was derived after considering its net liability position of RM878,242 as at 31 December 2022 and that SeeTec carries with it the software integration team which carries out key parts of TSM's projects. With this acquisition, SeeTec became a wholly-owned subsidiary of TSM. The principal activity of SeeTec is principally engaged in the business of security consulting, security systems, and research and development on information communication technology.

The determined fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition is as follows:-

	RM
Property, plant and equipment	1
Intangible assets	4,263
Other receivables and deposits	14,101
Current tax assets	23,736
Bank balance	36,502
Other payables and accruals	(1,200,477)
Net liabilities assumed	(1,121,874)

(c) On 6 May 2024, TechStore entered into a Conditional Share Sale Agreement with the vendor of TSM to acquire the entire issued share capital of TSM for a total purchase consideration of RM32,062,500 satisfy by the issuance of 374,999,999 new shares, at an issue price of RM0.0855 per share. The total purchase consideration of RM32,062,500 was arrived at after taking into consideration the net assets position of TSM as at 31 December 2023 of RM32,072,086. The acquisition is conditional upon, amongst others, the approval of Bursa Malaysia Securities Berhad being obtained for the listing.

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

33. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 26 March 2024, TSM signed a Letter of Offer for Hire Purchase Facility with PLC Credit & Factoring Sdn. Bhd. for a total facility loan limit of RM50 million and subsequently on 29 November 2024, TSM entered into a Hire Purchase-i Agreement. The proceeds were partially drawdown on 31 December 2024 amounting RM2,572,899 to pay suppliers for the purchase of ICT equipment to lease to public sector under a finance lease arrangement. The ICT equipment has been fully paid to the supplier upon drawdown of the hire purchase loan.

(b) On 10 September 2024, TSM signed a Hire Purchase Agreement with PBB. The proceeds were drawdown on 10 September 2024 amounting RM490,000 for the acquisition of a motor vehicle.

(c) On 30 October 2024, TechStore acquired the entire issued and paid-up share capital of TSM for a total purchase consideration of RM32,062,500 by issuance of 374,999,999 new ordinary shares of TechStore at RM0.0855 each. In subsequent thereof, TSM became a wholly-owned subsidiary of TechStore.

34. COMPARATIVE FIGURES

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

Combined statements of cash flows for the financial year ended 31 December 2021 (Extract):-

	As Previously Reported RM	As Restated RM
Cash Flows From/(For) Investing Activities		
Decrease/(Increase) in pledged fixed deposits with licensed banks	-	349,068
Cash Flows (For)/From Financing Activities		
Decrease/(Increase) in pledged fixed deposits with licensed banks	349,068	-

TECHSTORE BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. COMPARATIVE FIGURES (CONT'D)

The following figures have been reclassified to conform with the presentation of the current financial period (Cont'd):-

Combined statements of cash flows for the financial year ended 31 December 2022 (Extract):-

	As Previously Reported RM	As Restated RM
<u>Cash Flows From/(For) Investing Activities</u>		
Decrease/(Increase) in pledged fixed deposits with licensed banks	-	116,297
<u>Cash Flows (For)/From Financing Activities</u>		
Decrease/(Increase) in pledged fixed deposits with licensed banks	116,297	-

Combined statements of cash flows for the financial year ended 31 December 2023 (Extract):-

	As Previously Reported RM	As Restated RM
<u>Cash Flows From/(For) Investing Activities</u>		
Decrease/(Increase) in pledged fixed deposits with licensed banks	-	(1,025,072)
<u>Cash Flows (For)/From Financing Activities</u>		
Decrease/(Increase) in pledged fixed deposits with licensed banks	(1,025,072)	-

TECHSTORE BERHAD
STATEMENT BY DIRECTORS

We, Tan Hock Lim and Mohd Fadzil Bin Mohd Daud, being two of the directors of TechStore Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 4 to 110 are drawn up in accordance Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2021, 2022 and 2023 and 31 July 2024 and of their financial performance and cash flows for the financial year/period ended on those dates.

