

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF ITMAX SYSTEM BERHAD (“ITMAX SYSTEM” OR “COMPANY”) DATED 25 NOVEMBER 2022 (“ELECTRONIC PROSPECTUS”)

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

Website

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

Availability and Location of 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 or the Issuing House, Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a paper/printed copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the application forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, the Promoters, the Selling Shareholder, the Principal Adviser, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

Close of Application

Applications for the IPO Shares offered under the Retail Offering will open at **10.00 a.m.** on **25 November 2022** and will close at **5.00 p.m.** on **1 December 2022**. Any change to the timetable will be advertised by the Company in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

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

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

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

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



ITMAX SYSTEM BERHAD
(Co. Reg. No. 200101008580 (544336-M))
(Incorporated in Malaysia under the Companies Act, 1965)

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Tel: 03-9054 8333
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admin@itmax.com.my

ITMAX SYSTEM BERHAD
(Co. Reg. No. 200101008580 (544336-M))
(Incorporated in Malaysia under the Companies Act, 1965)



PROSPECTUS



ITMAX SYSTEM BERHAD

(Co. Reg. No. 200101008580 (544336-M))
(Incorporated in Malaysia under the Companies Act, 1965)

PROSPECTUS

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 320,000,000 ORDINARY SHARES IN ITMAX SYSTEM BERHAD ("ITMAX SYSTEM" OR "COMPANY") ("IPO SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARES IN ITMAX SYSTEM ("ITMAX SYSTEM SHARES" OR "SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING AN OFFER FOR SALE OF UP TO 129,446,400 EXISTING SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 190,553,600 NEW SHARES ("ISSUE SHARES") INVOLVING:

- (I) INSTITUTIONAL OFFERING OF UP TO 289,160,000 IPO SHARES TO INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND
- (II) RETAIL OFFERING OF 30,840,000 ISSUE SHARES TO THE DIRECTORS OF ITMAX SYSTEM, ELIGIBLE EMPLOYEES OF ITMAX SYSTEM AND ITS SUBSIDIARY ("GROUP"), PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP AND THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM1.07 PER ISSUE SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE;

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS. THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

- (A) THE RETAIL PRICE; OR
- (B) THE INSTITUTIONAL PRICE.

Principal Adviser, Joint Bookrunner,
Managing Underwriter and Joint Underwriter



Investment Bank

Maybank Investment Bank Berhad
(Co. Reg. No. 197301002412)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Bookrunner and Joint Underwriter



CIMB Investment Bank Berhad
(Co. Reg. No. 197401001266 (18417-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter



AmInvestment Bank
AmInvestment Bank Berhad
(Co. Reg. No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

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

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 242.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

THIS PROSPECTUS IS DATED 25 NOVEMBER 2022

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

RESPONSIBILITY STATEMENTS

Our Directors, our Promoters and the 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 that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, being the Principal Adviser, Joint Bookrunner for the Institutional Offering and Managing Underwriter and Joint Underwriter for the Retail Offering, 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.

It is to be noted that the role of CIMB IB in our IPO is limited to being Joint Bookrunner for the Institutional Offering and Joint Underwriter for the Retail Offering.

It is to be noted that the role of Am IB in our IPO is limited to being Joint Underwriter for the Retail Offering

STATEMENTS OF DISCLAIMER

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

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

OTHER STATEMENTS

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

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

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

Investors should not take the agreement by the Managing Underwriter and Joint Underwriters named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus is published solely in connection with our IPO. Our Shares are being offered solely in Malaysia on the basis of the information contained and representations made in this Prospectus. Our Company, our Promoters, the Selling Shareholder, the Principal Adviser, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, our Promoters, the Selling Shareholder, the Principal Adviser, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters or any of their respective directors, or any other persons involved in our IPO.

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

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of our Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves accordingly and to observe applicable restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it. We will further assume that you have accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

It will be your sole responsibility to ensure that your application for our IPO is in compliance with the terms of our IPO and will not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. It will also 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 we nor our Promoters, the Selling Shareholder, the Principal Adviser, the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters nor any other advisers in relation to our IPO will 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.

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.

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

This Prospectus can also 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 the SC are the same.

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

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

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

- (i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, information, file 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;
- (ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, file or other material provided by the Third-Party Internet Sites; and
- (iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We 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, file or other material.

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

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

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time and/or date
Opening of the Institutional Offering ⁽¹⁾	25 November 2022
Issuance of the Prospectus/Opening of the Retail Offering	10.00 a.m., 25 November 2022
Closing of the Retail Offering	5.00 p.m., 1 December 2022
Closing of the Institutional Offering	1 December 2022
Price Determination Date	2 December 2022
Balloting of applications for the Issue Shares under the Retail Offering	5 December 2022
Allotment/Transfer of the IPO Shares to successful applicants	12 December 2022
Listing	13 December 2022

Note:

(1) Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of the IPO Shares by the Cornerstone Investors was entered into on 10 November 2022.

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

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” or “ITMAX System” are to ITMAX System Berhad. All references to “ITMAX System Group” or “our Group” are to our Company and our subsidiary taken as a whole. All references to “we”, “us”, “our” and “ourselves” are to our Company and where the context otherwise requires, our Group. All references to “you” are to our prospective investors.

Certain numbers presented in this Prospectus have been rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments.

Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section. Words denoting the singular will, where applicable include the plural and *vice versa* and words denoting the masculine gender will, where applicable, include the feminine and/or neuter gender and *vice versa*. Reference to persons will, where applicable, include companies and corporations.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

Any reference to a time or date shall be a reference to a time or date in Malaysia, unless otherwise stated.

Any reference to the “LPD” in this Prospectus is to 5 November 2022, being the latest practicable date prior to the registration of this Prospectus with the SC.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding the growth and performance of the industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each of such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report as included in Section 8 of this Prospectus. We have appointed Vital Factor to provide an independent market and industry review. In compiling its data for the review, Vital Factor had relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION *(Cont'd)*

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements, or industry results 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 current view with respect to future events and are not a guarantee of future performance.

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

- (i) our business strategies and potential growth opportunities;
- (ii) our future plans and objectives;
- (iii) our future financial position, earnings, cash flows and liquidity;
- (iv) the demand for our services, trends and competitive position; and
- (v) the regulatory environment and the effects of future regulation;

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:

- (i) demand of our customers;
- (ii) general economic, business, social, political and investment environment in Malaysia and globally;
- (iii) interest rates, tax rates and exchange rates;
- (iv) competitive environment in the industry in which we operate;
- (v) reliance on approvals and licences;
- (vi) delays in availability of supply and fluctuations in price of input materials;
- (vii) fixed and contingent obligations and commitments; and
- (viii) other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 of this Prospectus on “Risk Factors” and Section 12.2 of this Prospectus on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

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

DEFINITIONS

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

Acquisition	: The acquisition of the entire equity interest of STS, as further described in Section 6.1.2 of this Prospectus
Act	: Companies Act 2016
ADA	: Authorised Depository Agent
Admission	: Admission of our Shares to the Official List of the Main Market of Bursa Securities
AGM	: Annual general meeting
Am IB	: AmInvestment Bank Berhad
Application	: Application for our Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	: Application form for the application of the Issue Shares under the Retail Offering accompanying this Prospectus
ARSB	: Akasia Rafflesia Sdn Bhd (<i>formerly known as ITMAX Holding Sdn Bhd</i>)
ATM	: Automated teller machine
Auditors or Reporting Accountants or KPMG	: KPMG PLT
Authorised Financial Institution	: Authorised financial institution participating in the Internet Share Application in respect of the payment for our Issue Shares
Board	: Board of Directors of our Company
Bumiputera	: In context of: <ul style="list-style-type: none"> (i) individuals - Malay and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (ii) companies - companies which fulfil, among others, the following criteria or such other criteria as may be imposed by the MITI: <ul style="list-style-type: none"> (a) registered under the Act as a private company; (b) its shareholders are 100% Bumiputera; and (c) its board of directors (including its staff) are at least 51% Bumiputera; and (iii) cooperatives - cooperatives whose shareholders or cooperative members are at least 95% Bumiputera or such criteria as may be imposed by the MITI
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad

DEFINITIONS *(Cont'd)*

By-Laws	: The rules, terms and conditions of the LTIP as may be modified and/or amended from time to time
CAGR	: Compound annual growth rate
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
CIDB	: Construction Industry Development Board
CIMB IB	: CIMB Investment Bank Berhad
CMA	: Communication and Multimedia Act 1998
CMCO	: Conditional MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
CMSA	: Capital Markets and Services Act 2007
Constitution	: Constitution of our Company
Cornerstone Investors	: Collectively, Affin Hwang Asset Management Berhad, AIA Bhd, CMY Capital Sdn Bhd, Eastspring Investments Berhad, Great Eastern Life Assurance (Malaysia) Berhad, Hong Leong Assurance Berhad, JPMorgan Asset Management (Singapore) Limited, Kenanga Investors Berhad, Kenanga Islamic Investors Berhad, Lion Global Investors Limited, Maybank Asset Management Sdn Bhd, Maybank Islamic Asset Management Sdn Bhd, and Principal Asset Management Berhad
COVID-19	: An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Datin Afinaliza	: Datin Afinaliza Binti Zainal Abidin
DBKL	: Dewan Bandaraya Kuala Lumpur
Depositor	: A holder of a Securities Account
Director(s)	: Director(s) of our Company
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs (Compact Disc - Read Only Memory)
Electronic Share Application	: Application for our Issue Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	: Collectively, our Directors, employees of our Group and persons who have contributed to the success of our Group, as further detailed in Section 4.2.2 of this Prospectus
Energy Commission	: Energy Commission established under the Energy Commission Act 2001
EPS	: Earnings per share

DEFINITIONS *(Cont'd)*

Equity Guidelines	:	Equity Guidelines issued by the SC
ESG	:	Environmental, social and governance
ESGS	:	Executives share grant scheme for the for the grant of the ESGS Shares to the eligible directors (excluding independent directors) and eligible executives of our Group which forms part of the LTIP
ESGS Shares	:	ITMAX System Shares to be made available to the eligible directors (excluding independent directors) and eligible executives of our Group pursuant to the ESGS
ESOS	:	Executives share option scheme for the grant of the ESOS Options to the eligible directors (excluding independent directors) and eligible executives of our Group which forms part of the LTIP
ESOS Options	:	Right to subscribe for new ITMAX System Shares pursuant to the contract constituted by the acceptance of an offer made in accordance with the terms and conditions of the offer and the By-Laws
Final Retail Price	:	Final price per IPO Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
Financial Years Under Review	:	Collectively, the FYEs 31 December 2019, 31 December 2020 and 31 December 2021
FMCO	:	Full MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
FPE	:	Financial period ended, or where the context otherwise requires, financial period ending
FYE	:	Financial year ended, or where the context otherwise requires, financial year ending
Government or Malaysian Government	:	Government of Malaysia
GP	:	Gross profit
GSSB	:	Ganda Sensasi Sdn Bhd
Hong Kong	:	Hong Kong Special Administrative Region
IFRS	:	International Financial Reporting Standards issued by the International Accounting Standards Board
IMR Report	:	Independent market research report dated 7 November 2022 prepared by Vital Factor
Independent Business and Market Research Consultants or Vital Factor	:	Vital Factor Consulting Sdn Bhd

DEFINITIONS *(Cont'd)*

Institutional Offering	: Offering of up to 289,160,000 IPO Shares at the Institutional Price, subject to clawback and reallocation provisions, to institutional and selected investors, including Bumiputera investors approved by the MITI
Institutional Price	: Price per IPO Share to be paid by investors under the Institutional Offering which will be determined of the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution(s)	: Participating financial institution(s) for the Internet Share Application
Internet Share Application	: Application for our Issue Shares through an Internet Participating Financial Institution
IPO	: Initial public offering of the IPO Shares in conjunction with our Listing
IPO Shares	: Collectively, the Offer Shares and the Issue Shares
Issue Shares	: New Shares to be issued by our Company under the Public Issue
Issuing House or Share Registrar	: Tricor Investor & Issuing House Services Sdn Bhd
ITMAX System or Company	: ITMAX System Berhad
ITMAX System Group or Group	: Collectively, ITMAX System and STS
ITMAX Shares or Shares	: Ordinary shares in our Company
Joint Bookrunners	: Collectively, Maybank IB and CIMB IB
Joint Underwriters	: Collectively, Maybank IB, CIMB IB and Am IB
Key Senior Management	: Key senior management of our Group, whose profiles are set out in Section 5.4.2 of this Prospectus
Key Technical Personnel	: Key technical personnel of our Group, whose profiles are set out in Section 5.5.2 of this Prospectus
Klang Valley	: In the context of this Prospectus, Klang Valley comprises the federal territories of Kuala Lumpur and Putrajaya, as well as Selangor
km	: Kilometre
Listing	: Listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Securities
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 5 November 2022, being the latest practicable date prior to the registration of this Prospectus with the SC
LTIP	: Our Company's long term incentive plan comprising the ESGS and the ESOS which shall be administered in accordance with the By-Laws

DEFINITIONS *(Cont'd)*

Malaysian Public	: Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Managing Underwriter	: Maybank IB
Market Day	: Any day on which Bursa Securities is open for trading in securities
Master Cornerstone Placement Agreement	: Master cornerstone placement agreement dated 10 November 2022 between our Company, the Selling Shareholder, the Joint Bookrunners and the Cornerstone Investors as detailed in Section 4.2.1 of this Prospectus
Maybank IB	: Maybank Investment Bank Berhad
MCCG	: Malaysian Code on Corporate Governance
MCMC	: Malaysian Communications and Multimedia Commission
MCO	: Movement control order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic
MFRS	: Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
MIA	: Malaysian Institute of Accountants
MITI	: Ministry of International Trade and Industry of Malaysia
MOF	: Ministry of Finance Malaysia
Moratorium Providers	: Collectively, Sena Holdings, GSSB, Tan Sri Tan, TWL, TSC and Datin Afinaliza, being shareholders of our Company whose securities are subject to moratorium under the Equity Guidelines
MSC	: Multimedia Super Corridor
MyIPO	: Intellectual Property Corporation of Malaysia
NA	: Net assets
NBV	: Net book value
NRP	: National Recovery Plan
Offer for Sale	: Offer for sale up to 129,446,400 Offer Shares by the Selling Shareholder
Offer Shares	: Existing Shares to be offered by the Selling Shareholder pursuant to the Offer for Sale
Official List	: A list specifying all securities listed on Bursa Securities
Participating Financial Institution(s)	: A participating financial institution(s) for the Electronic Share Application
PAT	: Profit after taxation

DEFINITIONS *(Cont'd)*

PBT	:	Profit before taxation
PB Multiple	:	Price-to-book multiple
PE Multiple	:	Price-to-earnings multiple
PPE	:	Property, plant and equipment
Pink Application Form	:	Application form for the application of Issue Shares under the Retail Offering by the Eligible persons accompanying this Prospectus
Pink Form Allocations	:	The allocation of 10,280,000 Issue Shares to the Eligible Persons under the Retail Offering
Placement Agreement	:	Placement agreement to be entered into between the Company, the Selling Shareholder and the Joint Bookrunners in respect of such number of IPO Shares to be offered under the Institutional Offering
Pre-IPO Restructuring	:	Restructuring exercise involving the Acquisition, the Share Transfer and the Subdivision
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Principal Adviser	:	Maybank IB
Promoters	:	Collectively, Tan Sri Tan, TWL, TSC and Datin Afinaliza, being the promoters as prescribed under Section 226 of CMSA and “Promoter” shall refer to any one of them
Prospectus	:	This Prospectus dated 25 November 2022 issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Puan Sri Lim	:	Puan Sri Datin Lim Sho Hoo
Public Issue	:	Public issue of 190,553,600 Issue Shares by our Company
R&D	:	Research and development
Record of Depositors	:	A record of securities holders established by Bursa Depository in accordance with the Rules of Bursa Depository
Retail Offering	:	Offering of 30,840,000 Issue Shares at the Retail Price, subject to the clawback and reallocation provisions, to be allocated in the following manner: <ul style="list-style-type: none"> (i) 10,280,000 Issue Shares reserved for application by the Eligible Persons; and (ii) 20,560,000 Issue Shares for application by the Malaysian Public, via balloting
Retail Price	:	Initial price of RM1.07 per Issue Share to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in Section 4.4.1 of this Prospectus

DEFINITIONS *(Cont'd)*

Retail Underwriting Agreement	:	Retail underwriting agreement dated 10 November 2022 between our Company and the Joint Underwriters for the underwriting of the Issue Shares under the Retail Offering
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMCO	:	Recovery MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
ROC	:	Registrar of Companies
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
Securities Account or CDS Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
Selling Shareholder	:	Sena Holdings
Sena Holdings	:	Sena Holdings Sdn Bhd
Sena Letrik	:	Sena Letrik (M) Sdn Bhd
SGD	:	Singapore Dollar, the lawful currency of the Republic of Singapore
Share Transfer	:	Transfer of 700,000 ITMAX System Shares by ARSB to Sena Holdings
SICDA	:	Securities Industry (Central Depositories) Act 1991
SOCISO	:	Social Security Organisation, Malaysia, also known as PERKESO (Pertubuhan Keselamatan Social)
Subdivision	:	Subdivision of our 1,388,800 Shares into 837,446,400 Shares following the completion of the Acquisition and the Share Transfer
SOP(s)	:	Standard operating procedure(s)
sq.ft.	:	Square foot/feet
Tan Sri Tan	:	Tan Sri Dato' (Dr.) Tan Boon Hock
TNB	:	Tenaga Nasional Berhad
TSC	:	Tan Sing Chia
TWL	:	Tan Wei Lun
USD	:	United States Dollar, the lawful currency of the United States of America
Subsidiary		
STS	:	Sena Traffic Systems Sdn Bhd

GLOSSARY OF TECHNICAL TERMS

3D	:	Three-dimensional
5G	:	5 th generation of wireless technology
Artificial intelligence	:	The ability for a computer to make decisions somewhat similar to humans where responses or decisions are not explicitly programmed or based on a set or predetermined conditions or observations. Machine learning is part of artificial intelligence
Cadastral database	:	Cadastral database refers to a database showing the boundaries of subdivision of land for the purposes of describing and recording ownership. This will contain the particulars such as dimensions and areas of the land parcel and its parcel identification number
CCTV	:	Close circuit television
CNC	:	Computer numerical control
Communications protocol	:	A set of standards for the transmission and receipt of data over a telecommunications network
Data	:	A general term to represent text, still images, moving images and sound. May also refer to information
Designated supplier	:	In the context of this Prospectus, designated supplier refers to our Group (ITMAX System or STS) where we are appointed by the project owner as the supplier mainly for our brands of lighting and traffic management controllers
Direct distribution channel	:	A marketing term to describe marketing and sales targeted at end-users or end-consumers. In the context of this Prospectus, it also refers to the brand or product owner
DLP	:	Defect liability period
Fibre optic network	:	A fixed line telecommunication network that uses optical fibre made of very thin glass or plastic with a hollow centre to be used for transmission of light that represents data.
Fibre-to-the-curb	:	Fibre optic network with terminations onto a distributor placed on or near the curbside of a road to enable additional connections to user premises
Gateway	:	In the context of this Prospectus, it is a telecommunications device for the purpose of consolidating data from a group of devices to be transmitted to another device, and also transmitting data from one device to the group of devices
Indirect distribution channel	:	A marketing term to describe marketing and sales targeted at intermediaries or resellers, who would subsequently resell the purchased item without transformation to another party. Commonly these intermediaries are trading or procurement companies
Internet protocol or IP	:	A communications standard for transmitting data from one device to another through a communications network

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Interoperability	:	The ability of network equipment and devices manufactured by different parties to communicate with one another successfully over a network
IoT	:	Internet of things
LAD	:	Liquidated and ascertained damages
Light emitting diode or LED	:	A semiconductor device which emits light when electricity is applied to it
Lighting controller	:	A device designed to control lightings such as turning the lights on or off, or dimming the lights. The instructions to carry out these control actions are programmed and are based on criteria such as time of day or visibility. Devices such as timing devices, light and moisture sensors are connected to the controller to provide the necessary data for triggering an action such as turning the lights on
Local governments	:	Administrative bodies under the purview of state or federal territory governments charged with, among others, providing planning and development, public amenities, collection of relevant taxes and creating by-laws, rules and policies under their respective jurisdiction
M&E	:	Mechanical and electrical
Machine learning	:	The ability for a computer to learn to make decisions where the outcome based on satisfying various conditions or observations are not explicitly coded or based on a predetermined set of conditions or observations
Metropolitan area network or MAN	:	A network installed within a metropolitan area such as Kuala Lumpur that enables devices connected to this network to be able to communicate with each other. In many situations, the MAN is connected to an external network which will then enable devices on the MAN to communicate with devices on the other connected network, such as the internet or world wide web
Monopole	:	A single hollow tube tower with polygonal or round sides where the base is larger than the top of the tower
MSC	:	Multimedia super corridor
Networked facilities	:	In the context of this Prospectus, it refers to wide area networks comprising mainly fibre optic cables and communication devices for the transmission of data and provision of connectivity
Networked systems	:	In the context of this Prospectus, it refers to the networking of devices such as video cameras, lighting controllers and traffic light controllers and subsequently linked to centralised control rooms
Nominated subcontractor	:	A project owner nominated subcontractor to be used by its contractors in the provision of products and services
NFP	:	Network facilities provider
NSP	:	Network services provider
PCBA	:	Printed circuit board assembly

GLOSSARY OF TECHNICAL TERMS (Cont'd)

PPJ	:	Perbadanan Putrajaya or Putrajaya Corporation
PPR	:	Program Perumahan Rakyat or People's Housing Program
Public space	:	Public space is mainly space outside the boundaries of owned space, generally accessible to the public and is under the jurisdiction of Federal, State or local governments. In the context of this Prospectus, public space refers to open public spaces such as roads, highways, parks and beaches
SLA	:	Service-level agreement
SPKK	:	Sijil Perolehan Kerja Kerajaan or Certificate of Government Procurement Works
SRS	:	Software requirements specifications
Tower	:	A free-standing framework tower commonly constructed from angle bars or hollow tubes, which commonly refer to lattice towers
Traffic management controller	:	A device designed to control the duration and change in traffic lights while synchronising with nearby connected traffic lights to ensure safe and smooth flow of vehicular and, where relevant, pedestrian traffic, at road intersections. The controller relies on sensors such as motion and weather sensors to provide real-time information to optimise vehicular and pedestrian traffic flow
UPS	:	Uninterrupted power supply
Variable message signage or VMS	:	An electronic message display board on roadways or strategic locations connected to a control centre for the transmission of messages
Wireless communications equipment	:	A device used to receive or transmit data through the air without the use of wires or fibre optics

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Nationality	Address
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	Independent Non-Executive Chairman	Malaysian	18 Jalan Temoleh P8/9, Presint 8, 62250 Putrajaya, Wilayah Persekutuan, Malaysia
Tan Sri Tan	Non-Independent Non-Executive Director	Malaysian	Lot 17, Jalan Palong, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
Datin Afinaliza	Non-Independent Executive Director	Malaysian	A-5-1 Apollo Tower Pelangi, Jalan Kiara 1, Mont' Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia
TWL	Non-Independent Managing Director and Chief Executive Officer	Malaysian	Lot 17, Jalan Palong, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
TSC	Non-Independent Executive Director	Malaysian	Unit No. C30-6E, Kiara 9 Residency, No. 22, Jalan Kiara 3, Mont' Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia
Mok Juan Chek	Independent Non-Executive Director	Malaysian	No. 16, Jalan VK 4, Taman Vista Kirana, 75450 Ayer Keroh, Melaka, Malaysia
Ng Nen Sin	Independent Non-Executive Director	Malaysian	C-8-7, Gembira Residen, No. 2, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan, Malaysia
Heng Ai Shan	Independent Non-Executive Director	Malaysian	The Straits View Residences, Unit H-15, No. 2, Jalan Permas 13, Bandar Baru Permas Jaya, 81750 Masai, Johor Darul Takzim, Malaysia

1. CORPORATE DIRECTORY (Cont'd)**AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Heng Ai Shan	Chairman	Independent Non-Executive Director
Mok Juan Chek	Member	Independent Non-Executive Director
Ng Nen Sin	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Mok Juan Chek	Chairman	Independent Non-Executive Director
Ng Nen Sin	Member	Independent Non-Executive Director
Heng Ai Shan	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES	: Rebecca Kong Say Tsui
	Professional qualification: Malaysian Institute of Chartered Secretaries and Administrators (" MAICSA ") (MAICSA Membership No.: MAICSA 7039304) CCM Practising Certificate No. 202008001003
	Yap Siek Lee
	Professional qualification: MAICSA (MAICSA Membership No.: 7049598) CCM Practising Certificate No. 201908002140
	Unit 30-01, Level 30, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia
REGISTERED OFFICE	: Unit 30-01, Level 30, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia
	Tel. No. : +603-2783 9191
HEAD/MANAGEMENT OFFICE	: No. 30-G & 30-3, Jalan Radin Bagus 3 Seri Petaling 57000 Kuala Lumpur Wilayah Persekutuan Malaysia
	Tel. No. : +603 9054 8333 E-mail : admin@itmax.com.my Website : www.itmax.com.my
SELLING SHAREHOLDER	: Sena Holdings Sdn Bhd No. 32A-1, Jalan Radin Bagus 3 Seri Petaling 57000 Kuala Lumpur Wilayah Persekutuan Malaysia

1. CORPORATE DIRECTORY (Cont'd)

AUDITORS AND REPORTING ACCOUNTANTS	: KPMG PLT LLP0010081-LCA & AF0758 10 th Floor, KPMG Tower No. 8, First Avenue, Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Malaysia Tel. No. : +603 7721 3388 Partner-in-charge : Foong Mun Kong Approval No. : 02613/12/2020J Professional : Chartered Accountant, qualification : MIA (MIA Membership No. 10375), Certified Public Accountant, Malaysian Institute of Certified Public Accountant
PRINCIPAL ADVISER, JOINT BOOKRUNNER, MANAGING UNDERWRITER AND JOINT UNDERWRITER	: Maybank Investment Bank Berhad 32 nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. No.: +603 2059 1888
JOINT BOOKRUNNER AND JOINT UNDERWRITER	: CIMB Investment Bank Berhad 17 th Floor, Menara CIMB No. 1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia Tel. No.: +603 2261 8888
JOINT UNDERWRITER	: AmInvestment Bank Berhad Level 21, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2036 2633
LEGAL ADVISERS	: <i>To our Company as to Malaysian law</i> Mah-Kamariyah & Philip Koh 3A07 Block B, Phileo Damansara II 15, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan Malaysia Tel. No.: +603 7956 8686

1. CORPORATE DIRECTORY (Cont'd)

To the Joint Bookrunners, Managing Underwriter and Joint Underwriters as to Malaysian law

Albar & Partners
Suite 14-3, Level 14
Wisma UOA Damansara II
No. 6, Changkat Semantan
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: +603 7890 3288

**INDEPENDENT BUSINESS AND
MARKET RESEARCH
CONSULTANTS**

: Vital Factor Consulting Sdn Bhd
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel. No.: +603 7931 3188

Name of signing director: Wooi Tan

(See Section 8 of this Prospectus for the profile of the firm and signing director)

**ISSUING HOUSE AND SHARE
REGISTRAR**

: Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: +603 2783 9299

LISTING SOUGHT

: Main Market of Bursa Securities

SHARIAH STATUS

: Approved by the SAC

2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

The SC has, via its letter dated 11 October 2022, approved our IPO and our Listing under Section 214(1) of the CMSA and the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirement for public listed companies, subject to the following condition:

No.	Details of condition imposed	Status of compliance
(i)	Maybank IB and ITMAX System to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of our Listing.	To be complied

In the same letter, the SC has also noted the effects of our Listing on the equity structure of our Company as follows:

Category of shareholders	As at 31 May 2022 ⁽¹⁾		After our Listing	
	No. of Shares	% of our issued Shares	No. of Shares	% of our enlarged issued Shares
Bumiputera				
- Bumiputera investors to be approved by MITI	-	-	⁽³⁾ 128,500,000	12.5
- Bumiputera public investors via balloting	-	-	⁽³⁾ 10,280,000	1.0
- Others	⁽²⁾ 300,000	30.00	⁽⁴⁾ 182,100,000	17.7
Total Bumiputera	300,000	30.0	320,880,000	31.2
Non-Bumiputera	700,000	70.0	707,120,000	68.8
Malaysians	1,000,000	100.0	1,028,000,000	100.00
Foreigners	-	-	-	-
Total	1,000,000	100.0	1,028,000,000	100.00

Notes:

- (1) Being the latest practicable date, prior to the submission of our Listing application to the SC.
- (2) Held by GSSB i.e., a wholly-owned company of Datin Afinaliza, who is not a Bumiputera investor recognised or approved by MITI.
- (3) Assuming all Shares allocated to Bumiputera investors to be approved by MITI under the Institutional Offering and Bumiputera public investors via balloting under the Retail Offering are fully subscribed.
- (4) Comprising the following:
 - (i) 180,900,000 Shares to be held by GSSB, a wholly-owned company of Datin Afinaliza, who is not a Bumiputera investor recognised or approved by MITI;
 - (ii) an assumption that the 1,000,000 Shares to be offered to Independent Non-Executive Chairman, namely Tan Sri Datuk Dr Ir. Ahmad Tajuddin Ali, who is not a Bumiputera investor recognised or approved by MITI, shall be fully subscribed; and

2. INTRODUCTION (Cont'd)

- (iii) *an assumption that the 200,000 Shares to be offered to Software Director, namely Roslah Binti Zainul Abidin, who is not a Bumiputera investor recognised or approved by MITI, shall be fully subscribed.*

In respect of the category of foreign shareholders, it can only be determined after the closing of applications for the IPO Shares as the institutional and selected investors under the Institutional Offering may include foreign investors, as notified by our Company to the SC on 19 October 2022.

The SC has, via its letter dated 22 June 2022, approved the relief sought by us from having to comply with certain requirement under the Equity Guidelines. The details of the relief sought are as follows:

Reference	Details of relief granted	Condition imposed
Equity Guidelines		
Paragraph 2 of Appendix 4, Part IV	Relief from complying with the requirement in respect of placement of the IPO Shares to be offered under the Institutional Offering to:	-
	(i) Maybank Asset Management Sdn Bhd;	
	(ii) Maybank Islamic Asset Management Sdn Bhd;	
	(iii) Principal Asset Management Bhd; and	
	(iv) Principal Islamic Asset Management Sdn Bhd.	

2.1.2 MITI

The MITI has, via its letter dated 26 August 2022, stated that it has taken note and has no objection for us to implement our Listing.

2.1.3 Bursa Securities

Bursa Securities has, via its letter dated 25 October 2022, approved our Admission, our Listing and the listing of and quotation for our new Shares to be issued pursuant to the LTIP, subject to compliance with the following conditions:

No.	Details of condition imposed	Status of compliance
(i)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements.	To be complied
(ii)	To furnish Bursa Securities with the following:	To be complied
	(a) a copy of the schedule of distribution showing compliance to the public share spread requirements based on the entire issued share capital of ITMAX System on the first day of listing;	
	(b) confirmation on the full compliance of the LTIP pursuant to Paragraph 6.43(1) of the Listing Requirements and together with the disclosure on the effective date of implementation; and	

2. INTRODUCTION (Cont'd)

No.	Details of condition imposed	Status of compliance
(c)	summary of the total number of Shares listed on a quarterly basis pursuant to the LTIP as at the end of each quarter together with a detailed computation of listing fees payable.	

2.1.4 SAC

The SAC has, via its letter dated 2 August 2022, classified our Shares as Shariah-compliant securities based on the audited combined financial statements of our Company for the FYE 31 December 2021 and the pro forma combined statement of financial position of our Company as at 31 December 2021.

2.2 MORATORIUM ON OUR SHARES

In accordance with the Equity Guidelines, our Shares held by the Moratorium Providers as at the date of our Listing will be placed under moratorium. In this respect, our Shares that are subject to moratorium are set out below:

Name	As at the date of our Listing			
	Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%
Sena Holdings	527,100,000	51.3	-	-
GSSB	180,900,000	17.6	-	-
Tan Sri Tan	-	-	(2)527,100,000	51.3
TWL	-	-	(2)527,100,000	51.3
Datin Afinaliza	-	-	(3)180,900,000	17.6
TSC	-	-	-	-
Total	708,000,000	68.87	708,000,000	68.87

Notes:

(1) Based on our enlarged issued Shares of 1,028,000,000 upon our Listing.

(2) Deemed interested by virtue of his interest in Sena Holdings pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of her interest in GSSB pursuant to Section 8 of the Act.

Sena Holdings and GSSB have fully accepted the moratorium. They are not allowed to sell, transfer or assign any part of their respective holding in our Shares as at the date of our Listing for a period of six (6) months from the date of our Listing.

The above moratorium restrictions are specifically endorsed on the share certificates representing our Shares held by the Moratorium Providers which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes such restriction.

The following persons are not allowed to sell, transfer or assign their entire shareholdings in respect of the following entities for a period of six (6) months from the date of our Listing:

- (i) shareholders of Sena Holdings, namely Tan Sri Tan and TWL, in respect of their respective shareholding in Sena Holdings; and

2. INTRODUCTION (*Cont'd*)

- (ii) sole shareholder of GSSB, namely Datin Afinaliza, in respect of her shareholding in GSSB.

Tan Sri Tan, TWL, Datin Afinaliza and TSC are also not allowed to sell, transfer or assign any Shares that they may subscribe for arising from the exercise of ESOS Options or any ESGS Shares granted to them pursuant to the LTIP for a period of six (6) months from the date of our Listing.

Tan Sri Tan, TWL, Datin Afinaliza and TSC have fully accepted the moratorium in respect of their respective shareholdings as set out above.

3. PROSPECTUS SUMMARY

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

3.1 PRINCIPAL DETAILS OF OUR IPO

3.1.1 Institutional Offering

The Institutional Offering involves the offering of up to 289,160,000 IPO Shares (comprising up to 129,446,400 Offer Shares and 159,713,600 Issue Shares), representing up to 28.13% of our enlarged issued Shares, subject to the clawback and reallocation provision as set out in Section 4.2.3 of this Prospectus, at the Institutional Price in the following manner:

- (i) 128,500,000 IPO Shares, representing 12.50% of our enlarged issued Shares, to Bumiputera investors approved by the MITI; and
- (ii) up to 160,660,000 IPO Shares, representing approximately 15.63% of our enlarged issued Shares to institutional and selected investors (other than Bumiputera investors approved by the MITI).

3.1.2 Retail Offering

The Retail Offering involves the offering of 30,840,000 Issue Shares, representing 3.0% of our enlarged issued Shares, subject to the clawback and reallocation provision as set out in Section 4.2.3 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

10,280,000 Issue Shares, representing 1.0% of our enlarged issued Shares, are reserved for application by the Eligible Persons. See Section 4.2.2 of this Prospectus for further details on the allocation to the Eligible Persons.

(ii) Allocation via balloting to the Malaysian public

20,560,000 Issue Shares, representing 2.0% of our enlarged issued Shares, are reserved for application by the Malaysian public via balloting, of which 10,280,000 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

3.1.3 LTIP

In conjunction with our Listing, we have established an LTIP which entails the granting of ESGS Shares and ESOS Options to the eligible directors (excluding independent directors) and eligible executives of our Group who fulfils the conditions of eligibility as stipulated in the By-Laws. Further details of the LTIP are set out in Section 4.2.6 of this Prospectus.

3.1.4 Moratorium on our Shares

In accordance with the Equity Guidelines, Sena Holdings, GSSB, Tan Sri Tan, TWL, TSC and Datin Afinaliza are not allowed to sell, transfer or assign any of their respective holding in our Shares as at the date of our Listing for a period of six (6) months from the date of our Listing. See Section 2.2 of this Prospectus for further details on moratorium on our Shares.

3. PROSPECTUS SUMMARY *(Cont'd)*

The Public Issue and the Offer for Sale will raise gross proceeds of RM203.9 million and RM138.5 million, respectively. For detailed information relation to our IPO, see Section 4.2 of this Prospectus.

3.2 OVERVIEW OF OUR BUSINESS

Our Company was incorporated in Malaysia under the Companies Act 1965 on 9 April 2001 as a private limited company under the name of Alfaville (M) Sdn Bhd and is deemed registered under the Act. Our company changed its name to ITMAX System Sdn Bhd on 26 October 2001. On 29 June 2022, our Company was converted into a public limited company.

Our Company is principally involved in the business of supply and installation and provision of public space networked systems and investment holding while our sole subsidiary, STS is principally involved in the R&D on systems and application software, design and assembly of controllers, supply and installation of networked traffic management system, and providing leased and managed services of video surveillance and analytics systems. See Section 6.3 of this Prospectus for further details on STS. We principally operate in Malaysia to serve customers in various states in Malaysia.

For further details on our history, group structure and business, see Sections 6 and 7 of this Prospectus.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

- (i) **We designed and developed our networked video surveillance, lighting and traffic management systems in-house which continues to serve as the platform for our business expansion and growth**

Our networked video surveillance, lighting and traffic management systems were designed and developed by our in-house R&D team. This gives us the advantage to provide to our customers a total customised system integration for the network systems to establish the infrastructure needed for a smart city and the flexibility for responding to customer needs.

- (ii) **Our business model is based on two (2) key pillars providing project based revenue and recurrent revenue that provides assurance of revenue for the duration of such contracts**

Our business model comprises of two (2) main pillars, one of which is project based on lump sum contracts, while the other is usage of our facilities based on monthly recurring revenues.

- (iii) **We own a private metropolitan area network in Kuala Lumpur to support our public space networked systems and provide future business opportunities**

As at the LPD, we own a metropolitan area network in Kuala Lumpur comprising approximately 400 km of 48-core fibre optic cables with associated transmission and switching equipment to provide broadband bandwidth up to a maximum of 60 gigabit per second.

- (iv) **Our established public space networked systems will provide the platform for us to replicate our proven business model to other states or federal territories within Malaysia to provide us with business growth and market diversification**

Our ability in providing total system integration enables us to design and develop customised and localised public space networked systems in meeting the needs and requirements for each specific location.

3. PROSPECTUS SUMMARY (Cont'd)**(v) We have an established track record of nine (9) years as a provider of networked system in the public space**

We have an established track record of nine (9) years as a provider of public space networked system since the commencement of supply and installation of traffic management system in 2013.

(vi) We have contracts to sustain us in the near-mid term

Our order book is contract based and the remaining portion of our order book will be recognised progressively up to the FYE 31 December 2029 based on the unbilled amount of contracts secured as at the LPD. Of the total unbilled amount of RM598.2 million, we expect to bill and recognise revenue of approximately RM27.2 million from the LPD to December 2022, RM131.9 million for the FYE 31 December 2023, RM136.5 million for the FYE 31 December 2024, RM107.1 million for the FYE 31 December 2025 and RM195.6 million between the FYEs 31 December 2026 and 31 December 2029.

(vii) We have a qualified and experienced management team to sustain and continue developing our business

We have a qualified and experienced management team headed by our Managing Director and Chief Executive Officer, TWL, who has contributed to the growth and development of our Group. TWL is responsible for developing the overall strategic direction of our Group. He brings with him approximately seven (7) years of experience in the public space networked system industry.

For further details on our competitive strengths, see Section 7.4 of this Prospectus.

3.4 BUSINESS STRATEGIES AND PLANS

Our business strategies and plans are set out below:

(i) Geographical expansion

We envisage providing public space networked systems outside of the central region of Peninsular Malaysia. For the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022, revenue from regions outside of the central region were 1.6% (RM0.6 million), 7.4% (RM3.5 million), 3.1% (RM2.5 million) and 0.3% (RM0.1 million) of our revenue respectively.

(ii) Network and telecommunications infrastructure expansion**(a) Communication network facilities**

Fibre optic communications network expansion by building an additional 200 km of fibre optic communications network with a combination of 12-core and 24-core fibre optic cables in Peninsular Malaysia and Sabah. These additional 12-core and 24-core fibre optic cables are mainly to branch out from our existing 48-core fibre optic network as well as to cater for other parts of Peninsular Malaysia and Sabah requiring lower capacity compared to Kuala Lumpur. Upon completion, our total fibre optic communications network will be approximately 600 km by 2024, in Peninsular Malaysia and Sabah. As at the LPD, we have approximately 400 km of fibre optic communications network of 48-core fibre optic cables in Kuala Lumpur.

(b) Setting up data lake facility in Klang Valley

We are not currently involved in the provision of cloud services and one of our business strategies is to set up a new data lake facility to expand our capabilities to provide cloud services in the future.

3. PROSPECTUS SUMMARY (Cont'd)

We envisage setting up a data lake facility in Klang Valley which is a central storage repository that holds data under a secured and managed manner. This will be an off-site facility to manage incoming big data and will be accessible online by users securely. The operation of this data lake is under the provision of cloud services which is regulated by the MCMC where a provider is required to be an ASP licence holder.

As for the provision of networked facilities to our existing customers, we have installed the data storage servers in our customers' control centres.

(iii) New Target Segments

We plan to leverage our core competencies in networked systems to address opportunities in townships, malls, office towers, hospitals and healthcare facilities covering public and private spaces to grow our business. We also plan to extend our expertise to highways mainly for our networked street lighting and video surveillance systems. For the Financial Years Under Review and up to the LPD, we provide networked systems and facilities mainly for public spaces.

(iv) R&D Expansion

We intend to expand our R&D team by recruiting a total of 23 personnel who will focus on the development of system and software applications for our networked system platform. In addition, we envisage to carry out two (2) pilot projects, namely setting up smart township and smart campus testbeds that incorporate smart digital infrastructure using our in-house developed public space networked systems focusing on lighting, video surveillance and traffic management.

For further details on our business strategies and plans, see Section 7.5 of this Prospectus. Our business strategies and plans will be fully funded by the proceeds from the Public Issue. In case of any shortfall, the balance will be funded using our internally generated funds and/or new borrowings. For further details on the use of proceeds from the Public Issue, see Section 4.6 of this Prospectus.

3.5 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all the information contained in this Prospectus, including the risks described below, before deciding to invest in our Shares.

The following is a summary of the key risks that we face in our business operations:

(i) Risks relating to our business and operations

(a) Our business, results of operations and financial condition are dependent on contracts with Datuk Bandar Kuala Lumpur for provision of works and services to DBKL

Our Group's revenue is substantially derived from the works and services provided to DBKL in connection with contracts with Datuk Bandar Kuala Lumpur, the details of which are set out in Section 7.20 of this Prospectus. The revenue from the works and services provided to DBKL accounted for RM23.1 million (62.2%), RM28.9 million (60.7%), RM58.4 million (73.2%) and RM38.5 million (94.5%) of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022, respectively.

3. PROSPECTUS SUMMARY (Cont'd)**(b) We may be exposed to the risk of security breaches**

Our public space networked system collects traffic and public surveillance camera data, and stores such data in our storage servers set up for our customers. Storage of such data electronically may be exposed to the risks of security breaches, including computer viruses, malware attacks, espionage, hacking, cyber intrusions and unauthorised access to restricted information by our employees.

Our network facilities comprise physical equipment and devices that are potentially vulnerable to physical and electronic intrusions, eavesdropping, cyber-attacks or other destructive or disruptive actions. In the event of any one or combination of these occurrences, we may be subjected to potential legal actions, liabilities, losses and/or could also harm our reputation which may negatively affect our financial performance.

(c) We may be exposed to possible intellectual property infringement

We face the risk of intellectual property infringement to our networked traffic management system. We rely on patents, trademark and copyright to protect the intellectual property rights in our system.

(d) Our profitability is dependent on project-based contracts which are not recurrent in nature

Our revenue increased at a CAGR of 46.4% from RM37.2 million for the FYE 31 December 2019 to RM79.8 million for the FYE 31 December 2021, while our GP margin increased from 18.4% in the FYE 31 December 2019 to 52.9% and 66.9% for the FYEs 31 December 2020 and 2021 respectively. There can be no assurance that we will be able to continue to sustain these growth trends.

Some of our projects are non-recurrent in nature and are secured on a project-by-project basis. Our Group's ability to compete for and secure sizeable contracts is one of our main contributors to our success as well as ongoing growth and future profitability. We cannot guarantee that we will be able to continue to secure new contracts after the completion of the existing awarded contracts and that we will always be able to maintain similar levels of profitability every year.

(ii) Risks relating to our industry**(a) We are subject to competition from other public space networked system providers**

We compete with other public space networked system providers that may be able to offer similar facilities. Some competitors may compete with us based on, among others, better or more innovative technologies, more value added services and/or lower pricing.

(b) We are subject to political, economic, social and regulatory changes

Our business may be affected by political, economic, social and regulatory changes. Such developments include, but are not limited to, changes in interest rates, fluctuation in exchange rates, political leadership, geopolitical events such as the Russian-Ukraine conflict, global economic downturn, expropriation, nationalisation, and unfavourable change in Government policy and regulations. Any adverse developments of such nature could materially and adversely affect our business, operations and financial performance.

3. PROSPECTUS SUMMARY (Cont'd)**(c) We may not be able to adapt to technological developments in our industry**

Our industry is subject to rapid technological changes such as, among others, introduction of fifth generation wireless telecommunications, low-power wireless data networks, artificial intelligence applications and sensors such as those used in traffic management systems. Our ability to keep pace with these technological changes and remain technologically competitive will influence our revenue and profits. Our future success is dependent on our ability to enhance our products and systems in a timely manner, responding to changing customer needs brought about by technological changes.

For further details on the risk factors, see Section 9 of this Prospectus.