Signed in accordance with a resolution of the directors dated 0 6 JAN 2025

Tan Hock Lim

Mohd Fadzil Bin Mohd Daud

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
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12, Jalan Yap Kwan Seng
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Fax +6 03 2788 9998
www.crowe.my

Date: 6 January 2025

The Board of Directors
TECHSTORE BERHAD
No. 20-2 Jalan Suria Puchong 6
Pusat Perniagaan Suria Puchong
47110 Puchong Selangor

Dear Sirs/Madams,

TECHSTORE BERHAD
("TECHSTORE" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 INCLUDED IN A PROPECTUS

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of TechStore and its combining entity, Tech-Store Malaysia Sdn. Bhd. ("TSM") and its subsidiary ("TSM Group") (collectively TechStore and TSM Group are referred to as "TechStore Group" or "the Group") as at 31 July 2024 together with the accompanying notes thereon, for which we have stamped for the purpose of identification.

The application criteria on the basis of which the Board of Directors of the Company has compiled the Pro Forma Combined Statements of Financial Position are described in the Notes to the Pro Forma Combined Statements of Financial Position. The Pro Forma Combined Statements of Financial Position is prepared in accordance with the Propectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The Pro Forma Combined Statements of Financial Position has been compiled by the Board of Directors of the Company to illustrate the impact of the transactions as described in the Notes to the Pro Forma Combined Statements of Financial Position as at 31 July 2024 if these events have been in existence throughout the financial period. As part of this process, information about the Group's financial position have been extracted by the Board of Directors of the Company from the Accountants' Report of TechStore.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis as described in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Crowe

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

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

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Combined Statements of Financial Position has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420*, Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis as described in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Combined 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 Combined Statements of Financial Position.

The purpose of Pro Forma Combined Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

Crowe

REPORTING ACCOUNTANTS' REPSONSIBILITIES (CONT'D)

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

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

OPINION

In our opinion, the Pro Forma Combined Statements of Financial Position of the Company has been compiled, in all material respects, on the basis described in the Notes to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose stated above for inclusion in the Prospectus of TechStore in connection with the Listing. As such, this letter should not be 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 letter contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia PLT	**Chin Kit Seong**
201906000005 (LLP0018817-LCA) & AF 1018	03030/01/2025 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

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

Appendix A

TECHSTORE BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024

	Note	Combined Statements of Financial Position As At 31.07.2024 RM'000	Adjustments for Drawdown of Hire Purchase RM'000	Pro Forma I After Adjustments for Material Subsequent Event RM'000	Acquisition of TSM: Issuance of New Ordinary Shares RM'000	Acquisition of TSM: Reorganisation Accounting RM'000	Pro Forma II After Pro Forma I and After Acquisition of TSM RM'000	Adjustments for Public Issue RM'000	Pro Forma III After Pro Forma II and After Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	Pro Forma IV After Pro Forma III and Utilisation of Proceeds RM'000
ASSETS											
NON-CURRENT ASSETS											
Investment in a subsidiary	6.1	-	-	-	32,062	(32,062)	-	-	-	-	-
Property, plant and equipment	6.2	1,879	3,063	4,942	-	-	4,942	-	4,942	-	4,942
Right-of-use assets		2,259	-	2,259	-	-	2,259	-	2,259	-	2,259
Intangible assets		2,491	-	2,491	-	-	2,491	-	2,491	-	2,491
Goodwill		1,322	-	1,322	-	-	1,322	-	1,322	-	1,322
Trade and other receivables		27,298	-	27,298	-	-	27,298	-	27,298	-	27,298
Deferred tax assets		834	-	834	-	-	834	-	834	-	834
		36,083	3,063	39,146	32,062	(32,062)	39,146	-	39,146	-	39,146
CURRENT ASSETS											
Inventories		2,383	-	2,383	-	-	2,383	-	2,383	-	2,383
Trade and other receivables		29,680	-	29,680	-	-	29,680	-	29,680	-	29,680
Contract assets		14,867	-	14,867	-	-	14,867	-	14,867	-	14,867
Deposits and prepayments	6.3	3,907	-	3,907	-	-	3,907	-	3,907	(316)	3,591
Current tax assets		26	-	26	-	-	26	-	26	-	26
Cash and cash equivalents	6.4	15,279	-	15,279	-	-	15,279	25,000	40,279	(7,237)	33,042
		66,142	-	66,142	-	-	66,142	25,000	91,142	(7,553)	83,589
TOTAL ASSETS		102,225	3,063	105,288	32,062	(32,062)	105,288	25,000	130,288	(7,553)	122,735
EQUITY AND LIABILITIES											
EQUITY											
Share capital	6.5	#1	-	#1	32,062	-	32,062	25,000	57,062	(1,601)	55,461
Invested equity	6.6	12,000	-	12,000	-	(12,000)	-	-	-	-	-
Retained profits	6.7	22,913	-	22,913	-	-	22,913	-	22,913	(952)	21,961
Reorganisation reserve	3.3	-	-	-	-	(20,062)	(20,062)	-	(20,062)	-	(20,062)
TOTAL EQUITY		34,913	-	34,913	32,062	(32,062)	34,913	25,000	59,913	(2,553)	57,360