3.6 DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

As at the LPD, our Directors, Key Senior Management and Key Technical Personnel are as follows:

Name	Designation
<u>Directors</u>	
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	Independent Non-Executive Chairman
Tan Sri Tan	Non-Independent Non-Executive Director
Datin Afinaliza	Non-Independent Executive Director
TWL	Non-independent Executive Director/Managing Director and Chief Executive Officer
TSC	Non-Independent Executive Director
Mok Juan Chek	Independent Non-Executive Director
Ng Nen Sin	Independent Non-Executive Director
Heng Ai Shan	Independent Non-Executive Director
<u>Key Senior Management</u>	
TWL	Managing Director and Chief Executive Officer
Datin Afinaliza	Executive Director (Business Development)
TSC	Executive Director (Corporate and Finance)
Shaun Tee Wen Han	Chief Financial Officer
Then Chee Guey	Chief Operating Officer
Fun Mun Sek	Chief Marketing Officer
<u>Key Technical Personnel</u>	
Lim Chiok Chuan	Technical Director (Hardware Development)
Roslah Binti Zainul Abidin	Software Director

For further information on our Directors, Key Senior Management and Key Technical Personnel, see Sections 5.2, 5.4 and 5.5 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Nationality	Before our IPO			After our IPO			
		Direct	Indirect		Direct	Indirect		
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	
<u>Promoters and substantial shareholders</u>								
Tan Sri Tan	Malaysian	-	-	(3)656,546,400	78.4	-	(3)527,100,000	51.3
TWL	Malaysian	-	-	(3)656,546,400	78.4	-	(3)527,100,000	51.3
Datin Afnaliza	Malaysian	-	-	(4)180,900,000	21.6	-	(4)180,900,000	17.6
<u>Promoter</u>								
TSC	Malaysian	-	-	-	-	-	-	-
<u>Substantial shareholders</u>								
Sena Holdings	Malaysia	656,546,400	78.4	-	-	527,100,000	51.3	-
GSSB	Malaysia	180,900,000	21.6	-	-	180,900,000	17.6	-

Notes:

- (1) Based on our issued Shares of 837,446,400 after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged issued Shares of 1,028,000,000 upon our Listing.
- (3) Deemed interested by virtue of his interest in Sena Holdings pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of her interest in GSSB pursuant to Section 8 of the Act.

For further information on our Promoters and substantial shareholders, see Section 5.1 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)**3.8 USE OF PROCEEDS**

The Public Issue is expected to raise gross proceeds of approximately RM203.9⁽¹⁾ million which will be used in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
(i) Smart city application expansion to other local governments, federal ministries, and existing customers	Within 36 months	85,000	41.7
(ii) Expansion of R&D capabilities	Within 36 months	12,500	6.1
(iii) Expansion into enterprise market	Within 36 months	20,000	9.8
(iv) Network and telecommunication infrastructure expansion	Within 36 months	39,500	19.4
(v) Working capital	Within 12 months	29,078	14.3
(vi) Repayment of borrowings	Within 6 months	8,000	3.9
(vii) Defray fees and expenses relating to our IPO and our Listing	Within 6 months	9,814	4.8
Total		203,892	100.0

Note:

(1) We have assumed the Institutional Price and the Final Retail Price will be equal to the Retail Price.

The total gross proceeds from the Offer for Sale of up to approximately RM138.5 million will accrue entirely to the Selling Shareholder.

There is no minimum subscription to be raised from our IPO. For further detailed information on our use of proceeds, see Section 4.6 of this Prospectus.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out a summary of the combined financial information of our Group for the Financial Years Under Review and FPE 30 June 2022:

	Audited			
	FYE 31 December			FPE 30 June
	2019	2020	2021	2022
	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Combined statements of profit or loss and other comprehensive income				
Revenue	37,212	47,538	79,759	40,740
GP	6,834	25,160	53,359	28,960
PBT	2,186	17,621	40,936	20,848
PAT	1,570	12,669	29,237	15,454

3. PROSPECTUS SUMMARY (Cont'd)

	Audited			
	FYE 31 December			FPE 30 June
	2019	2020	2021	2022
	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Other selected financial information				
GP margin (%)	18.4	52.9	66.9	71.1
PBT margin (%)	5.9	37.1	51.3	51.2
PAT margin (%)	4.2	26.7	36.7	37.9
Key financial ratios				
Trade receivable turnover (days) ⁽¹⁾	77	70	28	77
Trade payable turnover (days) ⁽²⁾	311	214	134	109
Inventory turnover (days) ⁽³⁾	34	70	59	55
Current ratio (times) ⁽⁴⁾	1.3	1.3	1.3	1.3
Gearing ratio (times) ⁽⁵⁾	0.8	1.2	1.4	1.5

Notes:

- (1) Based on trade receivables as at the respective financial year/period ends over total revenue of the respective financial years/period, and multiplied by 365 days/181 days.
- (2) Based on trade payables as at the respective financial year/period ends over total purchases of the respective financial years/period, and multiplied by 365 days/181 days.
- (3) Based on inventory as at the respective financial year/period ends over total purchases of the respective financial years/period, and multiplied by 365 days/181 days.
- (4) Based on current assets over current liabilities.
- (5) Based on total borrowings over total equity.

For further information on our operations and financial information, see Sections 7 and 12 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.10 DIVIDEND POLICY

We target a payout ratio of at least 20.0% of our PAT attributable to the owners of our Company for each financial year on a consolidated basis after taking into account the various factors as set out below to determine the level of dividend payments:

- (i) our level of cash, gearing and return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other investment plans;
- (iv) our working capital requirements; and
- (v) any contractual restrictions and/or commitments.

The declaration and payment of any dividend is subject to the confirmation of our Board as well as any applicable law, licence conditions, financial covenants and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

Save as mentioned in Section 12.5 of this Prospectus, we have not declared or paid any other dividends to our shareholders. For further details on our dividend policy, see Section 12.5 of this Prospectus.

4. DETAILS OF OUR IPO

4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time and/or date
Opening of the Institutional Offering ⁽¹⁾	25 November 2022
Issuance of the Prospectus/Opening of the Retail Offering	10.00 a.m., 25 November 2022
Closing of the Retail Offering	5.00 p.m., 1 December 2022
Closing of the Institutional Offering	1 December 2022
Price Determination Date	2 December 2022
Balloting of applications for the Issue Shares under the Retail Offering	5 December 2022
Allotment/Transfer of the IPO Shares to successful applicants	12 December 2022
Listing	13 December 2022

Note:

(1) *Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of the IPO Shares by the Cornerstone Investors was entered into on 10 November 2022.*

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

4.2 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, the IPO Shares are expected to be allocated or transferred in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus.

Our IPO consists of the Institutional Offering and the Retail Offering, totalling up to 320,000,000 IPO Shares, representing approximately 31.13% of our enlarged issued Shares.

4.2.1 Institutional Offering

The Institutional Offering involves the offering of up to 289,160,000 IPO Shares (comprising up to 129,446,400 Offer Shares and 159,713,600 Issue Shares), representing up to 28.13% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Institutional Price in the following manner:

- (i) 128,500,000 IPO Shares, representing 12.50% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and
- (ii) up to 160,660,000 IPO Shares, representing up to approximately 15.63% of our enlarged issued Shares to institutional and selected investors (other than Bumiputera investors approved by the MITI).

4. DETAILS OF OUR IPO (Cont'd)

As part of the Institutional Offering, on 10 November 2022, our Company, the Selling Shareholder, the Joint Bookrunners and the Cornerstone Investors entered into the Master Cornerstone Placement Agreement where the Cornerstone Investors have agreed to acquire, subject to the terms of the Master Cornerstone Placement Agreement and the individual cornerstone placement agreements, an aggregate of 99,800,000 IPO Shares, representing 9.7% of our enlarged issued Shares at RM1.07 per IPO Share or the Institutional Price, whichever is lower. None of the Cornerstone Investors will individually acquire or subscribe for 5.0% or more of our enlarged issued Shares under the cornerstone placement agreements.

The cornerstone placement agreements are conditional upon, among others, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated pursuant to their respective terms.

4.2.2 Retail Offering

The Retail Offering involves the offering of 30,840,000 Issue Shares, representing 3.0% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus, at the Retail Price in the following manner:

(i) Allocation to the Eligible Persons

10,280,000 Issue Shares, representing 1.0% of our enlarged issued Shares, are reserved for application by the Eligible Persons in the following manner:

Category of Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Our Directors ⁽¹⁾	4	1,750,000
Eligible employees of our Group ⁽²⁾	61	4,530,000
Persons who have contributed to the success of our Group ⁽³⁾	3	4,000,000
Total	68	10,280,000

Notes:

- (1) *None of our Non-Independent Directors will be allocated any Issue Shares under the Pink Form Allocations. The allocation to our Independent Directors is based on, among others, their respective roles and responsibilities in our Company and collectively, a total of 1,750,000 Issue Shares have been allocated to them as follows:*

Name	Designation	No. of Issue Shares allocated
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	Independent Non-Executive Chairman	1,000,000
Mok Juan Chek	Independent Non-Executive Director	250,000
Ng Nen Sin	Independent Non-Executive Director	250,000
Heng Ai Shan	Independent Non-Executive Director	250,000
Total		1,750,000

4. DETAILS OF OUR IPO (Cont'd)

- (2) *The allocation to the eligible employees of our Group who are full-time confirmed employees are based on, among others, length of service, job grade and job responsibilities, performance and past contribution to our Group. A total of 1,080,000 Issue Shares has been allocated to the Key Senior Management and Key Technical Personnel as follows:*

<u>Name</u>	<u>Designation</u>	<u>No. of Issue Shares allocated</u>
<u>Key Senior Management</u>		
Then Chee Guey	Chief Operation Officer	280,000
Shaun Tee Wen Han	Chief Financial Officer	200,000
Fun Mun Sek	Chief Marketing Officer	200,000
<u>Key Technical Personnel</u>		
Lim Chiok Chuan	Technical Director (Hardware Development)	200,000
Roslah Binti Zainul Abidin	Software Director	200,000
Total		1,080,000

- (3) *The allocation to persons who have contributed to the success of our Group is based on, among others, their length of business relationship with our Group, the nature and terms of their business relationship with our Group and the level of their contribution and support to the success of our Group.*

As at the LPD, save as disclosed above, to the extent known to our Company, there is no person who intends to subscribe for more than 5.0% of the IPO Shares.

(ii) Allocation via balloting to the Malaysian Public

20,560,000 Issue Shares, representing 2.0% of our enlarged issued Shares, are reserved for application by the Malaysian Public via balloting, of which 10,280,000 Issue Shares have been set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

4. DETAILS OF OUR IPO (Cont'd)

In summary, subject to the clawback and reallocation provisions set out in Section 4.2.3 of this Prospectus, the IPO Shares will be allocated in the following manner:

Category	Offer for Sale		Public Issue		Total	
	No. of Shares	(1)% of our enlarged issued Shares	No. of Shares	(1)% of our enlarged issued Shares	No. of Shares	(1)% of our enlarged issued Shares
Retail Offering:						
Eligible Persons						
- Our Directors	-	-	1,750,000	0.17	1,750,000	0.17
- Eligible employees of our Group	-	-	4,530,000	0.44	4,530,000	0.44
- Persons who have contributed to the success of our Group	-	-	4,000,000	0.39	4,000,000	0.39
Malaysian Public (via balloting):						
- Bumiputera	-	-	10,280,000	1.00	10,280,000	1.00
- Non-Bumiputera	-	-	10,280,000	1.00	10,280,000	1.00
Sub-total	-	-	30,840,000	3.00	30,840,000	3.00
Institutional Offering:						
Bumiputera investors approved by the MITI	128,500,000	12.50	-	-	128,500,000	12.50
Other institutional and selected investors	946,400	0.09	159,713,600	15.54	160,660,000	15.63
Sub-total	129,446,400	12.59	159,713,600	15.54	289,160,000	28.13
Total	129,446,400	12.59	190,553,600	18.54	320,000,000	31.13

Note:

(1) Based on our enlarged issued Shares of 1,028,000,000 after our IPO.

4. DETAILS OF OUR IPO (Cont'd)

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.5 of this Prospectus.

4.2.3 Clawback and reallocation

The Retail Offering and the Institutional Offering will be subject to the following clawback and reallocation provisions:

- (i) If the Issue Shares allocated to the Eligible Persons are under-subscribed, such Issue Shares may be allocated to the other institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at the discretion of the Joint Bookrunners and us;
- (ii) if the IPO Shares allocated to Bumiputera investors approved by the MITI ("**MITI Tranche**") are under-subscribed, such IPO Shares will be allocated to other Malaysian institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for the Issue Shares by the Malaysian Public under the Retail Offering, the IPO Shares will be clawed back from the MITI Tranche and allocated firstly, to the Bumiputera Malaysian Public under the Retail Offering via balloting process as mentioned in Section 4.2.2(ii) of this Prospectus, and thereafter to the other Malaysian Public under the Retail Offering and/or other institutional investors under the Institutional Offering;

- (iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and a corresponding under-subscription in the Institutional Offering, the IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iv) subject to item (i) above, if there is an over-subscription in the Institutional Offering and a corresponding under-subscription in the Retail Offering, the Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

There will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or the Retail Offering but no over-subscription in the other.

Any Issue Shares not taken up by any of the Eligible Persons ("**Excess Issue Shares**") will be made available for application by the other Eligible Persons who have applied for the Excess Issue Shares in addition to their pre-determined allocation and will be allocated to these Eligible Persons on a fair and equitable basis in the following priority:

- (aa) firstly, allocation on a pro-rata basis to our Directors and eligible employees of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for;
- (bb) secondly, allocation of any surplus Excess Issue Shares after (aa) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and
- (cc) thirdly, to minimise odd lots.

4. DETAILS OF OUR IPO (Cont'd)

Our Board reserves the right to allot Excess Issue Shares applied for in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (aa) to (cc) above is achieved. Our Board also reserves the right to accept any Excess Issue Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (aa) to (cc) above will not be repeated. Should there be any balance of the Excess Issue Shares thereafter, such balance will be made available for clawback and reallocation as described in item (i) above, with any remaining Issue Shares to be underwritten by the Joint Underwriters.

4.2.4 Priority of the offering

In the event the demand for the IPO Shares is less than 320,000,000 IPO Shares, the Public Issue shall take precedence over the Offer for Sale. The demand for the IPO Shares shall be firstly satisfied with the Issue Shares under the Public Issue, and following that, any excess demand will be satisfied with the Offer Shares under the Offer for Sale.

4.2.5 Minimum subscription level

There is no minimum subscription level in terms of the proceeds to be raised from our IPO. However, in order to comply with the public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities, the minimum subscription level (in terms of number of IPO Shares) will be the number of Shares required to be held by public shareholders of our Company.

Under the Listing Requirements, we are required to have a minimum of 25.0% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the above requirement is not met, we may not be able to proceed with our Listing. See Section 9.3.5 of this Prospectus for details in the event there is a delay in or termination of our Listing.

4.2.6 LTIP

In conjunction with our Listing, we have established the LTIP which entails the granting of ESGS Shares and ESOS Options to the eligible directors (excluding independent directors) and eligible executives of our Group ("**LTIP Eligible Person(s)**").

The LTIP shall be administered by a committee which was appointed by our Board ("**LTIP Committee**") on 2 November 2022 and governed by the By-Laws. The LTIP Committee comprises of the following members:

Name	Directorship
Mok Juan Chek	Independent Non-Executive Director
Ng Nen Sin	Independent Non-Executive Director
Heng Ai Shan	Independent Non-Executive Director
TSC	Non-Independent Executive Director

4. DETAILS OF OUR IPO (Cont'd)

The salient features of the LTIP are as follows:

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

The total number of new Shares which may be made available under the LTIP shall not in aggregate exceed 10.0% ("**Awards**") of the total number of issued Shares (excluding treasury shares) at any point of time during the duration of the LTIP.

The maximum number of Awards available to the LTIP Eligible Persons upon our Listing is 102,800,000, representing 10.0% of our total number of issued Shares (excluding treasury shares).

(ii) Basis of allocation and maximum allowable allocation

Subject to the maximum number of Awards and any adjustments which may be made under the By-Laws, the aggregate maximum number of Awards that may be allocated to any one category/designation of LTIP Eligible Person shall be determined entirely at the discretion of the LTIP Committee.

No allocation of more than 10.0% of the total number of Awards shall be made to any LTIP Eligible Person who, either singly or collectively through persons connected with the LTIP Eligible Person, holds 20.0% or more of the total number of issued Shares (excluding treasury shares).

Not more than 80.0% of the Awards shall be allocated in aggregate to the directors and senior management of the companies in our Group.

(iii) Duration of the LTIP

The LTIP shall be in force for a duration of five (5) years from its effective date (following full compliance with all relevant requirements of the Listing Requirements) and our Board shall have the discretion to extend the duration provided that the initial period of the LTIP and such extension shall not in aggregate exceed the duration of ten (10) years from its effective date.

(iv) Eligibility

Only the executives and the directors of our Group who fulfil the following conditions as at the date of the award letter issued by the LTIP Committee ("**Award Date**") shall be eligible to participate in the LTIP:

- (a) In respect of an executive, he/she must fulfil the following criteria as at the Award Date:
 - (1) he/she has attained 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (2) he/she is employed on the Award Date and he/she is employed –
 - (i) on a full time basis and is on the payroll of any company in our Group and his/her employment has been confirmed by any company in our Group; or

4. DETAILS OF OUR IPO (Cont'd)

- (ii) serving in a specific designation under an employment contract with any company of our Group for a continuous fixed duration of at least one (1) year (which shall include any probation period) and may, if the LTIP Committee deems fit, to include contract staff hired for a period of one (1) year or more for any purposes or specific requirements of our Group; and
 - (3) such executive falls within any other eligibility criteria (including variations to the eligibility criteria under items (1) or (2) above) that may be determined by the LTIP Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (b) If an executive is employed by a company which is acquired by our Group during the duration of the LTIP and becomes a subsidiary whether directly or indirectly held by our Company upon such acquisition, he/she must fulfil the following as at the Award Date:
 - (1) he/she has attained 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (2) he/she is employed full time by and on the payroll of the newly acquired company and his/her employment has been confirmed by the newly acquired company.
- (c) In respect of a director, he/she must fulfil the following criteria as at the Award Date:
 - (1) he/she has attained 18 years of age on the Award Date and is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (2) he/she is not an independent director of our Company as prescribed under the Listing Requirements.
- (d) In respect of an LTIP Eligible Person who is a director, chief executive officer of our Company or a person connected with a director, chief executive officer or major shareholder of our Company, the specific allocation of award granted under the LTIP must have been approved by the shareholders of our Company at a general meeting.
- (e) The LTIP Eligible Person must fulfil any other criteria and/or fall within such category/designation of employment as may be determined by the LTIP Committee from time to time at its sole discretion, whose decision shall be final and binding.

For the avoidance of doubt, an executive who attains the prescribed retirement age but is offered to continue to serve our Group on a full time basis shall be treated as an executive of our Group.

(v) Exercise price

The LTIP Eligible Persons are not required to pay for the ESGS Shares they are entitled to receive upon vesting of the Shares under the ESGS.

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the exercise price in respect of an ESOS Option shall be:

- (a) in respect of any ESOS award which is made in conjunction with our Listing, the Final Retail Price; and

4. DETAILS OF OUR IPO (Cont'd)

- (b) in respect of any ESOS award which is made subsequent to our Listing, as determined by the LTIP Committee and shall be based on the 5-day volume weighted average market price of our Shares for the five (5) market days immediately preceding date of the ESOS award with a discount of not more than 10.0%, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period.

Subject to the discretion of the LTIP Committee, in conjunction with our Listing, we intend to offer up to 25.0 million ESOS Options to the directors and executives of our Group who meet the eligibility criteria to participate in the LTIP as set out in the By-Laws. Assuming 25.0 million ESOS Options are fully exercised into 25.0 million new Shares, such Shares will represent about 2.4% of our enlarged issued Shares upon our Listing. In compliance with item (v)(a) above, the exercise price for the said 25.0 million ESOS Options shall be the Final Retail Price.

As we do not intend to grant any ESGS Shares within a year from our Listing, we have not identified the eligible directors (excluding independent directors) and eligible executives of our Group to be granted the ESGS Shares as at the date of this Prospectus.

The following is the proposed specific allocation of the ESOS Options to our eligible Directors, Key Senior Management and Key Technical Personnel in conjunction with our Listing:

Name	Designation	No. of ESOS Options allocated
<u>Directors</u>		
TWL	Managing Director and Chief Executive Officer	5,000,000
Datin Afinaliza	Non-Independent Executive Director	3,000,000
TSC	Non-Independent Executive Director	3,000,000
Tan Sri Tan	Non-Independent Non-Executive Director	2,500,000
<u>Key Senior Management</u>		
Then Chee Guey	Chief Operating Officer	1,000,000
Shaun Tee Wen Han	Chief Financial Officer	650,000
Fun Mun Sek	Chief Marketing Officer	650,000
<u>Key Technical Personnel</u>		
Lim Chiok Chuan	Technical Director (Hardware Development)	650,000
Roslah Binti Zainul Abidin	Software Director	650,000
Total		17,100,000

4. DETAILS OF OUR IPO (Cont'd)

Any further offer, allocation or allotment under the ESOS to any of our eligible Directors, major shareholders, Chief Executive Officer and persons connected to them other than as stated above shall require the prior approval of our shareholders in a general meeting. The grant of the ESOS Options in conjunction with our Listing will not have an immediate effect on our consolidated NA and NA per Share until such time new Shares are issued when the ESOS Options are exercised.

For illustrative purposes only, assuming the entire 25,000,000 ESOS Options are granted and vested immediately upon our Listing, and that all ESOS Options are exercised at an exercise price of RM1.07, being the Retail Price, the indicative pro forma financial effects based on our audited combined financial statements for the FPE 30 June 2022 are as follows:

	Upon our Listing	Assuming exercise of the entire 25.0 million ESOS Options
	RM'000	RM'000
NA / Total equity	256,864	283,614
No. of Shares ('000)	1,028,000	1,053,000
NA per Share (RM)	0.25	0.27
Total borrowings	86,048	86,048
Gearing ratio (times) ⁽¹⁾	0.33	0.30

Note:

(1) Gearing ratio is calculated based on total borrowings divided by total equity.

Any potential effect on the consolidated NA per Share will depend on the number of ESOS Options that have vested and the exercise price of the ESOS Options. Pursuant to the By-Laws, the LTIP Committee may review and determine at its own discretion the vesting conditions. The ESOS Option will be vested with the grantee if the vesting conditions are satisfied. Further, the LTIP Committee may at any time and from time to time, before or after the ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of Shares and/or such percentage of total Shares comprised in the ESOS Option during such periods within the ESOS Option period (as stipulated in the By-Laws) and impose any other terms and/or conditions deemed appropriate by the LTIP Committee in its sole discretion.

4.2.7 Share capital

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

	No. of Shares	RM'000
After the Pre-IPO Restructuring	837,446,400	60,358
To be issued under the Public Issue	190,553,600	⁽¹⁾ 200,896
Enlarged number of issued Shares and share capital upon our Listing	1,028,000,000	261,254

Note:

(1) Calculated based on the Retail Price and after deducting the estimated listing expenses of approximately RM3.0 million which is directly attributable to the Public Issue and allowed to be debited against the share capital of our Company.

The Offer for Sale would not have any effect on our issued share capital as the Offer Shares are already in existence prior to our IPO.

4. DETAILS OF OUR IPO (Cont'd)**4.2.8 Classes of shares and ranking**

As at the date of this Prospectus, we only have one class of shares, being ordinary shares.

The Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank equally in all respects with our existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

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

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.3 SELLING SHAREHOLDER

The Offer Shares to be offered by the Selling Shareholder and its shareholding in our Company before and after our IPO and its material relationship with our Group within the past three (3) years are as follows:

Name	Material relationship with our Group	Shareholding after the Pre-IPO Restructuring and before our IPO		Shares to be offered under the Offer for Sale		Shareholding after our IPO	
		No. of Shares	(1)(%)	No. of Shares	(2)(%)	No. of Shares	(2)(%)
Sena Holdings ⁽³⁾	Holding company and substantial shareholder	656,546,400	78.4	129,446,400	12.6	527,100,000	51.3

Notes:

(1) Based on our enlarged issued Shares of 837,446,400 after the Pre-IPO Restructuring.