Appendix A

TECHSTORE BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)

	Note	Combined Statements of Financial Position As At 31.07.2024 RM'000	Adjustments for Drawdown of Hire Purchase RM'000	Pro Forma I After Adjustments for Material Subsequent Event RM'000	Acquisition of TSM: Issuance of New Ordinary Shares RM'000	Acquisition of TSM: Reorganisation Accounting RM'000	Pro Forma II After Pro Forma I and After Acquisition of TSM RM'000	Adjustments for Public Issue RM'000	Pro Forma III After Pro Forma II and After Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	Pro Forma IV After Pro Forma III and Utilisation of Proceeds RM'000
NON-CURRENT LIABILITIES											
Lease liabilities		123	-	123	-	-	123	-	123	-	123
Long-term borrowings	6.8	31,203	2,480	33,683	-	-	33,683	-	33,683	(2,660)	31,023
		31,326	2,480	33,806	-	-	33,806	-	33,806	(2,660)	31,146
CURRENT LIABILITIES											
Trade and other payables		25,629	-	25,629	-	-	25,629	-	25,629	-	25,629
Contract liabilities		2,045	-	2,045	-	-	2,045	-	2,045	-	2,045
Lease liabilities		138	-	138	-	-	138	-	138	-	138
Short-term borrowings	6.8	7,237	583	7,820	-	-	7,820	-	7,820	(2,340)	5,480
Current tax liabilities		937	-	937	-	-	937	-	937	-	937
		35,986	583	36,569	-	-	36,569	-	36,569	(2,340)	34,229
TOTAL LIABILITIES		67,312	3,063	70,375	-	-	70,375	-	70,375	(5,000)	65,375
TOTAL EQUITY AND LIABILITIES		102,225	3,063	105,288	32,062	(32,062)	105,288	25,000	130,288	(7,553)	122,735
Number of ordinary shares in issue ('000)		#1		#1	375,000		375,000 #2	125,000	500,000		500,000
Net assets (RM'000)		34,913		34,913			34,913		59,913		57,360
Net assets per share (RM)		34,913,000		34,913,000			0.09		0.12		0.11
Total interest-bearing bank borrowings		38,440		41,503			41,503		41,503		36,503
Gearing (Times)		1.10		1.19			1.19		0.69		0.64

Notes:-
#1 - Represent RM1 of 1 ordinary share
#2 - After subdivision of ordinary shares as set out in Section 5.1 of the Pro Forma Combined Statements of Financial Position

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TECHSTORE BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024

1. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

ACE Market	:	ACE Market of Bursa Securities
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
IPO	:	Initial public offering comprising the Public Issue
IPO Price	:	RM0.20 per IPO Share, being the indicative price payable by investors under the Public Issue
IPO Shares	:	The Issue Shares and Offer Shares, collectively
Issue Shares	:	New Shares to be issued by the Company pursuant to the Public Issue
TechStore or the Company	:	TechStore Berhad (Registration No. 202401003419 (1549269-M))
TechStore Group or the Group	:	TechStore and its subsidiaries, collectively
SeeTec Asia	:	SeeTec Asia Sdn Bhd (Registration No. 201201025310 (1009800-X))
TSM	:	Tech-Store Malaysia Sdn Bhd (Registration No. (201101003927 (932067-M))
Vendors of TSM	:	Tan Hock Lim, Mohd Fadzil Bin Mohd Daud and Nor Azman Bin Abd Razak, collectively
Listing	:	Admission to the Official List and the listing and quotation for the Company's entire enlarged Shares on the ACE Market
NA	:	Net assets
Offer for Sale	:	Offer for sale by the Selling Shareholder of 25,000,000 Offer Shares at the IPO Price
Offer Shares	:	The existing Shares to be offered by the Offeror pursuant to the Offer for Sale
Offeror	:	Mohd Fadzil Bin Mohd Daud
Official List	:	A list specifying all securities listed on Bursa Securities