(2) Based on our enlarged issued Shares of 1,028,000,000 upon our Listing.

(3) Tan Sri Tan and TWL who are also our Promoters and Directors, are also directors and shareholders of Sena Holdings.

4. DETAILS OF OUR IPO (Cont'd)**4.4 BASIS OF ARRIVING AT THE PRICE OF THE IPO SHARES AND REFUND MECHANISM****4.4.1 Retail Price**

The Retail Price was determined and agreed upon by our Directors and the Selling Shareholder in consultation with the Managing Underwriter and the Joint Bookrunners, after taking into consideration the following factors:

- (i) PE Multiple of approximately 37.7 times based on our net EPS of 2.84 sen after taking into account our Group's net profit of RM29.2 million for the FYE 31 December 2021 and our enlarged issued Shares of 1,028,000,000 upon our Listing;
- (ii) our pro forma combined NA per Share as at 30 June 2022 of approximately RM0.25 based on our enlarged issued Shares of 1,028,000,000 upon our Listing;
- (iii) our competitive strengths, as follows:
 - (a) we designed and developed our networked video surveillance, lighting and traffic management systems in-house which continues to serve as the platform for our business expansion and growth;
 - (b) our business model is based on two (2) key pillars providing project based revenue and recurrent revenue that provides assurance of revenue for the duration of such contracts;
 - (c) we own a private metropolitan area network in Kuala Lumpur to support our public space networked systems and provide future business opportunities;
 - (d) our established public space networked systems provides the platform for us to replicate our proven business model to other states or federal territories within Malaysia to provide us with business growth and market diversification;
 - (e) we have an established track record of nine (9) years as a provider of networked system in the public space;
 - (f) we have contracts to sustain us in the near-mid term; and
 - (g) we have a qualified and experienced management team to sustain and continue developing our business;
- (iv) our business strategies and plans, as follows:
 - (a) geographical expansion to provide public space networked systems in other states and federal territories outside of the central region of Peninsular Malaysia to diversify our markets to provide business growth;
 - (b) network and telecommunication infrastructure expansion to expand connectivity via investments in communication network facilities and setting up of a data lake facility in Klang Valley;
 - (c) expand to new target segments to address opportunities in townships, malls, office towers, hospitals and healthcare facilities covering public and private spaces to grow our business; and
 - (d) expansion of our R&D capabilities via expansion of R&D resources and set up of township and campus testbeds for smart city applications;
- (v) the anticipated growth in implementation of public space networked systems arising from emergence of smart cities in the national development agenda, backed by federal and state governments' investments in public infrastructure which will provide opportunities to providers of services for public space networked systems including our Group to expand our market share in Malaysia's digital economy as described in Section 8 of this Prospectus; and

4. DETAILS OF OUR IPO (Cont'd)

- (vi) prevailing market conditions which include, among others, the market performance of key regional indices and companies involved in business similar to ours that are listed on other exchanges because of the lack of directly comparable companies on Bursa Securities, current market trends and investors' sentiments.

Below are companies involved in business similar to ours that are listed on other exchanges:

Description of company and principal activities	Exchange
Itron Inc which is based in the United States of America and is a technology and services company offering solutions related to smart grid, smart gas and smart water that measure and analyse electricity, gas and water consumption. It also offers industrial IoT and smart cities solutions including smart city central management software and intelligent street lighting.	NASDAQ Global Select Market, United States of America
Kapsch TrafficCom AG is a German based provider of transportation solutions for sustainable mobility. The company offers innovative solutions for transport and traffic in the fields of tolling, traffic management, smart urban mobility, road safety and connected vehicles.	Prime Market, Vienna Stock Exchange, Austria
Q-free ASA, headquartered in Norway, and provides intelligent solutions within the transportation sector. The company is the supplier of tolling, parking, traffic management and connected intelligent transportation system /connected vehicle solutions.	Oslo Stock Exchange, Norway

Source: Companies' websites and annual reports

The Final Retail Price will be determined after the institutional Price is determined on the Price Determination Date and will be the lower of:

- (a) the Retail Price; or
- (b) the Institutional Price.

In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. See Section 4.4.3 of this Prospectus for details of the refund mechanism.

The Final Retail Price and the Institutional Price will be announced within two (2) Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment for the IPO Shares.

4. DETAILS OF OUR IPO (Cont'd)

4.4.2 Institutional Price

The Institutional Price will be determined by way of bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Shares they would be prepared to acquire and the price they would be prepared to pay for the IPO Shares in respect of the Institutional Offering. This bookbuilding commenced on 25 November 2022 and will end on 1 December 2022. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholder in consultation with the Joint Bookrunners on the Price Determination Date.

4.4.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest. The refund will be made:

- (i) in the form of cheques to be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or
- (ii) by crediting into the accounts of the successful applicants with the Participating Financial Institution for applications made via the Electronic Share Application; or
- (iii) by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for applications made via Internet Share Application,

within ten (10) Market Days from the date of final ballot of applications, at the successful applicants' own risk.

For further details on the refund mechanism, see Section 15.9 of this Prospectus.

4.4.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be approximately RM1.10 billion.

You should note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to carefully consider the risk factors as set out in Section 9 of this Prospectus.

4.5 DILUTION

4.5.1 NA per Share

Dilution is the amount by which the price paid by retail, institutional and selected investors for our Shares exceeds our pro forma combined NA per Share after our IPO.

The following table illustrates the dilution effect on our pro forma combined NA as at 30 June 2022 on a per Share basis assuming the Retail Price is equal to the Final Retail Price and the Institutional Price:

4. DETAILS OF OUR IPO (Cont'd)

	RM
Final Retail Price / Institutional Price	1.07
Pro forma combined NA per Share as at 30 June 2022, after adjusting the Pre-IPO Restructuring but before adjusting for our IPO	0.07
Pro forma combined NA per Share as at 30 June 2022, after adjusting the Pre-IPO Restructuring, the Public Issue and the use of proceeds from the Public Issue	0.25
Increase in combined NA per Share to our existing shareholders	0.18
Dilution in pro forma combined NA per Share to retail/institutional and selected investors	0.82
Dilution in pro forma combined NA per Share to retail/institutional and selected investors as a percentage to the Retail Price/Institutional Price	76.6%

4.5.2 Effective cost per Share

Save as disclosed below, none of our substantial shareholders, Directors, Key Senior Management, Key Technical Personnel or persons connected to them had acquired, obtained the right to acquire and/or subscribe for our Shares in the past three (3) years up to the LPD:

Name	Date of investment	No. of Shares acquired	Total consideration RM	No. of Shares after the Subdivision	Effective cost per Share RM
<u>Substantial shareholders</u>					
ARSB ⁽¹⁾	1 October 2019	750,000	2,250,000	603,000,000	0.004
	5 June 2020	250,000	250,000		
Sena Holdings	21 October 2022	388,800 ⁽²⁾	59,357,908	656,546,400	0.090
	25 October 2022	700,000 ⁽³⁾	1		
GSSB	29 November 2021	300,000	825,000	180,900,000	0.005

Notes:

- (1) ARSB ceased to be our substantial shareholder on 25 October 2022, being the completion date of the Share Transfer.
- (2) Being the new Shares issued pursuant to the Acquisition.
- (3) Pursuant to the Share Transfer.

4. DETAILS OF OUR IPO (Cont'd)**4.6 USE OF PROCEEDS**

We expect to use the gross proceeds from the Public Issue amounting to RM203.9 million⁽¹⁾ in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
(i) Smart city application expansion to other local governments, federal ministries, and existing customers	Within 36 months	85,000	41.7
(ii) Expansion of R&D capabilities	Within 36 months	12,500	6.1
(iii) Expansion into enterprise market	Within 36 months	20,000	9.8
(iv) Network and telecommunication infrastructure expansion	Within 36 months	39,500	19.4
(v) Working capital	Within 12 months	29,078	14.3
(vi) Repayment of borrowing	Within 6 months	8,000	3.9
(vii) Defray fees and expenses for our IPO and our Listing	Within 6 months	9,814	4.8
Total		203,892	100.0

Note:

(1) We have assumed that the Institutional Price and Final Retail Price will be equal to the Retail Price.

Further details on the use of proceeds from the Public Issue is as follows:

4.6.1 Smart city application expansion to other local governments, federal ministries, and existing customers

As part of our geographical expansion plans to other states and territories within Malaysia, our investment plans will focus on the purchase of equipment and devices as well as installation, testing and commissioning works. We plan to invest in the following type of public space networked systems, infrastructure, resources and related facilities:

- networked lighting systems mainly consist of at least 20,000 in-house assembled street light embedded controllers and related devices such as sensors, as well as wiring and installation works;
- networked traffic management systems mainly consist of at least 100 in-house assembled traffic controllers and sensors including video cameras, magnetic loop detectors, data sensors as well as related facilities such as communication devices and power cables;
- networked video surveillance management systems mainly consist of at least 3,000 video cameras and related facilities such as poles and power cables;
- expansion of resources including the hiring of operational, support and technical personnel; and

4. DETAILS OF OUR IPO (Cont'd)

- set up of at least two (2) control centre facilities to meet the needs for connectivity and interoperability.

In this respect, we intend to use approximately RM85.0 million of the proceeds from the Public Issue for the following:

	Estimated Cost (RM million)
Networked lighting systems, networked traffic management systems and networked video surveillance systems	
- networked lighting and traffic management systems including purchase of at least 20,000 in-house assembled street light embedded controllers ⁽¹⁾ , 100 of our in-house assembled traffic controllers, sensors and video cameras, network equipment as well as wiring and installation related works	80.6
networked video surveillance system including purchase of at least 3,000 video cameras, surveillance related facilities such as poles and power cables, setting up at least 2 control centre facilities, as well as system integration and installation related works ⁽²⁾	
- purchase of testing tools and calibration instruments and software	1.0
- expansion of technical, operational and support resources ⁽³⁾	3.4
Total	85.0

Notes:

- (1) *The embedded controllers will be assembled internally where we will purchase the parts and components including PCBA, plastic parts and enclosures used for the assembly of controllers.*
- (2) *Includes system integration and configuration work, process enhancement and workflow automation as well as customisation and development of application software including analytic tools and cybersecurity infrastructures.*
- (3) *Includes two (2) quality assurance personnel, four (4) electrical technicians, six (6) network operation centre engineers, six (6) helpdesk operators and nine (9) field engineers.*

The above utilisation is subject to us securing contracts from potential customers by way of competitive bidding or tendering within 36 months from the date of our Listing. As at the LPD, we have submitted tenders and proposals for the provision of public space networked facilities and these will potentially contribute to our future order book as well as enable us to increase our market presence in other states.

If we are unable to secure sufficient number of contracts or the amount used for the new contracts we secured is less than RM85.0 million, we will re-allocate the balance of the proceeds to working capital. In case of any shortfall in the amount we require for our geographical expansion, the balance will be funded using our internally generated funds and/or new borrowings.

Further details on our geographical expansion plan are set out in Section 7.5.1 of this Prospectus.

4. DETAILS OF OUR IPO (Cont'd)**4.6.2 Expansion of R&D capabilities**

We intend to use approximately RM12.5 million of the proceeds from the Public Issue to expand our R&D capabilities in the following manner:

	Estimated cost (RM million)
Expansion of R&D resources:	
R&D team	7.5
Set up of a new testing laboratory	2.0
- <i>computing devices and hardware</i>	0.8
- <i>testing programmes</i>	0.6
- <i>testing equipment</i>	0.3
- <i>other equipment or devices⁽¹⁾</i>	0.3
Sub-total	9.5
Setting up smart township and smart campus pilot projects	3.0
Total	12.5

Note:

- (1) *Includes the purchase of drones, augmented reality or virtual reality devices, as well as prototyping tools and equipment such as laser engraving machine, 3D printer and CNC router.*

In the event that the amount used for the expansion of our R&D capabilities is less than RM12.5 million, we will re-allocate the balance of the proceeds to working capital. In case of any shortfall in the amount we require for the expansion of our R&D capabilities, the balance will be funded using internally generated funds and/or new borrowings.

Our ongoing and planned R&D includes developing systems and applications such as City Help, City Vas, City Park, City RATS, City Underground and City Smart Campus. For further details on our ongoing and planned R&D, see Section 7.12.4 of this Prospectus.

Further details on the expansion of our R&D capabilities are set out in Section 7.5.4 of this Prospectus.

4.6.3 Expansion into enterprise market

We intend to use approximately RM20.0 million of the proceeds from the Public Issue to expand into new enterprise market by leveraging on our core competencies in networked systems to address opportunities in townships, malls and office towers, hospitals and healthcare facilities covering public and private spaces to grow our business. We also plan to extend our expertise to highways mainly for our networked street lighting and video surveillance systems.

4. DETAILS OF OUR IPO (Cont'd)

As at the LPD, we have submitted tenders for networked video surveillance systems for residential township development projects, commercial development projects including malls and office towers, hospitals, healthcare facilities and highways.

In this respect, we plan to set up a centralised control centre and related facilities to cater to this new segment within 36 months from the date of our Listing and the breakdown for the estimated cost to set up these facilities is as follows:

	Estimated cost (RM million)
Networked video surveillance systems including purchase and installation of at least 2,500 units of video cameras, network equipment and software ⁽¹⁾	20.0

Note:

(1) Include network storage equipment, customisation of system and application software including video analytics, mobile applications, as well as cybersecurity infrastructures.

In the event that the amount used for our expansion into new target segments is less than RM20.0 million, we will re-allocate the balance of the proceeds to working capital. In case of any shortfall in the amount we require for the expansion into new enterprise market, the balance will be funded using internally generated funds and/or borrowings.

Further details on our expansion into new enterprise market are set out in Section 7.5.3 of this Prospectus.

4.6.4 Network and telecommunication infrastructure expansion

We intend to use approximately RM39.5 million of the proceeds from the Public Issue to expand our network and telecommunication infrastructure and connectivity within 36 months from the date of our Listing to cater for business expansion and growth by investing, as follows:

	Estimated cost (RM million)
Communication network and telecommunication infrastructure	
- additional 200 km fibre optic network	22.0
- 50 monopoles and two (2) towers	7.5
Sub-total	29.5
Setting up a data lake facility in Klang Valley	
- video and data storage system	4.6
- switching and routing infrastructure	1.7
- virtual server infrastructure	1.5
- rental of data centre and related services	2.2
Sub-total	10.0
Total	39.5

4. DETAILS OF OUR IPO (Cont'd)

In the event that the amount used for our expansion of network and telecommunication infrastructure is less than RM39.5 million, we will re-allocate the balance of the proceeds to working capital. In case of any shortfall in the amount we require for our expansion of network and telecommunication infrastructure, the balance will be funded using our internally generated funds and/or new borrowings.

Further details on the expansion of our network and telecommunication infrastructure are set out in Section 7.5.2 of this Prospectus.

4.6.5 Working capital

We intend to use approximately RM29.1 million of the proceeds from the Public Issue to supplement the working capital requirements of our Group which includes the purchase of inventory for our ongoing projects, as follows.

	RM million
Decorative lighting	3.8
Poles	4.9
Cables	1.5
LED lights	10.2
Other operating expenses	8.7
Total	29.1

4.6.6 Repayment of borrowings

We intend to use approximately RM8.0 million of the proceeds from the Public Issue to repay the entire outstanding amount owing in respect of a revolving credit facility granted by Hong Leong Bank Berhad with three (3)-year revolving tenure which was drawn down in September 2021 for the purchase of network equipment ("RCF"). As at the LPD, the total amount outstanding of the RCF is approximately RM8.2 million. The repayment of the RCF is expected to have a positive financial impact on our Group with interest saving of approximately RM485,000 per annum based on the effective rate of approximately 5.95%.

In the event the total outstanding amount of the RCF on date of settlement is less than RM8.0 million, we will re-allocate the surplus amount to working capital. However, if there is shortfall in the amount required to fully repay the total outstanding amount, we will use our internally generated funds for the settlement of the difference.

4.6.7 Defray fees and expenses for our IPO and our Listing

The estimated fees and expenses for our IPO and our Listing to be borne by us are approximately RM9.8 million, comprising the following:

	RM million
Professional fees ⁽¹⁾	3.9
Fees payable to authorities	0.8
Brokerage fee, underwriting commission and placement fees	4.3
Other fees and expenses relating to our IPO and our Listing ⁽²⁾	0.8
Total	9.8

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

- (1) *This includes professional fees for, among others, the Principal Adviser, legal advisers, auditors, company secretaries, Reporting Accountants, Independent Business and Market Research Consultants, Internal Control Consultant, Issuing House and Share Registrar.*
- (2) *This includes related fees and expenses in connection with our IPO, such as printing and advertising, travel and roadshow expenses, media related expenses and IPO event expenses.*

If the actual fees and expenses for our IPO and our Listing are higher than estimated, the shortfall will be funded using our internally generated funds. However, if the actual fees and expenses for our IPO and our Listing are lower than estimated, the surplus will be used for our working capital.

Given the timing of the use of proceeds to be raised from the Public Issue may not be immediate and as part of our efficient capital management to maximise profit income, we intend to place the proceeds raised from the Public Issue or any balance (including accrued profit, if any) in profit-bearing accounts with licensed financial institution(s) in Malaysia and/or in money-market deposit instruments/funds.

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale based on the Institutional Price of RM1.07 per Offer Share of up to approximately RM138.5 million will accrue entirely to the Selling Shareholder. The Selling Shareholder will bear its own expenses including, but not limited to, the placement fee in relation to the Offer for Sale which is estimated to be approximately RM2.6 million.

4.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE**4.7.1 Brokerage Fee**

We will pay the brokerage in respect of the Issue Shares under the Retail Offering at the rate of 1.0% (exclusive of applicable tax) of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholder.

4.7.2 Underwriting commission

As stipulated in the Retail Underwriting Agreement, the Joint Underwriters have agreed to underwrite the Issue Shares under the Retail Offering for an underwriting commission of 1.8% (exclusive of applicable tax) of the Retail Price multiplied by the total number of the Issue Shares underwritten under the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

4.7.3 Placement fee

The Selling Shareholder for the Offer Shares and us for the Issue Shares will pay the Joint Bookrunners a placement fee and selling commission of up to 2.25% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to institutional and selected investors in accordance with the terms of the Placement Agreement.

4. DETAILS OF OUR IPO (Cont'd)

4.8 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

4.8.1 Underwriting

We have entered into the Retail Underwriting Agreement with the Joint Underwriters to severally and not jointly (nor jointly and severally) underwrite 30,840,000 Issue Shares under the Retail Offering ("**Underwritten Shares**"), subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are set out Section 4.7.2 of this Prospectus, while the salient terms of the Retail Underwriting Agreement are as follows:

- (i) The obligations of the Managing Underwriter and the Joint Underwriters are conditional upon certain conditions precedent being fulfilled or waived on or prior to the closing date of the Retail Offering as stated in this Prospectus or such other date as may be extended from time to time by our Company with the agreement of the Managing Underwriter.
- (ii) The Joint Underwriters or the Managing Underwriter (for and on behalf of the Joint Underwriters) may at any time before our Listing date by notice in writing to our Company terminate their underwriting commitment under the Retail Underwriting Agreement if –
 - (a) there is an occurrence of any event or discovery of any fact or circumstances rendering any of the representations, warranties and undertakings contained in the Retail Underwriting Agreement to be untrue, inaccurate or misleading in any respect;
 - (b) there shall have been a breach or failure on the part of our Company to perform or comply with any of the covenants, undertakings or obligations contained in the Retail Underwriting Agreement which would have resulted or is likely to result in any event, development or occurrence or a series of events development or occurrences, which, in the sole opinion of the Managing Underwriter, has or could be expected to have a material adverse effect or result in a material adverse change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business on any of the following:
 - (i) the condition (financial or otherwise), general affairs, contractual, commitments, prospects, earnings, management, business, properties, assets, liquidity, liabilities, undertakings, shareholders' equity or operations of the Company or any company within the Group, taken as a whole;
 - (ii) the ability of the Company to perform its obligations under the Retail Underwriting Agreement, or to consummate the transactions contemplated by the Prospectus or any of the Retail Underwriting Agreement, the Placement Agreement, the Master Cornerstone Placement Agreement, the Individual Cornerstone Placement Agreements and the lock-up letters issued by our Company, our substantial shareholders, including the Selling Shareholder and our Promoters in favour of the Joint Bookrunners (collectively, the "**Transaction Agreements**") shall have been terminated or rescinded in accordance with their terms or any of the parties thereunder shall have failed to perform their obligations thereunder;

4. DETAILS OF OUR IPO (Cont'd)

- (iii) the ability of the Company or any company within the Group to conduct its businesses and to own or lease its assets and properties as described in the Prospectus; or
 - (iv) the offering, distribution, sale or the listing of the IPO Shares pursuant to the IPO,

(collectively, "**Material Adverse Effect**");
- (c) any one of the Transaction Agreements shall have been terminated or rescinded in accordance with their terms or any of the parties thereunder shall have failed to perform their obligations thereunder;
- (d) SC or Bursa Securities suspends or revokes any approval for our IPO or makes any ruling (or revokes any ruling previously made), the effect of which is to prevent our Listing or quotation of our Shares on Bursa Securities;
- (e) trading of all securities on Bursa Securities has been suspended or materially limited on, or by Bursa Securities, as the case may be, for at least three (3) consecutive Market Days;
- (f) any new law or regulation or change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Managing Underwriter and the Joint Underwriters may prejudice the success of our Listing or which would have or is likely to have the Material Adverse Effect or making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;
- (g) there shall have been any material adverse change, in national or international monetary, financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market or currency exchange rates or foreign exchange controls), political, legal, regulatory, taxation, industrial or economic conditions which in the opinion of the Joint Underwriters may have or is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (1) on or after the date of the Retail Underwriting Agreement; and
 - (2) prior to our Listing date,

lower than 85% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
- (h) our Company withholds any material information from the Managing Underwriter and the Joint Underwriters, which, in the opinion of the Managing Underwriter and the Joint Underwriters, is likely to have a Material Adverse Effect;

4. DETAILS OF OUR IPO (Cont'd)

- (i) a banking moratorium has been declared by authorities in Malaysia, the United States, the United Kingdom, Singapore or Hong Kong, or a material disruption of commercial banking activities or securities settlement or clearance services has occurred in Malaysia, the United States, the United Kingdom, Singapore, or Hong Kong;
- (j) the Institutional Offering and/or the Retail Offering is stopped or delayed by our Company or any authority for any reason whatsoever (unless such delay has been approved by the Joint Underwriters);
- (k) any material statements contained in this Prospectus and/or the Application Form has become or been discovered to be untrue, inaccurate or misleading in any respect or matters have arisen or have been discovered which would, if this Prospectus and/or the Application Form were to be issued at that time, constitute a material omission therefrom;
- (l) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Managing Underwriter and the Joint Underwriters by reason of force majeure which makes it or is likely to have the effect, in the reasonable judgment of the Managing Underwriter and Joint Underwriters, impracticable or inadvisable to proceed with the offer, sale or delivery of the Issue Shares on the terms and in the manner contemplated in this Prospectus and/or the Application Form and the obligations under the Retail Underwriting Agreement being incapable of performance in accordance with its terms;
- (m) any government requisition or other occurrence of any nature whatsoever which would have or is reasonably likely to have a Material Adverse Effect;
- (n) our Listing does not take place by 10 April 2023 or such other extended date as may be agreed in writing by the Managing Underwriter;
- (o) the closing date of the Retail Offering does not occur by 5.00 p.m., 1 December 2022 or such other extended date as may be agreed in writing by the Managing Underwriter;
- (p) our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Managing Underwriter;
- (q) any commencement of legal proceedings, formal investigations, enquiries or action against any member of our Group or any of their directors, which in the reasonable opinion of the Managing Underwriter and the Joint Underwriters, would have a Material Adverse Effect or make it impracticable to enforce contracts to allot and/or transfer the IPO Shares or to market our IPO;

4. DETAILS OF OUR IPO (Cont'd)

- (r) any of the approvals required pursuant to the conditions precedent set out in the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have a Material Adverse Effect;
- (s) our IPO is cancelled by our Company;
- (t) admission to trading of the Shares on Bursa Securities has not been completed by 9:00 am (Kuala Lumpur time) on 13 January 2023 (or such later date as is agreed between our Company and the Managing Underwriter which, in any event, shall be no later than 10 April 2023; or
- (u) there has occurred any other event which has a Material Adverse Effect, or which is likely to have a Material Adverse Effect.