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TECHSTORE BERHAD
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1. ABBREVIATIONS (CONT'D)

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

MITI	:	Ministry of International Trade and Industry of Malaysia
Pro Forma CSOFP	:	Pro Forma Combined Statements of Financial Position
Public Issue	:	Public issue of 125,000,000 new TechStore Shares at the IPO Price
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
Subsidiaries	:	TSM and SeeTec Asia, collectively

2. INTRODUCTION

The Pro Forma CSOFP as at 31 July 2024 together with the related notes, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for inclusion in the Prospectus in connection with the IPO of TechStore Shares and the listing of and quotation for the entire enlarged issued share capital of the Company on the Ace Market of Bursa Securities.

The Pro Forma CSOFP together with the notes have been prepared based on the assumption that the transactions as set out in Section 5 to the Pro Forma CSOFP were effected on 31 July 2024.

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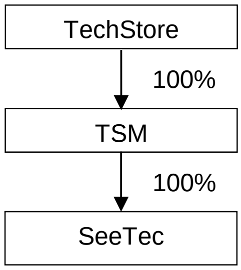
TECHSTORE BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024

3. BASIS OF PREPARATION

3.1 Group Structure

The pro forma corporate structure of TechStore Group is presented as follows:-



3.2 Accountants' Report And Audited Financial Statements

The Pro Forma CSOFP are prepared based on the Accountants' Report of TechStore for the FPE 31 July 2024 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Accountants' Report used in the preparation of these Pro Forma CSOFP was not subject to any audit qualification, modification or disclaimer of opinion. All amounts are presented in RM.

The Pro Forma CSOFP as at 31 July 2024 has been prepared for illustrative purposes only to show the effects of the transactions as set out in Section 4 of the Pro Forma CSOFP as at 31 July 2024 had the transactions been effected on 31 July 2024, and should be read in conjunction with the notes in this Section. Such information, because its hypothetical nature, does not give a true picture of the actual effects of the transactions or event on the financial information presented had the transaction or event occurred on 31 July 2024. Further, such information does not purport to predict the Group's future financial position.

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4. LISTING SCHEME

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:-

4.1 Subsequent Events

(a) Drawdown of Hire Purchase Loan with PLC Credit & Factoring Sdn. Bhd. ("PLCCF")

On 26 March 2024, TSM signed a Letter of Offer for Hire Purchase Facility with PLCCF for a total facility loan limit of RM50 million and subsequently on 31 December 2024, TSM entered into a Hire Purchase-i Agreement. The proceeds were partially drawdown on 31 December 2024 amounting RM2,572,899 to pay suppliers for the purchase of ICT equipment to rent to public sector under a finance lease arrangement. The ICT equipment has been fully paid to the supplier upon drawdown of the hire purchase loan.

(b) Drawdown of Hire Purchase Loan with Public Bank Berhad ("PBB")

On 10 September 2024, TSM signed a Hire Purchase Agreement with PBB. The proceeds were drawdown on 10 September 2024 amounting RM490,000 for the acquisition of a motor vehicle.

(c) TSM Acquisition

On 6 May 2024, TechStore entered into a Conditional Share Sale Agreement with the vendors of TSM to acquire the entire issued share capital of TSM for a total purchase consideration of RM32,062,500 satisfy by the issuance of 374,999,999 new Shares at an issue price of RM0.0855 per Share. The total purchase consideration of RM32,062,500 was arrived at after taking into consideration the audited NA position of TSM as at 31 December 2023 of RM32,072,086. The acquisition is conditional upon, amongst others, the approval of Bursa Securities being obtained for the Listing. The acquisition was completed on 30 October 2024.

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4. LISTING SCHEME (CONT'D)

The following proposals were undertaken in conjunction with, and as an integral part of the Listing (Cont'd):-

4.2 IPO

(a) Public Issue

Public issue of 125,000,000 Issue Shares at the IPO Price, representing 25% of the entire enlarged Shares in the following manner:-

(i) 25,000,000 Issue Shares, representing 5% of the entire enlarged Shares will be made available for application by the Malaysian Public;

(ii) 25,000,000 Issue Shares, representing 5% of the entire enlarged Shares will be made available for application by the Eligible Persons;

(iii) 12,500,000 Issue Shares, representing 2.5% of the entire enlarged Shares will be made available by way of private placement to selected investors; and

(iv) 62,500,000 Issue Shares, representing 12.5% of the entire enlarged Shares made available by way of private placement to identified Bumiputera investors approved by the MITI.

(b) Offer for Sale

25,000,000 Offer Shares, representing 5% of the entire enlarged Shares, will be made available at the IPO Price by way of private placement to selected investors.

4.3 Listing

The admission of TechStore to the official list of Bursa Securities, and the listing of and quotation for the entire enlarged issued Shares of TechStore, comprising 500,000,000 Shares on the ACE Market of Bursa Securities will be sought.

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CSOFP

5.1 Pro Forma I and II

Pro Forma I and II incorporates the effects of the subsequent events as set out in Section 4.1 above.

5.2 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I and II, and the effects of the Public Issue as set out in Section 4.2 above.

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5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CSOFP (CONT'D)

5.3 Pro Forma IV

Pro Forma IV incorporates the effects of Pro Forma I, II, III and the utilisation of the proceeds from the Public Issue. The proceeds from the Public Issue will be utilised as follows:-

	Amount RM'000	**%**	**Estimated timeframe for utilisation from the Listing date**
Working capital #	11,480	45.9	Within 24 months
Repayment of bank borrowings	5,000	20.0	Within 6 months
Recruitment of business development personnel #	2,718	10.9	Within 30 months
Capital expenditure #	2,302	9.2	Within 24 months
Estimated listing expenses *^	3,500	14.0	Within 1 month
Total	25,000	100.0	

Notes:-

\# - *As at the latest practicable date, the Company has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to the above purposes. Accordingly, the use of proceeds earmarked for these purposes are not reflected in the Pro Forma CSOFP and is remained in the cash and cash equivalents.*

* - *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements.*

^ - *The estimated listing expenses of RM1,601,000 directly attributable to the Public Issue will be offset against share capital.*

As at 31 July 2024, the Group paid RM1,265,000 listing expenses and has recognised RM948,375 and RM316,125 to the profit or loss and prepayment respectively. The remaining estimated listing expenses of RM952,000 and prepayment of RM316,125 attributable to Listing will be expensed off to profit or loss and capitalised to prepayment respectively.

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NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024

6. EFFECTS ON THE PRO FORMA CSOFP

6.1 Investments in a subsidiary

	Note	RM'000
As at 31.07.2024/As per Pro Forma I		-
Add: Acquisitions of TSM	4.1(c)	32,062
Less: Reorganisation accounting	4.1(c)	(32,062)
As per Pro Forma II, III and IV		-

6.2 Property, plant and equipment

	Note	RM'000
As at 31.07.2024		1,879
Add: Drawdown of hire purchase payables	4.1(a), 4.1(b)	3,063
As per Pro Forma I, II, III and IV		4,942

6.3 Deposits and prepayments

	Note	RM'000
As at 31.07.2024/As per Pro Forma I, II and III		3,907
<u>Item expensed off to the statement of profit or loss and other comprehensive income</u>		
Less: Estimated listing expenses	5.3	(316)
As per Pro Forma IV		3,591

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TECHSTORE BERHAD
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6. EFFECTS ON THE PRO FORMA CSOFP (CONT'D)

6.4 Cash and cash equivalents

	Note	RM'000
As at 31.07.2024/As per Pro Forma I and II		15,279
Add: Proceeds from Public Issue	4.2	25,000
As per Pro Forma III		40,279
Utilisation of proceeds from Public Issue		
Less: Estimated listing expenses	5.3	(2,237)
Less: Repayment of bank borrowings	5.3	(5,000)
As per Pro Forma IV		33,042

6.5 Share capital

	Note	Number of Ordinary Shares ('000)	Amount of Share Capital RM'000
As at 31.07.2024/As per Pro Forma I		#	#
Add: Pursuant to acquisition of TSM	4.1(c)	375,000	32,062
As per Pro Forma II		375,000	32,062
Add: Public Issue	4.2	125,000	25,000
As per Pro Forma III		500,000	57,062
Item set off against the share capital in equity			
Less: Estimated listing expenses	5.3	-	(1,601)
As per Pro Forma IV		500,000	55,461

Note:-
\# - Represent RM1 of 1 ordinary share

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6. EFFECTS ON THE PRO FORMA CSOFP (CONT'D)