4.8.2 Placement

We and the Selling Shareholder expect to enter into the Placement Agreement with the Joint Bookrunners in relation to the placement of up to 289,160,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus. We and the Selling Shareholder will be requested, on a several basis, to give various representations, warranties and undertakings, and to indemnify the Joint Bookrunners against certain liabilities in connection with our IPO. The terms of the Placement Agreement are subject to negotiations and may include termination events that are different from those under the Retail Underwriting Agreement as set out in Section 4.8.1 of this Prospectus.

4.8.3 Lock-up arrangement

- (i) We have agreed that for a period from the date of the lock-up letter until the date falling six (6) months from the Listing date of our Shares on the Main Market of Bursa Securities ("**Lock-Up Period**"), we will not and shall procure that our subsidiary(ies), affiliates and nominees or trustees holding our Shares on trust for or on our behalf shall not, without the prior written consent of the Joint Bookrunners, directly or indirectly, conditionally or unconditionally –
 - (a) issue, allot, offer, sell, contract to sell, assign, purchase any option or contract to sell, issue or sell any option or contract to purchase, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create or agree to create any encumbrance, transfer, or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to our Shares), regardless of whether any such transaction is to be settled by the delivery of our Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any of our Shares being issued, offered and sold by us in connection with the IPO;

4. DETAILS OF OUR IPO (Cont'd)

- (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, our Shares), regardless of whether any such transaction is to be settled by the delivery of the Company Lock-Up Shares or such other securities, in cash or otherwise, provided that the foregoing shall not apply to any of our Shares being issued, offered and sold by us in connection with the IPO;
 - (c) deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, our Shares) in any depository receipt facilities, provided that the foregoing shall not apply to any of our Shares being issued, offered and sold by us in connection with the IPO; or
 - (d) offer to or agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) – (c) above.
- (ii) Our substantial shareholders, namely GSSB and the Selling Shareholder have agreed that during the Lock-Up Period, they will not and shall procure that their affiliates and nominees or trustees holding our Shares on trust for or on their behalf shall not, without the prior written consent of the Joint Bookrunners, directly or indirectly, conditionally or unconditionally –
 - (a) offer, pledge, sell, contract or offer to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create or agree to create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, our Shares (or any interest therein or in respect thereof) (A) held by them as at the date of the lock-up letter and (B) acquired by them after the date of the lock-up letter and until and including our Listing date or with respect to which they have or between the date of the lock-up letter and our Listing date acquire the power of disposition, other than (C) the Shares being offered, and sold by them in connection with the IPO and such Shares that are offered, issued or sold by us pursuant to the IPO (the Shares referred to in (A) and (B), excluding (C) shall be referred to as the “**Shareholders Lock-Up Shares**”), regardless of whether any such transaction is to be settled by the delivery of the Shareholders Lock-Up Shares or such other securities, in cash or otherwise;

4. DETAILS OF OUR IPO (Cont'd)

- (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shareholders Lock-Up Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shareholders Lock-Up Shares), regardless of whether any such transaction is to be settled by the delivery of the Shareholders Lock-Up Shares or such other securities, in cash or otherwise;
- (c) deposit any of the Shareholders Lock-Up Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shareholders Lock-Up Shares) in any depository receipt facilities;
- (d) sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by them which is directly, or through another company or other entity indirectly, the beneficial owner of the Shareholders Lock-Up Shares; or
- (e) offer to or agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) – (d) above.

Our substantial shareholders further agreed that save for our Shares that are offered, issued or sold pursuant to our IPO, without the prior written consent of the Joint Bookrunners, they will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Shares or any security convertible into or exercisable or exchangeable for Shares.

- (iii) Our Promoters have agreed that during the Lock-Up Period, they will not and shall procure that their affiliates and nominees or trustees holding our Shares on trust for or on their behalf shall not, without the prior written consent of the Joint Bookrunners, directly or indirectly, conditionally or unconditionally –

4. DETAILS OF OUR IPO (Cont'd)

- (a) offer, pledge, sell, contract or offer to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or create or agree to create any encumbrance, lend, hypothecate or otherwise transfer or dispose of, or agree to transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares including any interest therein (or any securities convertible into or exercisable or exchangeable for Shares or are substantially similar to, our Shares (or any interest therein or in respect thereof) (A) held by them, directly and indirectly, as at the date of the lock-up letter, (B) acquired by them, directly and indirectly, after the date of the lock-up letter and until and including our Listing date or with respect to which they have or between the date of the lock-up letter and our Listing date acquires the power of disposition, (C) Shares transferred, issued and/or allotted to the Promoters after the Listing date as a result of either the exercise of any ESOS Options or the grant of any ESGS Shares pursuant to the LTIP, other than (D) such Shares that are offered, issued or sold by us pursuant to the IPO (the Shares referred to in (A), (B) and (C), excluding (D), shall be referred to as the **"Promoters Lock-Up Shares"**), regardless of whether any such transaction is to be settled by the delivery of the Promoters Lock-Up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Promoters Lock-Up Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Promoters Lock-Up Shares), regardless of whether any such transaction is to be settled by the delivery of the Promoters Lock-Up Shares or such other securities, in cash or otherwise;
- (c) deposit any of the Promoters Lock-Up Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Promoters Lock-Up Shares) in any depository receipt facilities;
- (d) sell, transfer or otherwise dispose of any interest in any shares in any company or entity controlled by them which is directly, or through another company or other entity indirectly, the beneficial owner of the Promoters Lock-Up Shares; or
- (e) offer to or agree (conditionally or unconditionally) to enter into or effect any transaction, or announce any intention to carry out any transaction, with the same economic effect as any transactions described in paragraphs (a) – (d) above.

Our Promoters further agreed that save for our Shares that are offered, issued or sold pursuant to our IPO, without the prior written consent of the Joint Bookrunners, they will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Shares or any security convertible into or exercisable or exchangeable for Shares.

4. DETAILS OF OUR IPO (Cont'd)**4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to the subscribers or purchasers of the IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS accounts.

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. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading for 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 are required to 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 the payment for the securities is generally settled on the second Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately ten (10) Market Days after the close of the Institutional Offering. Subscribers or purchasers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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

5.1 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

5.1.1 Particulars and shareholdings

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

Name	Nationality / Place of Incorporation	Before our IPO			After our IPO			
		Direct		Indirect	Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	
<u>Promoters and substantial shareholders</u>								
Tan Sri Tan	Malaysian	-	-	(3)656,546,400	78.4	-	(3)527,100,000	51.3
TWL	Malaysian	-	-	(3)656,546,400	78.4	-	(3)527,100,000	51.3
Datin Afinaliza	Malaysian	-	-	(4)180,900,000	21.6	-	(4)180,900,000	17.6
<u>Promoter</u>								
TSC	Malaysian	-	-	-	-	-	-	-
<u>Substantial shareholders</u>								
Sena Holdings	Malaysia	656,546,400	78.4	-	-	527,100,000	51.3	-
GSSB	Malaysia	180,900,000	21.6	-	-	180,900,000	17.6	-

Notes:

- (1) Based on our issued Shares of 837,446,400 after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged issued Shares of 1,028,000,000 upon our Listing.
- (3) Deemed interested by virtue of his interest in Sena Holdings pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of her interest in GSSB pursuant to Section 8 of the Act.

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

The Shares held by our Promoters and our substantial shareholders do not have different voting rights from our other shareholders.

Save as disclosed above, there are no other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

As at the LPD, there is no arrangement between our Company and our Promoters and our substantial shareholders, with any third party of which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

5.1.2 Profiles of our Promoters and substantial shareholders

(i) Tan Sri Tan as our Promoter and substantial shareholder

Tan Sri Tan, a Malaysian aged 67, is our Promoter, substantial shareholder and Non-Independent Non-Executive Director. He was appointed to our Board in July 2020. Tan Sri Tan obtained his Malaysian Certificate of Education from Sekolah Menengah Teknik Alor Setar, Kedah in 1973 and the Certificate of Electrical Competency from the Department of Electrical Inspection Malaysia in 1985. He was conferred with an Honorary Degree of Doctor of Philosophy (Electrical Engineering) by Universiti Tun Hussien Onn Malaysia in 2021. He is a member of ICDM since September 2022.

In 1979, Tan Sri Tan joined Polis DiRaja Malaysia as a police officer. In 1981, he left the police force and joined Light & Power Construction Sdn Bhd as an assistant project manager, where he was responsible for overseeing the implementation of electrical projects taken up by the company. In 1984, Tan Sri Tan founded his first company, Sena Letrik, which was then involved in electrical subcontractor works. Through Sena Letrik, Tan Sri Tan participated in numerous government projects, including airfield lighting projects by designing and constructing the aeronautical ground lighting system and the apron flood lighting system for over 20 major airports throughout Malaysia and installation of high tension and low voltage electrical reticulation systems.

In 1995, Tan Sri Tan ventured into the eye specialist healthcare industry through Optimax Eye Specialist Centre Sdn Bhd, offering refractive surgery services to patients. Tan Sri Tan is currently a Deputy Executive Chairman of Optimax Holdings Berhad, a public company listed on the Main Market of Bursa Securities.

In 2007, Tan Sri Tan incorporated STS and became involved in the development and production of traffic controllers and traffic control centre system. Over the years, STS has broadened its business activities to include the research and development of digital solutions and system products for city administration and traffic management, supply/installation and maintenance of traffic light systems and related infrastructure and providing leased and managed services of video surveillance and analytics systems in Malaysia.

In 2019, Tan Sri Tan acquired interests in our Company, which is involved in the supply and installation and provision of public space networked systems, via ARSB.

In his capacity as Director, Tan Sri Tan has provided business and management guidance and strategic advice to the senior management of our Group over the years. He has also played a leading role in the formulation of the business direction and strategies of our Group.

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

(ii) TWL as our Promoter and substantial shareholder

TWL, a Malaysian aged 30, is our Promoter, substantial shareholder and Non-Independent Managing Director and Chief Executive Officer. He was appointed to our Board in July 2020.

TWL obtained his Bachelor of Engineering (Civil Engineering) from the University of Manchester, United Kingdom in 2015. He is a member of ICDM since September 2022.

TWL began his career in STS in June 2015 as an Engineer, where he focused on research and development on public space networked systems which includes networked traffic light management systems, networked lighting systems and networked video surveillance systems. In 2016, TWL was promoted to the position of Business Development Manager in STS. In view of STS' R&D capabilities which complements our Company's business and given the established business relationship between STS and our Company, it was agreed by both our Company and STS for TWL to concurrently assume the position of Business Development Manager in our Company and STS with the objective of promoting joint business development strategies. Following his appointment in our Company, TWL had led various business initiatives for our Company and STS in the public space networked systems. In 2018, TWL was promoted to the position of Business Development Director of our Company. During this period, TWL worked closely with the management teams of our Company and STS to successfully secure several public space networked systems contracts and ventured into communications network services. In 2020, TWL was promoted as Chief Executive Officer before assuming the additional role of Managing Director of our Company in 2022. In his role as Managing Director and Chief Executive Office of our Group, TWL is responsible for overseeing the entire operations of our Group, implementing business plans, developing new business opportunities and executing our Group's short to long term business strategies.

In 2016, TWL also joined Sena Project Management Sdn Bhd as Business Development Manager, where he was primarily responsible for overseeing civil construction, infrastructure, as well as mechanical & electrical works until 2018. After TWL left Sena Project Management Sdn Bhd, he joined Sena Letrik as Business Development Director, where he was involved in hospital development activities of the company until March 2021.

In July 2021, at the height of the Covid-19 pandemic, TWL was appointed as Business Development Manager of Optimax Eye Specialist Centre Sdn Bhd (a subsidiary of Optimax Holdings Berhad, being a public company listed on the Main Market of Bursa Securities) to help to oversee the participation of Optimax Eye Specialist Centre Sdn Bhd in the Mobile Vaccination Programme initiated by the Ministry of Federal Territories to vaccinate the residents of the People's Housing Programme and public housing. He resigned from his position in Optimax Eye Specialist Centre Sdn Bhd in March 2022.

(iii) Datin Afinaliza as our Promoter and substantial shareholder

Datin Afinaliza, a Malaysian aged 55, is our Promoter, substantial shareholder and Non-Independent Executive Director and has been our Director since 27 May 2002. She is a member of ICDM since September 2022.

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

Datin Afinaliza began her career as a Secretary in March 1985 with Kelab Sultan Alam Shah Selangor (now known as Sultan Abdul Aziz Shah Golf and Country Club), where she was tasked with administrative and secretarial works. She left Kelab Sultan Alam Shah Selangor in November 1988 and joined Cofreth (M) Sdn Bhd in December 1988 as a Secretary, where she assumed administrative and secretarial works until her resignation in December 1990.

In July 2002, Datin Afinaliza acquired 40% equity interest in our Company and over the years until 2016, she increased her shareholding in our Company from 40% to 90% equity interest. After becoming a shareholder of our Company, Datin Afinaliza played a leading role in the business development, stakeholders' management, human resource and talent management of our Company over the years.

In October 2019, Datin Afinaliza disposed her entire equity interest in our Company to ARSB while ARSB granted Datin Afinaliza a call option to acquire 30% equity interest held by ARSB in our Company. Notwithstanding the disposal of her entire equity interest in our Company in October 2019, she remained as Director and continued in her business development role with our Company.

Datin Afinaliza subsequently in October 2021 exercised her call option to acquire 30% equity interest of our Company from ARSB, through GSSB, a company nominated by her to acquire the 30% equity interest.

During the period between 2008 and 2013, Datin Afinaliza also held a business development role with Optimax Eye Specialist Centre Sdn Bhd through her position as a Branch Manager.

As our Non-Independent Executive Director, Datin Afinaliza oversees the business development for our Group and her business development role includes stakeholders' management for the projects secured for our Group.

(iv) TSC as our Promoter

TSC, a Malaysian aged 34, is our Promoter and was appointed as Non-Independent Executive Director of our Company on 1 June 2022.

TSC obtained a Bachelor of Science in Accounting and Finance degree from Cardiff University, United Kingdom in 2010. She is a member of ICDM since September 2022.

TSC began her career as a Credit Control Officer at Pantai Hospital Kuala Lumpur in 2011, where she was primarily responsible for conducting credit checks on new customers and resolving problems for outstanding invoice payments. In late 2011, she joined Rawang Specialist Center Sdn Bhd as an Assistant to the Chief Operating Officer, where she was involved in establishing and setting up of the Rawang Specialist Hospital (now known as KPJ Rawang Specialist Hospital).

In November 2012, she was appointed as a director of STS and in her capacity as a director, she oversaw the finance and accounting functions of STS.

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

In June 2013, she left Rawang Specialist Center Sdn Bhd and joined Sena Letrik as Acting Chief Financial Controller in December 2013, where she was primarily responsible for handling day-to-day finance activities and financial planning of the Sena Letrik group of companies (including STS, which was a subsidiary of Sena Letrik until January 2018).

In August 2018, TSC left Sena Letrik and joined Optimax Eye Specialist Centre Sdn Bhd (a subsidiary of Optimax Holdings Berhad, being a public company listed on the Main Market of Bursa Securities) as Group Financial Controller. She was re-designated as Chief Financial Officer of Optimax Holdings Berhad in January 2020, where she was primarily responsible for overseeing the finance and accounting, treasury functions and regulatory compliance matters of the Optimax Holdings Berhad group of companies until her resignation in May 2022.

TSC oversees our Group's finance, accounting, treasury functions, human resources and regulatory compliance matters.

(v) Sena Holdings as our substantial shareholder

Sena Holdings was incorporated in Malaysia under Companies Act, 1965 on 8 July 1999 as a private limited company under the name of Sena Traffic Engineering Sdn Bhd and is deemed registered under the Act. The company changed its name to Sena Holdings Sdn Bhd on 7 May 2007.

Sena Holdings is principally involved in investment holding as at the LPD.

As at the LPD, the issued share capital of Sena Holdings is RM2 comprising 2 ordinary shares.

As at the LPD, the directors of Sena Holdings are Tan Sri Tan, TWL and TSC.

The table below sets out the substantial shareholders of Sena Holdings and their respective shareholding in Sena Holdings as at the LPD:

Name	Direct		Indirect	
	No. of ordinary shares	% ⁽¹⁾	No. of ordinary shares	% ⁽¹⁾
Tan Sri Tan	1	50.0	1 ⁽²⁾	50.0
TWL	1	50.0	-	-

Notes:

(1) Based on the entire issued 2 ordinary shares in Sena Holdings as at the LPD.

(2) Deemed interested by virtue of the interest of his son, TWL, in Sena Holdings pursuant to Section 8 of the Act.

See Section 5.1.1 of this Prospectus for details of Sena Holdings's shareholding (before and after our IPO) in our Company.

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

(vi) GSSB as our substantial shareholder

GSSB was incorporated in Malaysia under the Act on 12 May 2020 as a private limited company. GSSB is principally involved in investment holding as at the LPD.

As at the LPD, the issued share capital of GSSB is RM1 comprising 1 ordinary share.

As at the LPD, the sole director and sole shareholder of GSSB is Datin Afinaliza.

See Section 5.1.1 of this Prospectus for details of GSSB's shareholding (before and after our IPO) in our Company.

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

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

The following tables set out the changes in our Promoters' and substantial shareholders' shareholdings in our Company during the past 3 years up to the LPD and after our IPO:

Name	As at 31 December 2018			As at 31 December 2019		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Promoters and substantial shareholders						
Tan Sri Tan	-	-	-	-	-	(2)750,000
TWL	-	-	-	-	-	(2)750,000
Datin Afinaliza ⁽¹⁾	675,000	90.0	-	-	-	-
Promoter						
TSC	-	-	-	-	-	-
Substantial shareholders						
ARSB	-	-	-	750,000	100.0	-
Sena Holdings	-	-	-	-	-	-
GSSB	-	-	-	-	-	-

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

Name	As at 31 December 2020			As at 31 December 2021		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
<u>Promoters and substantial shareholders</u>						
Tan Sri Tan	-	-	(2)1,000,000	-	-	(2)700,000
TWL	-	-	(2)1,000,000	-	-	(2)700,000
Datin Afinaliza ⁽³⁾	-	-	-	-	-	(3)300,000
<u>Promoter</u>						
TSC	-	-	-	-	-	-
<u>Substantial shareholders</u>						
ARSB	1,000,000	100.0	-	700,000	70.0	-
Sena Holdings	-	-	-	-	-	-
GSSB	-	-	-	300,000	30.0	-

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

Name	As at the LPD			Before our IPO		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	(5)%
<u>Promoters and substantial shareholders</u>						
Tan Sri Tan	-	-	(6)656,546,400	78.4	-	(6)656,546,400 78.4
TWL	-	-	(6)656,546,400	78.4	-	(6)656,546,400 78.4
Datin Afinaliza	-	-	(4)180,900,000	21.6	-	(4)180,900,000 21.6
<u>Promoter</u>						
TSC	-	-	-	-	-	-
<u>Substantial shareholders</u>						
ARSB	-	-	-	-	-	-
Sena Holdings	656,546,400	78.4	-	-	656,546,400	78.4
GSSB	180,900,000	21.6	-	-	180,900,000	21.6

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

Name	After our IPO		
	Direct		Indirect
	No. of Shares	(7)%	No. of Shares (7)%
<u>Promoters and substantial shareholders</u>			
Tan Sri Tan TWL	-	-	(6)527,100,000 51.3
Datin Afinaliza	-	-	(6)527,100,000 51.3
	-	-	(4)180,900,000 21.6
<u>Promoter</u>			
TSC	-	-	-
<u>Substantial shareholders</u>			
ARSB	-	-	-
Sena Holdings	527,100,000	51.3	-
GSSB	180,900,000	17.6	-

Notes:

- (1) On 30 September 2019, Datin Afinaliza entered into a share sale and call option agreement with ARSB ("Disposal Agreement") to sell her entire equity interest in our Company to ARSB. The Disposal Agreement accorded Datin Afinaliza, among others, the option to buy back 30% equity interest in our Company. Further, Rizwana Razia Binti Che Rahim has also on the even date entered into a share sale agreement with ARSB to sell all her entire equity interest in our Company to ARSB.
- (2) Deemed interested by virtue of his interest in ARSB pursuant to Section 8 of the Act.
- (3) Datin Afinaliza exercised the call option and acquired 30% equity interest in our Company on 29 November 2021 via her nominated wholly-owned company, GSSB.
- (4) Deemed interested by virtue of her interest in GSSB pursuant to Section 8 of the Act.
- (5) Based on our enlarged issued Shares of 837,446,400 after the Pre-IPO Restructuring but before our IPO.
- (6) Deemed interested by virtue of his interest in Sena Holdings pursuant to Section 8 of the Act.
- (7) Based on our enlarged issued Shares of 1,028,000,000 upon our Listing.

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

5.1.4 Amounts/Benefits paid/given or intended to be paid/given to our Promoters and our substantial shareholders

Save for the dividend paid to our substantial shareholders as disclosed below and material benefits-in-kind paid or proposed to be paid to our Promoters and substantial shareholders who are also Directors and Key Senior Management as disclosed in Section 5.2.4 and Section 5.4.4 of this Prospectus respectively, there is no amount and benefit that has been or is intended to be paid or given to our Promoters and our substantial shareholders within the two (2) years preceding the date of this Prospectus and up to the LPD.

There were two dividends declared and paid in respect of the FYE 31 December 2021 amounting to RM6.0 million and RM8.0 million, respectively as tabulated below:

Substantial shareholders	Entitlement date / Payment date	
	25 November 2021 / 27 December 2021	31 December 2021 / 4 January 2022
	RM'000	RM'000
ARSB	6,000	5,600
GSSB	-	2,400
Total	6,000	8,000

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

5.2 BOARD OF DIRECTORS

5.2.1 Particulars and shareholdings

The details of our Directors and their respective shareholding in our Company before and after our IPO are as follows:

Directors	Designation	Before our IPO			After our IPO		
		Direct	Indirect		Direct	Indirect	
		No. of Shares	(⁽¹⁾)%	No. of Shares	(⁽¹⁾)%	No. of Shares	(⁽²⁾)%
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	Independent Non-Executive Chairman	-	-	-	-	(⁽⁵⁾)1,000,000	0.1
Tan Sri Tan	Non-Independent Non-Executive Director	-	-	(⁽³⁾)656,546,400	78.4	-	-
Datin Afinaliza	Non-Independent Executive Director	-	-	(⁽⁴⁾)180,900,000	21.6	-	-
TWL	Non-Independent Managing Director and Chief Executive Officer	-	-	(⁽³⁾)656,546,400	78.4	-	-
TSC	Non-Independent Executive Director	-	-	-	-	-	-
						(⁽³⁾)527,100,000	51.3
						(⁽⁴⁾)180,900,000	17.6
						(⁽³⁾)527,100,000	51.3

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

Directors	Designation	Before our IPO			After our IPO		
		Direct		Indirect	Direct		Indirect
		No. of Shares	(1)%		No. of Shares	(2)%	
Mok Juan Chek	Independent Non-Executive Director	-	-	-	(5)250,000	*	-
Ng Nen Sin	Independent Non-Executive Director	-	-	-	(5)250,000	*	-
Heng Ai Shan	Independent Non-Executive Director	-	-	-	(5)250,000	*	-

Notes:

- * Negligible
- (1) Based on our enlarged issued Shares of 837,446,400 after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged issued Shares of 1,028,000,000 upon our Listing.
- (3) Deemed interested by virtue of his interest in Sena Holdings pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of her interest in GSSB pursuant to Section 8 of the Act.
- (5) Assuming he/she fully subscribes his/her entitlement under the Pink Form Allocation.

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

5.2.2 Profiles of our Directors

Save for the profiles of Tan Sri Tan, TWL, TSC and Datin Afinaliza as set out in Section 5.1.2 of this Prospectus, the profiles of our other Directors are as follows:

(i) **Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali (“Tan Sri Datuk Dr. Tajuddin”)**

Tan Sri Datuk Dr. Tajuddin, a Malaysian aged 73, is our Independent Non-Executive Chairman. He was appointed to our Board on 27 May 2022.

Tan Sri Datuk Dr. Tajuddin obtained his Ordinary National Diploma in Engineering from Brighton Technical College, Brighton, United Kingdom in 1970. He then graduated with First Class Honours in Bachelor of Science (Engineering) from King’s College, University of London in August 1973. Subsequently, he obtained a doctorate in Nuclear Engineering from Queen Mary College, University of London in 1977. He did post-doctoral work in nuclear engineering at Oregon State University, United States of America (“**United States**”) in 1977 and at Pennsylvania State University, United States in 1978. He is a member of ICDM since September 2022.

Tan Sri Datuk Dr. Tajuddin began his career as an assistant engineer with the National Electricity Board, Malaysia in 1973, where he carried out inspections and tests and resolved engineering problems. During his employment with the National Electricity Board, he was sent to pursue his doctorate in Nuclear Engineering at Queen Mary College, University of London. Upon obtaining his doctorate in 1977, he was seconded to Tun Ismail Atomic Research Centre (“**PUSPATI**”) as a senior research officer. In 1983, he was promoted as the Deputy Director (Operations) of PUSPATI. While he was with PUSPATI, he led a team to construct and commission the first nuclear research reactor in Malaysia. Tan Sri Datuk Dr. Tajuddin then left PUSPATI in 1985 and joined the International Atomic Energy Agency as field expert, where he was in charge of regional coordination for a UNDP-funded regional project for industrial applications for isotopes and radiation technology for the Asia Pacific.

In 1988, Tan Sri Datuk Dr. Tajuddin assumed the position of Deputy Director General of the Nuclear Energy Unit, a unit under the Prime Minister’s Department of Malaysia. His role included, among others, overseeing the establishment and development of the various laboratories and facilities at the Nuclear Research Centre in Bangi Selangor. In May 1989, he joined the Standards and Industrial Research Institute of Malaysia (“**SIRIM**”) as a Director General, where he was in charge of the overall running of SIRIM, in the implementation of its strategic plans and in the management of resources of SIRIM. Tan Sri Datuk Dr. Tajuddin left SIRIM and joined Tenaga Nasional Berhad (“**TNB**”) as its Chairman/Chief Executive in September 1996 until August 2000, where he was responsible for, among others, providing leadership for the board of TNB to perform its responsibilities effectively, leading the board meetings and discussions, managing the interface between board and management and leading the board in establishing and monitoring good corporate governance practices in TNB. At the same time, as Chief Executive of TNB, he was responsible for the day-to-day running of the company. In 2002, he was appointed as the President of Malaysia University of Science and Technology for a period of 2 years up to 2004, where he was responsible for implementing the mission of the university, including interacting with external bodies.

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

He joined the Advanced Management Program at Australian Administrative Staff College, Mount Eliza, Melbourne in 1983 and subsequently in 1994 he joined the Advanced Management Program (AMP 115) at Harvard Business School, Boston. Tan Sri Datuk Dr. Tajuddin was admitted to several professional bodies, including foundation fellow of the Academy of Sciences, Malaysia (FASc.), senior fellow of the Academy of Sciences Malaysia (Academician), fellow of the Institution of Engineers Malaysia (F.I.E.M.), registered professional engineer (P. Eng.) with the Board of Engineers Malaysia, fellow of the ASEAN Federation of Engineering Organisation (A.F.E.O.) and fellow of the ASEAN Academy of Engineering and Technology (A.A.E.T.).

Tan Sri Datuk Dr. Tajuddin was conferred the Honorary Doctor of Science Degree by University Putra Malaysia in 2000, Honorary Doctor of Engineering Degree by Universiti Tenaga Nasional in 2008, Honorary Doctor of Science Degree by Universiti Malaysia Terengganu in 2009, Honorary Doctor of Engineering Degree by Universiti Teknikal Malaysia Melaka (“**UTeM**”) in 2014, Honorary Doctor of Science Degree by Universiti Kebangsaan Malaysia in 2015 and Honorary Doctorate of Management Degree by Universiti Malaysia Perlis in 2016.

Tan Sri Datuk Dr. Tajuddin is also a member of the Advisory Council of Federation of Malaysian Manufacturers and a council member of the Northern Corridor Implementation Authority. He is also a member of the Board of Trustees of Mahathir Science Award Foundation, Yayasan UTeM and the Board of Governors of the Malay College Kuala Kangsar.

Tan Sri Datuk Dr. Tajuddin is actively involved in several other companies and statutory bodies in various capacities, which includes, as Chairman of Linde Malaysia Holdings Berhad, SIRIM Berhad (Standards and Industrial Research Institute of Malaysia) and Malakoff Corporation Berhad, a member of the Board of Institut Integriti Malaysia (IIM) and Malaysian Shoaiba Consortium Sdn Bhd, the Joint-Chairman (Industry) of the Malaysian Industry-Government Group for High Technology and the Joint-Chairman (Government) of the Aerospace Malaysia Innovation Centre. He is also the Pro Chancellor of Universiti Tenaga Nasional.

(ii) **Mok Juan Chek (“Mr. Mok”)**

Mr. Mok, a Malaysian aged 66, was appointed as our Independent Non-Executive Director on 27 May 2022. He obtained a Diploma in Agriculture and a Bachelor of Science in Agribusiness from Universiti Pertanian Malaysia in 1976 and 1984 respectively. He is a member of ICDM since September 2022.

Mr. Mok began his career as an Officer in Rubber Industry Smallholders Development Authority (“**RISDA**”) in May 1976, where he was tasked with assessing the financial support for rubber smallholders. He left RISDA in April 1984 and joined Public Bank Berhad as a Senior Operation Officer, where he was primarily responsible for preparing loan proposals. In 1985, Mr. Mok was transferred to Public Finance Berhad as a Senior Administrative Officer, where he was primarily responsible for evaluating and assessing loan proposals.

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

In October 1990, Mr. Mok left Public Finance Berhad and joined Chung Khiaw Bank as Assistant Manager, where he was primarily responsible for marketing and processing business corporate loans. In January 1992, Mr. Mok was promoted to the role of Deputy Manager, where he was primarily responsible for the marketing and processing of business and corporate loans. In February 1994, he was promoted to Assistant Vice President of Credit Department in Chung Khiaw Bank, where he oversaw credit processing and credit administration works.

Mr. Mok left Chung Khiaw Bank and joined Hong Leong Bank Berhad in May 1995 as Branch Manager, where he was primarily responsible in the overall operation and management of a branch in Melaka. He was promoted to General Manager of Hong Leong Bank Berhad in May 2001, where he oversaw the entire credit card department of the bank. In 2002, Mr. Mok transferred to the business banking department of Hong Leong Bank Berhad, where he was in charge of the business banking portfolio for southern and east coast regions of Peninsular Malaysia from 2002 to 2008.

In September 2008, Mr. Mok left Hong Leong Bank Berhad and joined AmBank Berhad as General Manager, where he was tasked with business banking portfolio for southern and east coast regions of Peninsular Malaysia. Mr. Mok was promoted to Head of Mid-Corporates Segment in 2016 and subsequently to Executive Vice President, where he oversaw the operation and management of the mid-corporates segment of the bank until his retirement in May 2020.

Following his retirement from Hong Leong Bank Berhad, Mr. Mok was appointed as Strategic Adviser of Affin Hwang Asset Management Berhad in 2020, a position which he continues to hold until to-date, where he assists in securing and developing business relationship and opportunities for the company.

Mr. Mok is currently an Independent Non-Executive Director of Synergy House Berhad (a public company that is seeking listing on the ACE Market of Bursa Securities as at the LPD) and Axteria Group Berhad (a public company listed on the Main Market of Bursa Securities) since 29 October 2021 and 10 February 2022, respectively.

(iii) **Ng Nen Sin (“Ms. Ng”)**

Ms. Ng, a Malaysian aged 35, was appointed as our Independent Non-Executive Director since 27 May 2022.

She obtained a Bachelor of Laws from Universiti Malaya in 2010 and was admitted to the Malaysian Bar as an advocate and solicitor on 17 June 2011. She is a member of ICDM since September 2022.

Ms. Ng commenced her pupillage with Lee Hishamuddin Allen & Gledhill in July 2010 and was subsequently retained as a Legal Associate in Lee Hishamuddin Allen & Gledhill in 2011. During her tenure in Lee Hishamuddin Allen & Gledhill, she has had experience in various corporate law matters relating to debt capital markets and mergers and acquisitions exercises involving public listed companies.

In May 2016, Ms. Ng left Lee Hishamuddin Allen & Gledhill and joined KC Lee Chambers as Partner until March 2018. She subsequently left KC Lee Chambers and joined Gary Lee & Partners as Partner in March 2018 until her resignation in November 2020. During her tenure as a Partner of KC Lee

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

Chambers and Gary Lee & Partners, she undertook work in mergers and acquisitions, as well as handling banking and finance and real estate matters.

In December 2020, Ms. Ng joined Mira Sham, Yong & Connie Ng as Partner, specialising in the same areas of law and has also been involved in cross border transactions and redevelopment projects.

(iv) **Heng Ai Shan (“Ms. Heng”)**

Ms. Heng, a Malaysian aged 37, was appointed as our Independent Non-Executive Director on 27 May 2022.

She obtained a Bachelor of Business (Accounting) from Monash University in 2005. She has been a member of the Malaysian Institute of Accountants and the CPA Australia since 2009 and an associate of the Chartered Tax Institute of Malaysia since 2013. She is also a member of ICDM since September 2022.

Ms. Heng began her career as Audit Associate with PricewaterhouseCoopers in January 2006. She was then promoted to Audit Senior in January 2008.

In April 2008, she left PricewaterhouseCoopers and joined J.S. Heng & Co. as Audit & Tax Assistant Manager, where she oversaw audit related matters for small and medium-sized enterprises. She also assisted the partner of the firm and her father, Mr. J.S. Heng, in all the firm’s affairs, which included serving and communicating with clients and dealing with human resources matters. She was promoted to Audit & Tax Manager in January 2010, where she was responsible for the firm’s staff recruitment, as well as overseeing audit matters. In November 2016, Ms. Heng became one of the partners in J.S. Heng & Co, where she oversaw the entire operations of the firm. Following the retirement of her father in July 2018, Ms. Heng has been the sole proprietor of the firm.

Ms. Heng has also been a director of LS Consultancy & Management Sdn Bhd since April 2013, where she is primarily responsible for providing income tax compliance and consulting services and tax submission, tax estimation and tax planning advice and services to clients.

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

5.2.3 Principal directorships and principal business activities of our Directors outside our Group

The following table sets out the principal directorships as at the LPD (“**Present Directorship**”) of our Directors and those which were held within the past five (5) years up to the LPD (“**Past Directorship**”) as well as their involvement in principal business activities outside our Group as at the LPD:

(i) Tan Sri Datuk Dr. Tajuddin

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Tazaki Holdings Sdn Bhd	Business consultancy	Director	9.12.2000	-	Negligible ⁽¹⁾	-
Malaysian Shoaiba Consortium Sdn Bhd	A Malaysian consortium between Malakoff Corporation Berhad and Tenaga Nasional Berhad together with Saudi parties that owns and operate an independent Water and Power plant at Shuaibah in Saudi Arabia	Director	1.1.2022	-	-	-
Malakoff Corporation Berhad	Investment holding activities ⁽²⁾	Non-Executive Director	1.1.2022	-	Negligible ⁽¹⁾	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Malaysian Industry-Government Group For High Technology	To prospect and promote the process of development for industries through the strategic application of science and technology, for the benefit socio-economic development of Malaysia	Director	17.11.2009	-	-	-
Plytec Holding Sdn Bhd	Activities of holding companies	Director	1.3.2022	-	-	-
Aerospace Malaysia Innovation Centre	Research and development in the aerospace industry consulting related to aerospace business	Director	11.12.2018	-	-	-
Linde Malaysia Holdings Berhad	Investment holding and through its group of companies, involve in sale of industrial gases	Director	2.5.2003	-	-	-
Mahathir Science Award Foundation	(a) To recognise contribution from researcher, scientist, institution by conferring the science award	Director	31.3.2011	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
	(b) To uplift the stature of the science aware including, overseeing the selection process for the science award					
	(c) To encourage excellence in tropical science research					
Institut Integriti Malaysia	To promote integrity as a way of life based on principles of ethics, integrity and independence	Director	14.9.2020	-	-	-
Sirim Berhad	Strategic and industrial service, technical and consultancy services and standardization and conformity assessment services	Director	20.5.2015	-	-	-
Past Directorship						
UEM Group Berhad	Project design, management and contracting in the fields of civil, electrical and mechanical engineering, the undertaking of turnkey projects, corporate and advisory support services and training services and investment purposes	Director	1.4.2007	1.1.2018	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Yayasan UEM	To receive and administer funds	Director	12.6.2007	31.12.2018	-	-
Construction Research Institute of Malaysia	Promoting and financing research and development works	Director	19.9.2016	1.2.2019	-	-
UPM Holdings Sdn Bhd	Investment company	Director	6.5.2011	28.2.2019	-	-
Sirim Qas International Sdn Bhd	To carry on business as conformity assessment body that provides certification of systems and products to all sectors of the economy for both regulatory and voluntary purposes, to provide testing facilities and testing and analytical services and expertise in testing which enable the company to test	Director	27.8.2015	31.12.2018	-	-
Bangi Golf Sdn Bhd	Development and management of golf club, which consist of 36-hole golf course and its related recreational activities	Director	20.10.2000	7.8.2019	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Optimax Holdings Berhad	Investment holding company in 18 companies ⁽³⁾	Non-Executive Chairman	19.12.2019	28.2.2022	-	-
Yayasan Khazanah	To assist in development of talent pool of individuals with outstanding local and international academic and leadership exposure and access to the best educational infrastructure and system, academic talent as well as peer network in pursuance to develop business and industry leaders for Malaysia through continuous nurturing of such individuals by the foundation including, but not limited to, organising and sponsoring tuition classes, motivational camps, motivational courses, examination of education, provide that, to award scholarship, by approval	Director	21.7.2006	3.11.2020	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Other business involvement outside our Group						
Mobi Asia Sdn Bhd	Information technology, communication consultants and trading	-	-	-	55.2	-
Energy Eco Berhad	(a) To supply and dealer in commodity trading and to manufacture and trading of hospital and medical equipment such as, gloves, face masks and any other products and equipment related services (b) To design, supply, market, operate, consult, deal and to driving the global energy transformation, emulsion fuel technology, to conduct in business of treatment and cleaning areas, building, office and any related thereto	-	-	-	0.2	-
Petro PPE Sdn Bhd	Management services consulting	-	-	-	40.0	-

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

Notes:

- (1) Negligible as the percentage of equity interest held is less than 0.1%.
- (2) As at the LPD, Malakoff Corporation Berhad is a public company listed on the Main Market of Bursa Securities. Its subsidiaries are engaged in various activities, including operation and maintenance of power plants and waste management.
- (3) As at the LPD, Optimax Holdings Berhad is a public company listed on the Main Market of Bursa Securities. Its subsidiaries are principally engaged in provision of eye specialist services and related products and services and investment holding.

(ii) Tan Sri Tan

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Sena Holdings	Investment holding, currently holding our Shares	Director	29.1.2004	-	50.0	-
Tan Boon Hock Holdings Sdn Bhd	Trading and investment holding, provision of management services. However, it does not hold shares in any company as at the LPD	Director	25.3.1991	-	50.0	50.0 ⁽¹⁾
Hospital Pakar Mata Melaka Sdn Bhd	To operate and manage specialist hospitals and provide healthcare solutions	Director	7.1.2008	-	-	-
Sena Healthcare Management Sdn Bhd	Provision and management services	Director	25.8.2010	-	50.0	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Dataran Inisiatif Sdn Bhd	Property development and its related activities	Director	22.8.2007	-	30.0	47.5 ⁽²⁾
Sena Letrik	Electrical works contractors and general trading. The company holds shares in the following companies: (i) Sena Project Management Sdn Bhd (ii) Sena Resources Sdn Bhd (iii) Sena Energy Solution Sdn Bhd (iv) Lightingsens Systems Sdn Bhd	Director	16.2.1984	-	91.0	8.1 ⁽¹⁾
Sena Healthcare Services Sdn Bhd	Investment holding company holding shares in the following companies and provision of management services to subsidiaries: (i) Sena Vision Sdn Bhd (ii) Seremban 2 Specialist Hospital Sdn Bhd (iii) Segamat Specialist Hospital Sdn Bhd (iv) Kempas Eye Specialist Hospital Sdn Bhd	Director	28.3.2011	-	90.0	10.0 ⁽¹⁾

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
(v) Sena Wellness Sdn Bhd						
(vi) Setia Alam Specialist Hospital Sdn Bhd						
(vii) Semenyih Specialist Hospital Sdn Bhd						
(viii) Sena (Kuala Selangor) Specialist Hospital Sdn Bhd						
(ix) Hwv Partners Sdn Bhd						
(x) Nilai Specialist Hospital Sdn Bhd						
Pontian Medical Centre Sdn Bhd	Construction of utility project not elsewhere classified	Director	6.11.2012	-	33.3	33.3 ⁽¹⁾
Elite View Development Sdn Bhd	Investment holding company holding shares in Dataran Inisiatif Sdn Bhd	Director	26.9.2014	-	-	69.0 ⁽³⁾
Mon't Kiara Specialist Hospital Sdn Bhd	Construction of hospital	Director	22.2.2013	-	33.3	33.3 ⁽¹⁾
Epeteknik Sdn Bhd	Trading and fabrication of information technology products and services	Director	1.3.2005	-	61.0	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Tepat Maksima Sdn Bhd	Investment holding company. However, it does not hold shares in any company as at the LPD	Director	28.5.2008	-	50.0	50.0 ⁽¹⁾
Goodwill Insight Sdn Bhd	Dormant since incorporation. There is no intention to wind up the company as it is intended to conduct business of general contract works and provision of management and administrative services	Director	18.11.2014	-	50.0	-
Registec Sdn Bhd	Investment holding company; however, it does not hold shares in any company as at the LPD	Director	28.5.2011	-	75.0	-
Lingkaran Letrik Sdn Bhd	Dormant since incorporation. Application to strike off the company has been approved by the CCM and is pending the striking off of the company's name to be gazetted	Director	23.6.1984	-	33.3	-
Top Compliment Sdn Bhd	Property investment	Director	2.12.2014	-	50.0	50.0 ⁽¹⁾

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Zen Azalea Sdn Bhd	Investment holding company. However, it does not hold shares in any company as at the LPD	Director	13.3.2012	-	50.0	50.0 ⁽¹⁾
Dominion Dignity (M) Sdn Bhd	Dormant. There is no intention to wind up the company as it is holding a factory	Director	14.3.1995	-	50.0	-
Staria Sdn Bhd	Renting and operational leasing, without operator, of other machinery and equipment that are generally used as capital goods by industries	Director	25.2.1991	-	50.0	50.0 ⁽¹⁾
Modal Saujana Sdn Bhd	Provision of management services and renting of properties	Director	9.6.1997	-	85.0	15.0 ⁽¹⁾
Sena Construction Sdn Bhd	Investment holding company. However, it does not hold shares in any company as at the LPD	Director	10.11.1984	-	50.0	50.0 ⁽¹⁾

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Sena Plating Sdn Bhd	Investment holding company holding shares in Elite View Development Sdn Bhd. It owns a parcel of land together with a factory constructed thereon located in Nilai, Negeri Sembilan as at the LPD	Director	16.4.1999	-	5.3	42.9 ⁽⁴⁾
Sena Avenue Sdn Bhd	Investment holding company holding shares in Sena Farm Sdn Bhd	Director	27.5.2008	-	70.0	-
Sena Farm Sdn Bhd	The planters, grower and cultivators of logs and wood tree	Director	28.4.2008	-	-	51.0 ⁽⁵⁾
Sena Management Sdn Bhd	Assets management	Director	28.4.2008	-	50.0	-
Sena Diecasting Industries Sdn Bhd	Manufacturing aluminium components, electro-planting and the development of related moulds. The company holds shares in Rr Precision Machining Sdn Bhd	Director	18.10.1996	-	8.3	71.4 ⁽⁴⁾
Sena Health & Wellness Sdn Bhd	Specialised medical services	Director	8.7.2015	-	50.0	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
ARSB	Investment holding, previously held our Shares. On 21 October 2022, ARSB had completed the Share Transfer, following which ARSB is intending to submit application to be wound up by second quarter of 2023	Director	29.9.2017	-	50.0	-
Optimax Holdings Berhad	Investment holding company holding shares in 18 companies ⁽⁶⁾	Deputy Executive Chairman	9.8.2018	-	26.7	29.2 ⁽⁷⁾
Jen Twilight Sdn Bhd	Activities of holding companies. However, it does not have any subsidiaries as at the LPD	Director	4.5.2020	-	100.0	-
Sena Healthcare Sdn Bhd	Investment holding and trading, to operate and manage specialist hospital and to provide healthcare solutions. It currently holds shares in Hospital Pakar Mata Melaka Sdn Bhd	Director	1.9.2009	-	-	-
Lamansari Mahajaya Sdn Bhd (formerly known as ITMAX Group Sdn Bhd)	Activities of holding companies. However, it does not hold any subsidiary as at the LPD	Director	26.11.2021	-	50.0	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Previous Directorship						
Vs Development Sdn Bhd (Dissolved on 8.6.2018)	To involve in property development, to carry on business as general trader and to invest in real and personal property	Director	1.11.2012	-	33.3	-
Clearbrook Sdn Bhd	Eye correction treatment	Director	16.8.2005	15.1.2018	-	-
Optimax Laser Eye Centre Sdn Bhd	Eye correction treatment	Director	7.7.2000	6.2.2018	-	-
Optimax Eye Specialist Centre (Ampang) Sdn Bhd (Dissolved on 1.7.2019)	Dormant. Intended to conduct business of eye specialist services and related products and services.	Director	20.8.2008	13.2.2018	-	-
Top Recommendation Sdn Bhd (Dissolved on 7.2.2020)	Investment holding and provision of management services	Director	11.10.2010	4.9.2018	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Virtualux Sdn Bhd	Investment holding company; however it is in the process of being struck off the register as at the LPD	Director	11.10.2010	4.9.2018	34.0	-
Bio Millennium Sdn Bhd (Dissolved on 6.12.2019)	Business of clinical development and marketing of fibroblast stem cell	Director	11.10.2010	4.9.2018	-	-
Kluang Specialist Hospital Sdn Bhd	Construction of hospital	Director	16.9.2014	30.11.2020	-	-
Sena Seafood Sdn Bhd (Dissolved on 10.11.2021)	Activities of holding companies	Director	28.5.2007	-	100.0	-
Kejuruteraan Ilham Terang Sdn Bhd	To carry on the business as provision of information technology services, supply, install and maintenance of traffic light system	Director	5.9.2018	1.10.2019	-	-
Other business involvement outside our Group						
Nil						

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

Notes:

- (1) Deemed interested by virtue of the interest of his spouse, Puan Sri Datin Lim Sho Hoo, in the company pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his interest in Elite View Development Sdn Bhd pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his interest in Sena Healthcare Services Sdn Bhd and Sena Plating Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of his interest in Sena Letrik pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his interest in Sena Avenue Sdn Bhd, Sena Holdings and Sena Management Sdn Bhd pursuant to Section 8 of the Act.
- (6) As at the LPD, Optimax Holdings Berhad is a public company listed on the Main Market of Bursa Securities. Its subsidiaries are principally engaged in provision of eye specialist services and related products and services and investment holding.
- (7) Deemed interested by virtue of his interest in Sena Healthcare Services Sdn Bhd pursuant to Section 8 of the Act.