6.6 Invested equity

	Note	RM'000
As at 31.07.2024/As per Pro Forma I		12,000
Less: Reorganisation accounting	4.1(c)	(12,000)
As per Pro Forma II, III and IV		-

6.7 Retained profits

	Note	RM'000
As at 31.07.2024/As per Pro Forma I, II and III		22,913
Item expensed off to the statement of profit or loss and other comprehensive income		
Less: Estimated listing expenses	5.3	(952)
As per Pro Forma IV		21,961

6.8 Borrowings

	Note	Current RM'000	Non-current RM'000	Total RM'000
As at 31.07.2024		7,237	31,203	38,440
Changes in Capital Structure				
Add: Drawdown of hire purchase payables	4.1(a), 4.1(b)	583	2,480	3,063
As per Pro Forma I, II, and III		7,820	33,683	41,503
Utilisation of proceeds from Public Issue				
Less: Repayment of bank borrowings	5.3	(2,340)	(2,660)	(5,000)
As per Pro Forma IV		5,480	31,023	36,503

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TECHSTORE BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of TechStore in accordance with a resolution dated 0 6 JAN 2025

On behalf of the Board of Directors,

Tan Hock Lim **Mohd Fadzil Bin Mohd Daud**

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.

(b) Save for the Pink Form Allocations as disclosed in Section 4.3.3,

(i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and

(ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(c) Save for the new Shares issued to the subscribers shareholder pursuant to the Acquisition as disclosed in Section 6.2 and to be issued for the Public Issue as disclosed in Section in 4.3.1, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.

(d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

(e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

15.2.1 TSM

TSM's share capital as at LPD is RM12,000,000 comprising 12,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
9 February 2011	8	RM8/ Subscribers' shares	8
5 October 2011	99,992	RM99,992/ Cash	100,000
23 December 2013	200,000	RM200,000/ Cash	300,000
1 August 2014	50,000	RM50,000/ Cash	350,000
3 August 2015	500,000	RM500,000/ Cash	850,000
21 August 2015	650,000	RM650,000/ Cash	1,500,000
30 August 2016	500,000	RM500,000/ Cash	2,000,000

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
24 October 2016	1,000,000	RM1,000,000/ Cash	3,000,000
30 October 2017	1,000,000	RM1,000,000/ Cash	4,000,000
4 January 2022	1,000,000	RM1,000,000/ Bonus shares	5,000,000
21 November 2023	7,000,000	RM7,000,000/ Bonus shares	12,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in TSM. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.2 SeeTec Asia

SeeTec Asia's share capital as at LPD is RM200,000 comprising 200,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
13 July 2012	2	RM2/ Subscribers' shares	2
21 July 2015	99,998	RM99,998/ Cash	100,000
21 December 2015	100,000	RM100,000/ Cash	200,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SeeTec Asia. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

15.3.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 10 – Authority of Directors to Allot Shares

(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to Section 75 of the Act and to the conditions, restrictions and limitations expressed in this Constitution, the Directors shall have the power to issue and allot shares, grant Options over shares, grant rights to subscribe for shares.

(2) Subject to the Listing Requirements, Constitution and the provision of any resolution of the Company, the Directors are authorised, to:

(a) allot shares or grant any rights to subscribe for shares, under an offer made to shareholders in proportion to the shareholders' shareholdings;

(b) allot shares or grant any rights to subscribe for shares, on a bonus issue to shareholders in proportion to the shareholders' shareholdings;

(c) allot shares to a Promoter of the Company which the Promoter has agreed to take;

(d) allot shares or grant any rights where shares are to be issued as consideration or part consideration for the Company to acquire shares or assets. Shareholders must be notified of the intention to issue such shares at least 14 days before their issue.

Clause 12 – Power to issue preference shares

The Company shall have power to issue preference shares ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner as they may think fit.

Clause 13 – Rights of preference shareholders

(1) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference shares and subject to the Act, preference shareholders shall have the same right as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company.

(2) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference share, preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital of the Company or sanctioning a disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than 6 months or on a proposal to wind-up the Company or during the winding up of the Company, but shall have no other rights whatsoever.

(3) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.

Clause 16 – Power to paying commission

In addition to all other powers of paying commissions, the Company (or the Board on behalf of the Company) may exercise the powers conferred by Section 80 of the Act of applying its shares or cash in paying commissions to persons subscribing or procuring subscriptions for shares of the Company, or agreeing so to do whether absolutely or conditionally, provided that the percentage or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and shall not exceed ten per cent (10%) of the price at which the shares, in respect whereof the commission is paid, are issued or an amount equivalent thereto. The Company (or the Board on behalf of the Company) may also, on any issue of the shares, pay such brokerage as may be lawful.