(iii) Datin Afnaliza

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Sena Healthcare Sdn Bhd	Investment holding and trading, to operate and manage specialist hospital and to provide healthcare solutions. It currently holds shares in Hospital Pakar Mata Melaka Sdn Bhd	Director	11.8.2008	-	80.0	-
Lingkaran Letrik Sdn Bhd	Dormant since incorporation. Application to strike off the company has been approved by the CCM and is pending the striking off of the company's name to be gazetted	Director	1.12.2011	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
GSSB	Investment holding company holding shares of our Company	Director	20.8.2020	-	100.0	-
Emog Renewable Energy Sdn Bhd	Wholesale of a variety of goods without any particular specialization not elsewhere classified, other management consultancy activities not elsewhere classified, and operation of generation facilities that produce electric energy	Director	9.10.2020	-	-	50.0
Prismakses Sdn Bhd	To provide services related to care giving	Director	5.1.2021	-	90.0	-
Dataran Inisiatif Sdn Bhd	Property development and its related activities	Director	16.10.2009	-	-	-
Previous Directorship						
Bm Works Specialist Sdn Bhd (Dissolved on 8.6.2018)	Workshop	Director	27.2.2006	-	55.0	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Kejuruteraan Ilham Terang Sdn Bhd	To carry on the business as provision of information technology services, supply, install and maintenance of traffic light system	Director	1.10.2019	7.3.2022	-	-

Other business involvement outside our Group

Nil

(iv) TWL

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Sena Holdings	Investment holding. Currently, it is holding our Shares	Director	15.3.2022	-	50.0	-
Lightingsens Systems Sdn Bhd	Dormant. There is no intention to wind up the company as it is intended to conduct business of aesthetics	Director	18.5.2016	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Bumi Serata Sdn Bhd	Constructional, renovation and civil engineering contractor	Director	24.5.2019	-	100.0	-
Dataran Inisiatif Sdn Bhd	Property development and its related activities	Alternate director	22.9.2021	-	-	-
Modal Saujana Sdn Bhd	Provision of management services and renting of properties	Alternate director	21.9.2021	-	-	-
Rr Precision Machining Sdn Bhd	Manufacturing, assembling, supplying and installing of LED lighting fixtures	Director	6.4.2017	-	-	-
ARSB	Investment holding, previously held our Shares. On 21 October 2022, ARSB had completed the Share Transfer, following which ARSB is intending to submit application to be wound up by second quarter of 2023	Director	29.9.2017	-	50.0	-
Lamansari Mahajaya Sdn Bhd (formerly known as ITMAX Group Sdn Bhd)	Activities of holding companies. However, it does not have any subsidiaries as at the LPD	Director	26.11.2021	-	50.0	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Previous Directorship						
Kejuruteraan Ilham Terang Sdn Bhd	To carry on the business as provision of information technology services, supply, install and maintenance of traffic light system	Director	5.9.2018	1.10.2019	-	-
Other business involvement outside our Group						
Assetmax Sdn Bhd	Activities of holding companies. However, it does not have any subsidiaries as at the LPD	-	-	-	15.0	-
Sarang Boutique Sdn Bhd	Hotels and resort hotels, other short term accommodation activities not elsewhere classified	-	-	-	5.0	-

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

(v) TSC

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Optimax Eye Specialist Centre (Ipoh) Sdn Bhd	Eye specialist services and related products and services	Director	18.5.2012	-	-	-
Hospital Pakar Mata Melaka Sdn Bhd	To operate and manage specialist hospitals and provide healthcare solutions	Director	27.11.2012	-	-	100.0 ⁽¹⁾
Sena Project Management Sdn Bhd	General electrical construction and trading company	Director	16.12.2013	-	-	-
Elite View Development Sdn Bhd	Investment holding company holding shares in Dataran Inisiatif Sdn Bhd	Director	26.9.2014	-	5.0	-
Segamat Specialist Hospital Sdn Bhd	Hospital activities	Director	13.9.2014	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Sena Energy Solution Sdn Bhd	To invest in and develop co-generation power plant, district cooling system, renewable and sustainable energy plants and to distribute, transport and sell energies such as electricity and chilled water	Director	8.5.2015	-	-	-
Lightingsens Systems Sdn Bhd	Dormant. There is no intention to wind up the company as it is intended to conduct business of aesthetics	Director	8.6.2015	-	-	-
Sena Resources Sdn Bhd	Dormant. There is no intention to wind up the company as it is intended to build a hospital on a piece of land in Kempas, Johor	Director	4.10.2016	-	-	-
Sena Management Sdn Bhd	Assets management	Director	11.7.2017	-	-	-
RR Precision Machining Sdn Bhd	Manufacturing, assembling, supplying and installing of LED lighting fixtures	Director	19.7.2017	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Vanilla Farm Sdn Bhd	Activities of holding companies. However it is in the process of being struck off the register as at the LPD	Director	19.7.2017	-	-	-
Sena Letrik	Electrical works contractors and general trading	Alternate director	27.11.2012	-	-	-
Seremban 2 Specialist Hospital Sdn Bhd	Hospital activities	Alternate director	27.11.2012	-	-	-
Tan Boon Hock Holdings Sdn Bhd	Trading and investment holding, provision of management services. However, it does not hold shares in any company as at the LPD	Alternate director	27.11.2012	-	-	-
Sena Plating Sdn Bhd	Investment holding company holding shares in Elite View Development Sdn Bhd. It owns a parcel of land together with a factory constructed thereon located in Nilai, Negeri Sembilan as at the LPD	Alternate director	27.11.2012	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Sena Healthcare Sdn Bhd	Investment holding and trading, to operate and manage specialist hospital and to provide healthcare solutions. It currently holds shares in Hospital Pakar Mata Melaka Sdn Bhd	Alternate director	26.12.2012	-	20.0	-
Sena Diecasting Industries Sdn Bhd	Manufacturing aluminium components, electro-planting and the development of related moulds	Alternate director	5.11.2014	-	-	-
Jiwa Berkas Sdn Bhd	Cultivation of oil palm	Director	5.4.2021	-	-	-
Modal Saujana Sdn Bhd	Provision of management services and renting of properties	Director	4.3.2021	-	-	-
Sena Holdings	Investment holding. Currently, it is holding our Shares	Director	15.3.2022	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Goodwill Insight Sdn Bhd	Dormant since incorporation. There is no intention to wind up the company as it is intended to conduct business of general contract works and provision of management and administrative services	Director	19.9.2017	-	50.0	-
Setia Alam Specialist Hospital Sdn Bhd	Hospital activities	Director	25.10.2019	-	-	-
Semenyih Specialist Hospital Sdn Bhd	Hospital activities	Director	25.10.2019	-	-	-
Dataran Inisiatif Sdn Bhd	Property development and its related activities	Director	19.11.2019	-	-	47.5 ⁽²⁾
Gainmark Resources Sdn Bhd	Dormant. There is no intention to wind up the company as it is intended to conduct business of trading airfield ground lightings	Director	27.12.2019	-	20.0	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
ARSB	Investment holding, previously held our Shares. On 21 October 2022, ARSB had completed the Share Transfer, following which ARSB is intending to submit application to be wound up by second quarter of 2023	Director	1.10.2019	-	-	-
Dominion Dignity (M) Sdn Bhd	Dormant. There is no intention to wind up the company as it is holding a factory	Director	30.7.2020	-	-	-
Sena (Kuala Selangor) Specialist Hospital Sdn Bhd	Medical consultancy and healthcare services	Director	23.9.2020	-	-	-
Hwv Partners Sdn Bhd	Other management consultancy activities not elsewhere classified and administrative health care services	Director	9.11.2020	-	-	-
Nilai Specialist Hospital Sdn Bhd	Hospital activities	Director	1.12.2020	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Sena Healthcare Services Sdn Bhd	Investment holding company holding shares in the following companies and provision of management services to subsidiaries: (i) Sena Vision Sdn Bhd (ii) Seremban 2 Specialist Hospital Sdn Bhd (iii) Segamat Specialist Hospital Sdn Bhd (iv) Kempas Eye Specialist Hospital Sdn Bhd (v) Sena Wellness Sdn Bhd (vi) Setia Alam Specialist Hospital Sdn Bhd (vii) Semenyih Specialist Hospital Sdn Bhd (viii) Sena (Kuala Selangor) Specialist Hospital Sdn Bhd (ix) Hwv Partners Sdn Bhd (x) Nilai Specialist Hospital Sdn Bhd	Alternate director	16.12.2020	-	-	-
Lamansari Mahajaya Sdn Bhd (formerly known as ITMAX Group Sdn Bhd)	Activities of holding companies. However, it does not have any subsidiaries as at the LPD	Director	26.11.2021	-	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Previous Directorship						
Sena Seafood Sdn Bhd (Dissolved on 10.11.2021)	Activities of holding companies	Director	11.7.2017	-	-	-
Virtualux Sdn Bhd	Investment holding company; however it is in the process of being struck off the register as at the LPD	Director	15.8.2017	4.9.2018	-	-
Top Recommendation Sdn Bhd (Dissolved on 7.2.2020)	Investment holding and provision of management services	Director	15.8.2017	4.9.2018	-	-
Bio Millennium Sdn Bhd (Dissolved on 6.12.2019)	Business of clinical development and marketing of fibroblast stem cell	Director	14.9.2017	4.9.2018	-	-
Kluang Specialist Hospital Sdn Bhd	Construction of hospital	Director	12.9.2013	30.11.2020	-	-

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct	Indirect
					(%)	(%)
Other business involvement outside our Group						
Registec Sdn Bhd	Investment holding company; however, it does not hold shares in any company as at the LPD	-	-	-	25.0	-
Mon't Kiara Specialist Hospital Sdn Bhd	Construction of hospital	-	-	-	33.3	-

Notes:

- (1) Deemed interested by virtue of her interest in Sena Healthcare Sdn Bhd pursuant to Section 8 of the Act.
 (2) Deemed interested by virtue of her interest in Elite View Development Sdn Bhd pursuant to Section 8 of the Act.

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

(vi) Mr. Mok

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Axteria Group Berhad ⁽¹⁾	Investment holding company holding shares in the following subsidiaries: (i) Axteria Eco Sdn Bhd (ii) Axteria Cemerlang Sdn Bhd (iii) Axteria Assets Sdn Bhd (iv) Axteria Construction Sdn Bhd (v) Axteria Properties Sdn Bhd (vi) Axteria Development Sdn Bhd (vii) Axteria Capital Sdn Bhd	Non-Executive Director	10.2.2022	-	-	
Synergy House Berhad ⁽²⁾	Other management consultancy activities not elsewhere classified and activities of holding companies holding shares in the following subsidiaries: (i) SH Furniture Sdn Bhd (ii) SK Furniture Industries Sdn Bhd (iii) SH International Sdn Bhd	Non-Executive Chairman	3.12.2021	-	-	

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)

Previous Directorship

Nil

Other business involvement outside our Group

Nil

Notes:

- (1) As at the LPD, Axteria Group Berhad is a public company listed on the Main Market of Bursa Securities. Its subsidiaries are principally engaged in property development, hotelier, investment holding, project management and construction related works.
- (2) As at the LPD, Synergy House Berhad is in the process of seeking listing on the ACE Market of Bursa Securities.

(vii) Ms. Ng

Ms. Ng does not have any principal directorships and is not involved in any principal business activities outside our Group as at the LPD and did not hold any principal directorship outside our Group in the past five (5) years preceding the LPD.

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

(viii) Ms. Heng

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
LS Consultancy & Management Sdn Bhd	Accounting and management services	Director	15.4.2013	-	50.0	-
Sinpolien Enterprise Sdn. Bhd.	Investment in property	Director	18.6.2013	-	25.0	-
Sparkling Feature Sdn Bhd	Investment in property	Director	2.1.2003	-	33.3	-
Previous Directorship						
Nil						
Other business involvement outside our Group						
Wenyong Sdn. Bhd.	Investment in property	-	-	-	33.3	-

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

The involvement of our Directors in business activities outside our Group as stated above will not affect their commitment, ability to perform their responsibilities and contribution to our Group in their respective roles as our Directors. Further, the involvement of our Executive Directors in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management. Whereas, the involvement of our Non-Executive Directors in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day management of our Group.

Save as disclosed in Section 5.2.3 of this Prospectus, as at the LPD, none of our Directors is involved in any other principal business activities outside of our Group.

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

5.2.4 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Company for the FYE 30 December 2021 and FYE 31 December 2022 are as follows:

FYE 31		Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	EPF and SOCSO (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
December 2021 (Paid)								
<u>Independent Non-Executive Directors</u>								
Tan Sri Datuk		-	-	-	-	-	-	-
Dr. Ir. Ahmad								
Tajuddin Ali								
Mok Juan Chek		-	-	-	-	-	-	-
Ng Nen Sin		-	-	-	-	-	-	-
Heng Ai Shan		-	-	-	-	-	-	-
<u>Non-Independent Non-Executive Director</u>								
Tan Sri Tan		-	-	-	-	-	-	-
<u>Non-Independent Executive Directors</u>								
TWL		-	324.0	-	40.7	-	-	364.7
TSC		-	-	-	-	-	-	-
Datin Aflinaliza		-	120.0	-	15.3	-	(13.3)	138.6

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

FYE 31		Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	EPF and SOCSSO (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
December 2022	(Proposed to be paid)							
<u>Independent Non-Executive Directors</u>								
Tan Sri Datuk		168.0	-	-	-	2.0	-	170.0
Dr. Ir. Ahmad								
Tajuddin Ali								
Mok Juan Chek		72.0	-	-	-	2.0	-	74.0
Ng Nen Sin		66.0	-	-	-	2.0	-	68.0
Heng Ai Shan		78.0	-	-	-	2.0	-	80.0
<u>Non-Independent Non-Executive Director</u>								
Tan Sri Tan		-	-	-	-	-	-	-
<u>Non-Independent Executive Directors</u>								
TWL		-	576.0	36.0	46.8	-	-	658.8
TSC		-	175.0	-	21.5	-	-	196.5
Datin Afnaliza		-	156.0	15.0	21.4	-	(1)3.3	195.7

Note:

(1) Comprises of car benefit granted to the Executive Directors of our Company.

The remuneration of our Directors includes salaries, bonuses, fees and allowances as well as other benefits. As set out in our Constitution, any change in our Directors' fees must be approved by our shareholders pursuant to a resolution passed at a general meeting. The remuneration for each of our Directors is subject to annual review by our Nomination and Remuneration Committee.

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

5.3 BOARD PRACTICES

5.3.1 Directors' term of office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The date of expiration of the current term of office for each of our Directors and the period for which each of them has served in that office is as follows:

Name	Designation	Date of appointment	No. of years and months in office	Date of expiration of the current term of office
Tan Sri Datuk Dr. Tajuddin	Independent Non-Executive Chairman	27 May 2022	Five (5) months	At the next AGM in 2023
Tan Sri Tan	Non-Independent Non-Executive Director	17 July 2020	Two (2) years, three (3) months	At the next AGM in 2023
Datin Afinaliza	Non-Independent Executive Director	27 May 2002	Twenty (20) years, five (5) months	At the AGM in 2025
TWL	Non-independent Managing Director and Chief Executive Officer	17 July 2020	Two (2) years, three (3) months	At the AGM in 2024
TSC	Non-Independent Executive Director	8 June 2022	Four (4) months	At the next AGM in 2023
Mok Juan Chek	Independent Non-Executive Director	27 May 2022	Five (5) months	At the next AGM in 2023
Ng Nen Sin	Independent Non-Executive Director	27 May 2022	Five (5) months	At the next AGM in 2023
Heng Ai Shan	Independent Non-Executive Director	27 May 2022	Five (5) months	At the next AGM in 2023

According to our Constitution, at the AGM of our Company, one-third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the AGM in every year provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Our Directors to retire every year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot.

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

A Director appointed by our Board to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next AGM of our Company and shall then be eligible for re-election.

5.3.2 Responsibilities of our Board

Our Board has adopted a charter which sets out, among others, the following principal responsibilities of our Board for the effective discharge of its functions:

- (i) together with management, promoting good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;
- (ii) review and set a strategic plan for our Group to ensure that the strategic plan of our Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (iii) review, challenge and decide on management's proposals for our Group, and monitor its implementation by management;
- (iv) oversee the conduct of our Group's business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business of our Group;
- (v) identify the principal risks and ensure implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to our shareholders;
- (vi) review the information and risk management and internal control systems and the effectiveness of the management;
- (vii) ensure there is an orderly succession of senior management positions who are of high calibre and have the necessary skills and experience. Our Board delegates to our Nomination and Remuneration Committee to review succession plans and remuneration packages for the Directors respectively as well as our Group's policies and procedures on remuneration for the consultants who are employees of our Group. Our Board also ensures that there are appropriate policies for training, appointment and performance monitoring of management positions;
- (viii) develop and implement an investor relations programme or shareholders' communications policy for our Group to enable effective communication with our stakeholders;
- (ix) review and approve financial statements;
- (x) review and approve our Audit and Risk Management Committee reports and our Nomination and Remuneration Committee reports at the end of each financial year;
- (xi) reviewing and approving our Company's annual report;
- (xii) ensure the integrity of our Company's financial and non-financial reporting; and
- (xiii) undertake a formal and objective annual evaluation to determine the effectiveness of our Board, our board committees and each individual Director

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

5.3.3 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 28 June 2022. Our Audit and Risk Management Committee comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Heng Ai Shan	Chairman	Independent Non-Executive Director
Ng Nen Sin	Member	Independent Non-Executive Director
Mok Juan Chek	Member	Independent Non-Executive Director

The terms of reference of our Audit and Risk Management Committee include, among others, the following:

- (i) review the quarterly results and the year end financial statements of our Group and provide advice on whether the financial statements taken as a whole provide a true and fair view of our Group's financial position and performance;
- (ii) consider and recommend to our Board on the appointment or re-appointment of the external auditors and to fix their fees and matters pertaining to the resignation and dismissal of the external auditors, and annually assess the suitability, objectivity and independence of the external auditors;
- (iii) review with the external auditors the audit plan, audit report, evaluation of the systems of internal control, assistance given by the employees to the external auditors, the external auditors' management letter and management's response;
- (iv) review the adequacy of the scope, competency and resources of the internal audit function, the internal audit plan, programme, processes and the reporting structure, the findings of the internal auditor's reports, the appraisal or assessment of the performance of the internal audit function on an annual basis, and any special audit the Audit and Risk Management Committee deems necessary;
- (v) review related party transactions, recurrent related party transactions and conflict of interest situations that may arise within our Company or our Group;
- (vi) oversee our Group's overall risk management framework and policies and ensure that key risks are effectively managed to facilitate reporting of risks to our management and our Board; and
- (vii) review and deliberate reports on non-compliance findings by the regulatory agencies.

5.3.4 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established by our Board on 28 June 2022. Our Nomination and Remuneration Committee comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Mok Juan Chek	Chairman	Independent Non-Executive Director
Ng Nen Sin	Member	Independent Non-Executive Director

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

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Heng Ai Shan	Member	Independent Non-Executive Director

The terms of reference of our Nomination and Remuneration Committee include, among others, the following:

- (i) assess and review the size, composition, mix of skills and experience, and diversity (including gender diversity) our Board and board committees;
- (ii) identify, consider and recommend to our Board suitable candidates for appointment as Directors;
- (iii) recommend to our Board on the appointment of members of each board committee;
- (iv) recommend to our Board the appointment, cessation, suspension, dismissal and/or any staff movement including re-designation, re-deployment, transfer or secondment of senior management of our Group;
- (v) assess annually the effectiveness of our Board as a whole, board committees, and the contribution of each individual Director and Managing Director and Chief Executive Officer including his/her character, competence, experience and time commitment;
- (vi) review the tenure of each Director and ensure that the annual re-election of a Director is subject to the satisfactory evaluation of the director's performance and contribution to our Board;
- (vii) review and assess the independence of independent Directors on an annual basis;
- (viii) recommend to our Board with reasons on re-election of Directors who retired by rotation pursuant to our Company's Constitution and re-appointment of Directors who retired pursuant to relevant sections of the Act;
- (ix) evaluate and review performance of our Board and senior management including, taking into consideration our Company's performance in managing material sustainability risks and opportunities;
- (x) review Board and senior management succession plans and overseeing the development of a diverse pipeline for Board and senior management succession;
- (xi) review our Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and senior management;
- (xii) review remuneration packages of Directors, senior management and key consultants, having regard to our Group's operating results, individual performance and comparable market statistics; and
- (xiii) oversee any major changes in employee remuneration and benefit structures throughout our Group.

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

5.4 KEY SENIOR MANAGEMENT

5.4.1 Particulars and shareholdings

The following table sets out the direct and indirect shareholding of each of our Key Senior Management before and after our IPO:

Name	Designation	Nationality	Before our IPO			After our IPO		
			Direct No. of Shares	⁽¹⁾ %	Indirect No. of Shares	⁽¹⁾ %	Direct No. of Shares	Indirect No. of Shares
TWL	Managing Director and Chief Executive Officer	Malaysian	-	-	⁽³⁾ 656,546,400	78.4	-	⁽³⁾ 527,100,000
								51.3
Datin Afinaliza	Executive Director (Business Development)	Malaysian	-	-	⁽⁵⁾ 180,900,000	21.6	-	⁽⁵⁾ 180,900,000
								21.6
TSC	Executive Director (Corporate and Finance)	Malaysian	-	-	-	-	-	-
Shaun Tee Wen Han	Chief Financial Officer	Malaysian	-	-	-	-	⁽⁴⁾ 200,000	-
								*
Then Chee Guey	Chief Operating Officer	Malaysian	-	-	-	-	⁽⁴⁾ 280,000	-
								*

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

Name	Designation	Nationality	Before our IPO		After our IPO		
			Direct	Indirect	Direct	Indirect	
			No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares (2)%

Fun Mun Sek	Chief Marketing Officer	Malaysian	-	-	(4)200,000	*	-
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Notes:

- * Negligible
- (1) Based on our enlarged issued Shares of 837,446,400 after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged issued Shares of 1,028,000,000 upon our Listing.
- (3) Deemed interested by virtue of his interest in Sena Holdings pursuant to Section 8 of the Act.
- (4) Assuming he/she fully subscribes his/her entitlement under the Pink Form Allocation.
- (5) Deemed interested by virtue of her interest in GSSB pursuant to Section 8 of the Act.