Clause 17 – Shares issued for purposes of raising money for the construction of works or building

Subject to Section 130 of the Act and any other conditions and restrictions prescribed by the Act, if any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant or equipment which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, and may charge the sum so paid by way of interest to capital as part of the costs of construction of the work or building or the provision of plant or equipment.

Clause 20 – Trusts not to be recognised

Except as required by law and as provided under the Rules, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not, even when having notice thereof, be bound or compelled to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution otherwise expressly provided or as required by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

Clause 21 – Issue of securities

Subject to the provisions of this Constitution and Listing Requirement, and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company shall ensure that it shall not issue any shares or convertible securities if the total number of shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding 12 months, exceeds the allowed threshold by the prevailing rules and regulation, except where the shares or convertible securities are issued with the prior approval of the members in general meeting of the precise terms and conditions of the issue.

Clause 25 – Modification of rights

If at any time the share capital of the Company, by reason of the issuance of preference shares or otherwise is divided into different classes, the repayment of such preferred capital or all or any of the rights and privileges attached to each class of shares may subject to the provisions of Section 91 of the Act, this Constitution and the provisions of any written law, be varied, modified, commuted, affected, abrogated or dealt with by resolution passed by the holders of at least three-fourth of the issued shares of that class at a separate meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting except that the quorum hereof shall be 2 persons at least holding or representing by proxy one third of the issued shares of the class and for an adjourned meeting 1 person holding shares of such class.

Provided however that in the event of the necessary majority for such a resolution not having been obtained in the manner aforesaid consent in writing may be secured by members holding at least three- fourths of the issued shares of the class and such consent if obtained within 2 months from the date of the separate meeting shall have the force and validity of a resolution duly carried. To every such resolution the provisions of Section 91 of the Act, shall with such adaptations as are necessary apply.

15. STATUTORY AND OTHER INFORMATION *(Cont'd)*

Clause 26 – Special right to any class of share

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto, the Company purchasing its own shares and the Company redeeming redeemable preference shares.

Clause 60 – Increase of share capital

The Company may, from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Clause 61 – Increase of new shares to existing members

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities 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, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause. For the avoidance of doubt, where approval of the Members is obtained in a general meeting for any issuance of shares or convertible Securities, including approvals obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable. In any case and in respect of any issuance of shares or convertible Securities, the pre-emptive rights of members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of the pre-emptive rights to the new Shares shall not apply.

Subject to Act and Listing Requirements, the Board is authorised, without a resolution of the Company, to:

(a) allot shares or grant any rights to subscribe for shares, under an offer made to shareholders in proportion to the shareholders' shareholdings;

(b) allot shares or grant any rights to subscribe for shares on a bonus issue to shareholders in proportion to the shareholders' shareholdings; or

allot shares or grant any rights where shares are to be issued as consideration or part consideration for the Company to acquire shares or assets. Shareholders must be notified of the intention to issue such shares at least fourteen (14) days before their issue.

Clause 63 – Alteration of share capital

Subject to the Statutes, the Company may from time to time alter its share capital by passing a special resolution to:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived;

(b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares;

(c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;

(d) cancel any shares, which at the date of the passing of the resolution, which have not been taken or agreed to be taken by any person or which have been forfeited, and diminish the amount of its share capital by the amount of the shares so cancelled; or

(e) subject to the provisions of this Constitution and the Act, convert and/or reclassify any class of shares into any other class of shares.

Clause 64 – Capital reduction

The Company may by special resolution, reduce its share capital in accordance with Section 84 of the Act

15.3.2 Borrowing and voting powers of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested are as follows:

Clause 121 – Directors' borrowing powers

(1) To the extent that the Act, the Listing Requirements and the Constitution allow, 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. Provided also that the Directors shall not issue any debt Securities convertible to ordinary shares without the prior approval of the Company in meeting of members.

(2) The Directors shall cause a proper register to be kept in accordance with Section 60 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.

(3) 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 134 – Chairman has casting vote

In case of equality of votes, the Chairman shall have a second or casting vote, except where only 2 Directors are competent to vote on the question at issue or at the meeting where only 2 Directors form the quorum.

Clause 138 – Disclosure of interest in contracts, property, officers, etc

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company. This clause is subject to the Listing Requirements.

Clause 139 – Directors refrained from voting in interested transactions

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested, either as an officer of that other company or as a holder of shares or other Securities in that other company.

Clause 141 – Director may vote on the giving of security or indemnity where he is interested

Subject to Clause 138, a Director may vote in respect of:

(a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

By an ordinary resolution of the Company, the provisions of this Clause may at any time be suspended or relaxed to any extent and, either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Clause, may be ratified.

15.3.3 Remuneration of directors

The provisions in our Constitution dealing with the remuneration of Directors are as follows:

Clause 116 – Remuneration of directors

The fees and any benefits payable to the Directors from time to time, be subject to annual shareholder approval at general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, 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:

(a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(b) salaries payable to executive Directors shall not include a commission on or percentage of turnover;

(c) fees and any benefits 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

(d) 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 that Director.

15.3.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of Shares are as follows:

Clause 49 – Transfer of securities

The transfer of any Listed Securities or class of Listed Securities in the Company shall be by way of book entry by Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but 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 Listed Security.

Clause 50 – Instrument of transfer

(1) 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 instrument of transfer which is executed in accordance with the Statutes , 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.

(2) A fee not exceeding RM3 (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.

Clause 51 – Pension under disability

No share shall in any circumstances be transferred to any minor, bankrupt or person of unsound mind.

Clause 52 – Refusal to transfer and notice of refusal

(1) 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.

(2) If the Directors passed a resolution to refuse or delay the registration of a transfer, they shall, within 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 53 – 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.

15.4 GENERAL INFORMATION

(a) Save for the dividends paid to our shareholders in FYE 2022 and remuneration of our Directors and key senior management as disclosed in Sections 12.16, 5.2.4 and 5.3.5 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoter, Directors or substantial shareholders.

(b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.

(d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.5 CONSENTS

(a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, solicitors, share registrar, company secretaries and issuing house to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

(c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(a) Constitution;

(b) Audited financial statements of TechStore from the date of incorporation up to 31 July 2024;

(c) Audited financial statements of TSM and SeeTec Asia for FYE 2021 to 2023;

(d) Accountants' Report as set out in Section 13;

(e) Reporting Accountants' Report relating to our pro forma combined statements of financial position as set out in Section 14;

(f) IMR Report as set out in Section 8;

(g) Material contracts as set out in Section 6.5; and

(h) Letters of consent as set out in Section 15.5.

15.7 RESPONSIBILITY STATEMENTS

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

M&A Securities 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.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 22 January 2025

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 4 February 2025

In the event of any changes to the timetable, we will advertise the notice of such changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia and make an announcement on Bursa Securities' website.

Late applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors		Application Method
Applications by our 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

16.2.2 Placement

Types of Application	Application Method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Eligible Persons, selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. **Invalid, nominee or third party CDS Accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 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.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

(i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(ii) 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

(iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) 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

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form; or

(ii) Electronic Share Application; or

(iii) Internet Share Application.

16.3.3 Application by our Eligible Persons

Our Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions on the said documents and where relevant, in this Prospectus.

16.4 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 RM0.20 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 790"** 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:

(a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
8, Jalan Kerinchi
59200 Kuala Lumpur

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

So as to arrive not later than 5.00 p.m. on 4 February 2025 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.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), MooMoo Securities Malaysia Sdn Bhd and Malacca Securities Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (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 or Participating Securities Firms.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

(i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(ii) are illegible, incomplete or inaccurate; or

(iii) are accompanied by an improperly drawn up or improper form of remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 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.

16.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of 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 at https://tiih.online within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25.0% 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 our Eligible Persons, subject to the clawback and reallocation as set out in Section 4.3.3, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) 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 (a) and (b) above (as the case may be).

(d) 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 last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms 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 Institution or Internet Participating Financial Institution or Participating Securities Firms (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) 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 Participating Securities Firms (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 Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our IPO Shares allotted to you will be credited into your CDS Account.

(b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(c) In accordance with Section 14(1) of the Central Depositories Act, 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 Central Depositories Act and Depository Rules.

(d) In accordance with Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	**Parties to direct the enquiries**
Application Form	Issuing House Enquiry Services Telephone at 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firms and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **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 set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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