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

5.4.2 Profiles of our Key Senior Management

The profiles of our Executive Directors, namely TWL, Datin Afinaliza and TSC who are also part of our Key Senior Management are set out in Section 5.1.2 of the Prospectus. The profiles of our other Key Senior Management are as follows:

(i) Shaun Tee Wen Han (“Mr. Tee”)

Mr. Tee, a Malaysian aged 35, is our Chief Financial Officer. He obtained his Bachelor of Commerce degree in Accounting and Finance from the University of Melbourne, Australia, in 2009. He has been a member of CPA, Australia since 2014 and a member of MIA since 2021.

Mr. Tee began his career as an Audit Associate with KPMG PLT, Malaysia in July 2011. He was then promoted Audit Manager in July 2016, where he was involved in providing audit services to clients across various industries, including manufacturing, services, construction and financial services. In November 2016, Mr. Tee left KPMG PLT, Malaysia and joined KPMG Australia as an Audit and Assurance Manager, where he was primarily responsible for providing audit and assurance advisory services to clients operating in the real estate and financial services industries until his resignation in November 2018.

Mr. Tee rejoined KPMG PLT, Malaysia in May 2019 as a Manager in the deals advisory division, where he was mainly involved in the provision of transaction services for clients, including conducting financial and audit due diligence exercises.

He left KPMG PLT, Malaysia in April 2020 and joined UEM Edgenta Berhad as a Manager in its corporate development, strategy and planning department, where he was primarily responsible for formulating corporate strategies and development plans for the UEM Edgenta Berhad group of companies.

Mr. Tee left UEM Edgenta Berhad in October 2020 and joined our Company as our Chief Financial Officer where he manages all financial (including financial planning and reporting), treasury, accounting, legal, tax and regulatory compliance matters of our Group.

(ii) Then Chee Guey (“Mr. Then”)

Mr. Then, a Malaysian aged 52, is our Chief Operating Officer. Mr. Then obtained his Bachelor of Science in Electrical Engineering degree from South Dakota State University, United States, in 1993.

Following his graduation in 1993, Mr. Then began his career as Process Control Engineer with Thomson Audio Muar Sdn Bhd, where he was primarily responsible for overseeing the manufacturing line in order to improve the production rate and to reduce the rejection rate of the audio and video related products manufactured by the company.

In 1994, Mr. Then joined MATSUSHITA Electronics Components (M) Sdn Bhd as Technical Engineer, where his focus was on product improvements. In the same year, Mr. Then left MATSUSHITA Electronics Components (M) Sdn Bhd and joined CAD-CAM Services (M) Sdn Bhd as Application Engineer, where he was primarily involved in the control and management of application software for data application. He left CAD-CAM Services (M) Sdn Bhd in 1995 and joined KUB Sistem as Application Engineer, where he was responsible for the management of oil and gas software distributed by the company.

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

In 1997, Mr. Then left KUB Sistem and joined Caruni Integrated Technologies Sdn Bhd as Technical Support Engineer, where he was tasked with providing technical support, as well as preparing tender applications and submissions for government projects. Subsequently in 2001, Mr. Then joined South Pacific Electronics Sdn Bhd as Assistant Manager, where he was mainly responsible for marketing and procurement of projects for the company.

In 2002, he joined Sena Letrik as Senior Project Engineer and being promoted as Project Manager in 2006, where he was involved in project implementation and management until his resignation in 2019. In November 2019, he joined STS as Project Director, where he was primarily responsible for overseeing STS' operations and project implementation. He was promoted to the position of Chief Operating Officer of STS on 1 January 2021 and continues to play a leading role in overseeing our Group's operations and project implementation.

(iii) **Fun Mun Sek ("Mr. Fun")**

Mr. Fun, a Malaysian aged 50, is our Chief Marketing Officer. He obtained a Graduate Diploma in Accounting from University Abertay Dundee, Scotland in 1995.

Mr. Fun began his career as Financial Executive with IBM Malaysia Sdn Bhd in 1995 where he was involved in finance, planning and budgeting related works. In 1996, he left IBM Malaysia Sdn Bhd and joined VADS Sdn Bhd as Financial Analyst, where he was primarily responsible for valuation of corporate exercises and business planning. In 1998, he was promoted to Business Development Executive, where he was involved in business development and sale of information and communications technology as well as network related services and products.

In January 1999, Mr. Fun left VADS Sdn Bhd and founded Databeam Net Sdn Bhd in February 2000, a company involved in the business of sale of information and communications technology and network related services and products. In June 2000, Mr. Fun ceased the business of Databeam Net Sdn Bhd and in July 2000, he joined SLW Communications Sdn Bhd as Sales Account Manager, where he was tasked with the sale of internet protocol telephony and voice over internet protocol solutions.

In November 2000, Mr. Fun left SLW Communications Sdn Bhd and joined Suidar Elektronik Sdn Bhd as General Manager, where he was responsible for the business operation of satellite and wireless network services.

In June 2003, Mr. Fun left Suidar Elektronik Sdn Bhd and joined Telescience (M) Sdn Bhd as General Manager, where he managed the business operation of telecommunications as well as information and communication technology related products until his resignation in 2005.

Mr. Fun founded Basic Gateway Sdn Bhd in August 2003, a company involved in the business of selling telecommunications, wireless and information technology networks related products. Basic Gateway Sdn Bhd was a supplier of wireless equipment and a contractor of STS from 2016 to 2019.

On 2 March 2020, Mr. Fun ceased the business of Basic Gateway Sdn Bhd and joined STS as Chief Marketing Officer together with his team from Basic Gateway Sdn Bhd. He is responsible for overseeing all marketing, sales and business development activities of our Group.

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

5.4.3 Involvement of our Key Senior Management in other principal business activities

Save for the Present Directorships/shareholdings and the Previous Directorships of TWL, Datin Afnaliza and TSC as well as their involvement in principal business activities outside the Group as at the LPD as set out in Section 5.2.3 of this Prospectus, the following table sets out the Present Directorships/shareholdings and the Previous Directorships of our other Key Senior Management as well as their involvement in principal business activities outside the Group as at the LPD:

(i) Mr. Tee

Mr. Tee does not have any principal directorships and is not involved in any principal business activities outside our Group as at the LPD and did not hold any principal directorship outside our Group in the past five (5) years preceding the LPD.

(ii) Mr. Then

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Nil						
Previous Directorship						
Sena Holdings	Investment holding, currently holding our Shares	Director	29.10.2007	17.3.2022	-	-
Other business involvement outside our Group						

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

(iii) Mr. Fun

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Aflsports Berhad	Dormant. There is no intention to wind up the company as it is intended to carry out the following business activities: (a) Organize and manage sports events, seminars and training programme for the social and spiritual well-being and development of members of the community; (b) Support and training opportunities for volunteers, without prejudice of race, religion or social background; and (c) To procure commercial sponsor partnership and alliances	Director	27.6.2014	-	-	-
Basic Gateway Sdn Bhd	Dormant with an intention to submit application to be wound up by second quarter of 2023	Director	26.8.2003	-	75.0	25.0 ⁽¹⁾

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

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Previous Directorship						
Deminerals Capital Sdn Bhd	Mining exploration and mineral resources.	Director	24.5.2017	3.4.2022	-	-
Golden Hook Mining Sdn Bhd	Mining and geotechnical exploration	Director	26.5.2017	18.1.2019	50.0	-
Core Elements Sdn Bhd (Dissolved on 22.7.2019)	Dormant	Director	7.6.2017	-	40.0	-

Other business involvement outside our Group

Nil

Note:

(1) Deemed interested by virtue of the interest of his spouse, Celia Lee Kat Li, in the company pursuant to Section 8 of the Act.

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

Save as disclosed in Section 5.4.3 of this Prospectus, as at the LPD, none of our Key Senior Management is involved in any other principal business activities outside of our Group. The involvement of our Key Senior Management in business activities outside our Group does not affect their commitment, ability to perform their responsibilities and continued contribution to the day-to-day management and operations of our Group as our Key Senior Management do not participate in the day-to-day operations of these businesses. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management.

5.4.4 Key Senior Management's remuneration and material benefits-in-kind

Save for the remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid to our Executive Directors as disclosed in Section 5.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind *(including any contingent or deferred compensation)* paid and proposed to be paid to our Key Senior Management for services rendered in all capacities to our Company for the FYEs 31 December 2021 and FYE 31 December 2022 are as follows:

Name	Remuneration band	
	FYE 31 December 2021 (Paid) (RM'000)	FYE 31 December 2022 (Proposed to be paid) (RM'000)
Mr. Tee	170 to 220	240 to 290
Mr. Then	230 to 280	340 to 390
Mr. Fun	180 to 230	220 to 270

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

5.5 KEY TECHNICAL PERSONNEL

5.5.1 Particulars and shareholdings

The following table sets out the direct and indirect shareholding of each of our Key Technical Personnel before and after our IPO:

Name	Designation	Nationality	Before our IPO		After our IPO	
			Direct	Indirect	Direct	Indirect
			No. of Shares	No. of Shares	No. of Shares	No. of Shares
			(1)%	(1)%	(2)%	(2)%
Lim Chioek Chuan	Technical Director (Hardware Development)	Malaysian	-	-	(3)200,000	-
Roslah Binti Zainul Abidin	Software Director	Malaysian	-	-	(3)200,000	-

Notes:

- * Negligible
- (1) Based on our enlarged issued Shares of 837,446,400 after the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged issued Shares of 1,028,000,000 upon our Listing.
- (3) Assuming he/she fully subscribes his/her entitlement under the Pink Form Allocation.

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

5.5.2 Profiles of our Key Technical Personnel

The profiles of our Key Technical Personnel are as follows:

(i) **Lim Chiok Chuan (“Mr. Lim”)**

Mr. Lim, a Malaysian aged 58, is our Technical Director (Hardware Development).

Mr. Lim obtained an Electronic Certificate from Yong Siong Electronic School (Singapore) in 1981. He further obtained his Computer Studies Diploma from the University of London, United Kingdom, in 1984.

He has been an evaluation member of the Department of Standards Malaysia since 2020 and an ordinary member of Malaysia Smart Cities Alliance Association since 2021.

Mr. Lim began his career as Electronic Engineer (Marine Petroleum) with Geoscan Electronic and Services Company, where he was tasked with maintaining exploration equipment. In 1986, Mr. Lim left Geoscan Electronic and Services Company and joined Mobile Electronic Sdn Bhd as Research and Development Engineer, where he was involved in developing remote control car alarm systems and power window system.

In August 1989, Mr. Lim left Mobile Electronic Sdn Bhd and joined Offshore Survey (Malaysia) Sdn. Bhd in which he was assigned to support its sister company in Singapore, Oceonic (Asia Pacific) Pte Ltd, as Field Services Engineer. His responsibility was to support offshore operation and maintain exploration equipment for Shell exploration project in Miri Sarawak. In October 1990, Mr. Lim resigned from Offshore Survey (Malaysia) Sdn. Bhd and joined Halliburton Geophysical Services in the United States of America as Instrument Engineer, where he was mainly involved in maintaining exploration equipment until his resignation in January 1994.

During the period from March 1994 to June 2014, Mr. Lim was employed by Wheels Electronic Manufacturing Sdn Bhd as Head of Research and Development, where he oversaw research and development of automotive security systems, specialize in automotive thief sensor and siren. The customers for Wheels Electronic Manufacturing Sdn Bhd include local car manufacturers, i.e. Proton and Perodua, and some international brands. Mr. Lim was also responsible for research and development of home security systems which specialize in home alarm and motorize auto-gate, the development of access control systems and the car parking system for local car park operators.

Mr. Lim then joined Billion Prima Sdn Bhd as an Engineering Departmental Head in July 2014, where he was responsible for research and development of the first customised cargo portal X-ray system designed for the Royal Malaysian Customs Department. There were 3 units of cargo portal X-ray system being design and installed by Billion Prima Sdn Bhd at Royal Malaysia Customs when Mr. Lim was in the position.

Mr. Lim left Billion Prima Sdn Bhd in June 2016 and joined STS as Technical Advisor where he has been leading the research and development of traffic system and street light monitoring system. He also oversaw the development and operation of all software and hardware of the traffic light system and controller system until September 2021. In September 2021, he was promoted as Technical Director where he has been focused on the hardware development of the traffic light system and controller system for our Group.

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

(ii) Roslah Binti Zainul Abidin (“Ms. Roslah”)

Ms. Roslah, a Malaysian aged 53, is our Software Director.

She obtained her Diploma in Computer Science from Universiti Teknologi Mara, Shah Alam in 1991 and a certificate from Malaysian Software Testing Board as a Certified Professional Requirement Engineering in 2009.

Ms. Roslah began her career as a Programmer with Malaysia Airlines Berhad (“**MAS**”) in November 1991 where she was primarily responsible for customizing, developing, testing and maintaining MAS cargo system.

In March 1995, she left MAS and joined Heitech Padu Berhad as an Analyst Programmer, where she was tasked with design and develop a solution of functions and services for public sector projects. She was subsequently promoted to Senior System Analyst and thereafter Application Manager where she was involved in leading the application development team in developing, testing, commissioning and delivering applications or systems for large scale projects i.e. myIMMs system and Tabung Haji System.

Ms. Roslah left Heitech Padu Berhad in February 2015 and joined Vista Kencana Sdn Bhd, a software and technology company, as Chief Operating Officer cum Chief Technology Officer. During her employment with Vista Kencana Sdn Bhd, she oversaw the development and dissemination of software technologies for customers in order to improve their businesses. She also oversaw the business development team in preparing proposals for project tenders and provided guidance to project directors and project managers in managing large scale projects i.e. the Secured Automated Clearance System for Malaysian Citizen Motorcyclists system and DBKL Core System.

Ms. Roslah left Vista Kencana Sdn Bhd and joined our Company in August 2021 as Software Director. She is responsible for overseeing the software research and development activities of our Group.

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

5.5.3 Involvement of our Key Technical Personnel in other principal business activities

The following table sets out the Present Directorships/shareholdings and the Previous Directorships of our Key Technical Personnel, as well as their involvement in principal business activities outside the Group as at the LPD:

(i) Mr. Lim

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Soon Hong Company Sendirian Berhad	Dormant. There is no intention to wind up the company as it is intended to carry on the business of small housing developer and investment holding	Director	-	-(1)	22.5	-

Previous Directorship

Nil

Other business involvement outside our Group

Nil

Note:

(1) Appointment date is not available as he was appointed more than 35 years ago.

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

(ii) **Ms. Roslah**

Name of company	Principal business activities	Designation	Date of appointment	Date of resignation	Involvement in business activities other than as a director	
					Direct (%)	Indirect (%)
Present Directorship						
Nil						
Previous Directorship						
Nil						
Other business involvement outside our Group						
Continuum Tech Solutions Sdn Bhd	Wholesale of computer hardware, software and peripherals advertising security systems	-	-	-	50.0	-

Save as disclosed in Section 5.5.3 of this Prospectus, as at the LPD, none of our Key Technical Personnel is involved in any other principal business activities outside of our Group. The involvement of our Key Technical Personnel in business activities outside our Group as stated above does not affect their commitment, ability to perform their responsibilities and continued contribution to the day-to-day management and operations of our Group as our Key Technical Personnel do not participate in the day-to-day operations of these businesses.

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

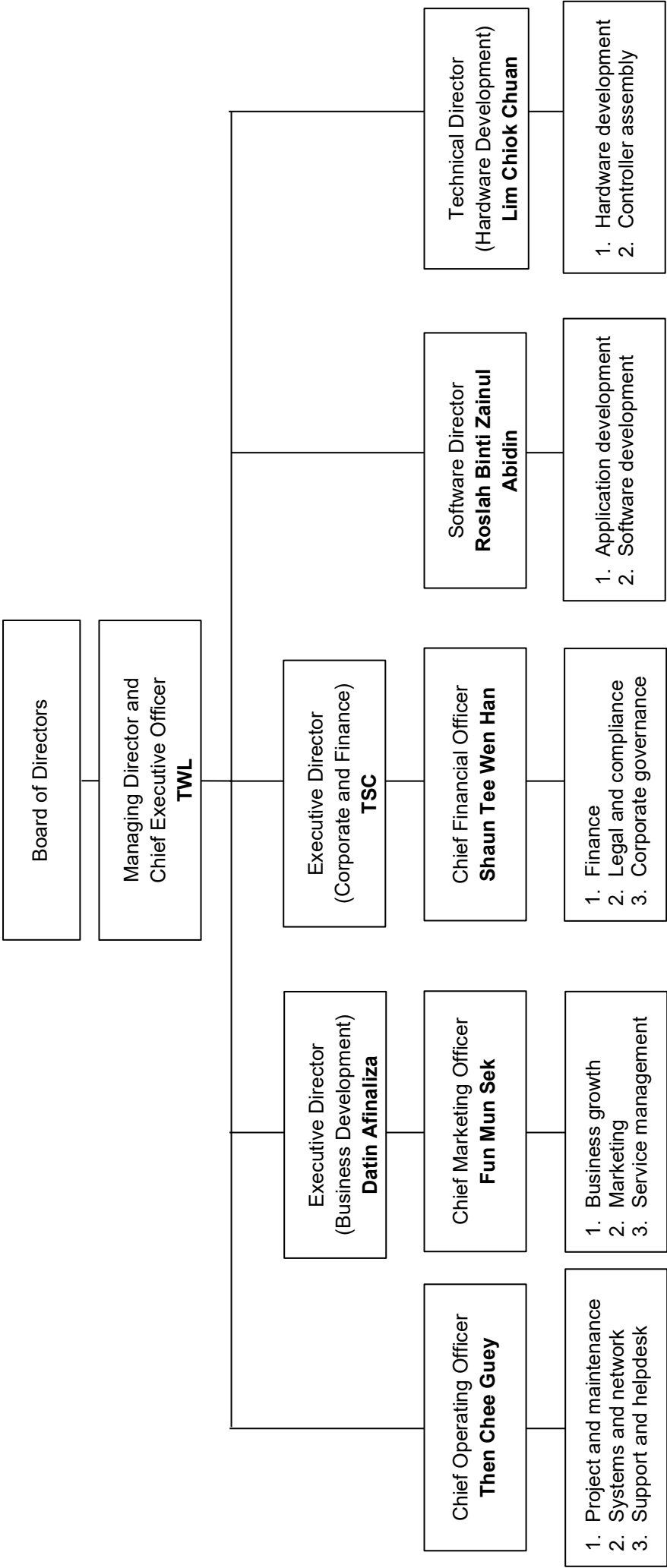
5.5.4 Key Technical Personnel's remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (*including any contingent or deferred remuneration*) paid and proposed to be paid to our Key Technical Personnel for services rendered in all capacities to our Company for the FYE 31 December 2021 and FYE 31 December 2022 are as follows:

Name	Remuneration band	
	FYE 31 December 2021 (Paid) (RM'000)	FYE 31 December 2022 (Proposed to be paid) (RM'000)
Mr. Lim	240 to 290	320 to 370
Ms. Roslah	70 to 120	240 to 290

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

5.6 MANAGEMENT REPORTING STRUCTURE



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

5.7 DECLARATION BY OUR PROMOTERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

As at the LPD, none of our Promoters, Directors, Key Senior Management and Key Technical Personnel has been involved in any of the following events (whether within or outside Malaysia):

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

5.8 RELATIONSHIPS AND/OR ASSOCIATIONS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

Save as disclosed below, there are no family relationships and/or associations between any of our Promoters, substantial shareholders, Directors, Key Senior Management and Key Technical Personnel as at the LPD:

Name	Position/Capacity	Relationship/Association
TWL	Promoter, substantial shareholder, Non-Independent Managing Director and Chief Executive Officer	<ul style="list-style-type: none"> • Son of Tan Sri Tan • Brother of TSC • Director and major shareholder of Sena Holdings, our substantial shareholder
TSC	Promoter, Non-Independent Executive Director	<ul style="list-style-type: none"> • Daughter of Tan Sri Tan • Sister of TWL

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

Name	Position/Capacity	Relationship/Association
Datin Afinaliza	Promoter, Non-Independent Executive Director	<ul style="list-style-type: none"> • Director and major shareholder of GSSB, our substantial shareholder
Tan Sri Tan	Promoter, substantial shareholder, Non-Independent Non-Executive Director	<ul style="list-style-type: none"> • Father of TWL and TSC • Director and major shareholder of Sena Holdings, our substantial shareholder

5.9 SERVICE CONTRACTS

As at the LPD, there are no existing or proposed service contracts entered into or to be entered into by our Directors, Key Senior Management or Key Technical Personnel with our Group which provide for benefits upon termination of employment.

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

6.1.1 History and background

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 9 April 2001 as a private limited company under the name of Alfaville (M) Sdn Bhd and is deemed registered under the Act. Our company changed its name to ITMAX System Sdn Bhd on 26 October 2001. On 29 June 2022, our Company was converted into a public limited company.

Our Company is principally involved in the business of supply and installation and provision of public space networked systems and investment holding while our sole subsidiary, STS is principally involved in the R&D on systems and application software, design and assembly of controllers, supply and installation of networked traffic management system, and providing leased and managed services of video surveillance and analytics systems.

The history of our business can be traced back to the incorporation of our Company which started as a mechanical and electrical engineering company before becoming a public space networked systems provider involved in the supply and installation of networked lighting systems and networked traffic management systems, as well as provision of network facilities comprising video surveillance and communications network services.

As part of the Pre-IPO Restructuring, our Company had acquired the entire equity interest of STS for a purchase consideration of RM59,357,908. Further details of the Pre-IPO Restructuring are set out in Section 6.1.2 below.

6.1.2 Pre-IPO Restructuring

To facilitate our Listing, we undertook the Pre-IPO Restructuring comprising the following:

(i) Acquisition

On 22 June 2022, our Company entered into a conditional share sale agreement with Tan Sri Tan, being our Promoter and our indirect substantial shareholder, and Puan Sri Lim (collectively, “**Sellers**”) for the acquisition of the entire equity interest in STS, comprising 3,000,000 ordinary shares in STS (“**STS Shares**”) for a purchase consideration of RM59,357,908.

The purchase consideration of RM59,357,908 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NA of STS as at 31 December 2021 of approximately RM59.4 million. The purchase consideration represents a PB Multiple of approximately one (1) time of the audited NA of STS as at 31 December 2021.

The Acquisition was completed on 21 October 2022 and was wholly satisfied by the issuance of 388,800 new Shares at an issue price of approximately RM152.67 per Share credited as fully paid-up to Sena Holdings, being the company jointly nominated by the Sellers to receive and hold the such new Shares.

The STS Shares were acquired free from all charges, liens, pledges, trusts and other encumbrances and with all rights, benefits and entitlements attaching thereto from the date of completion of the Acquisition.

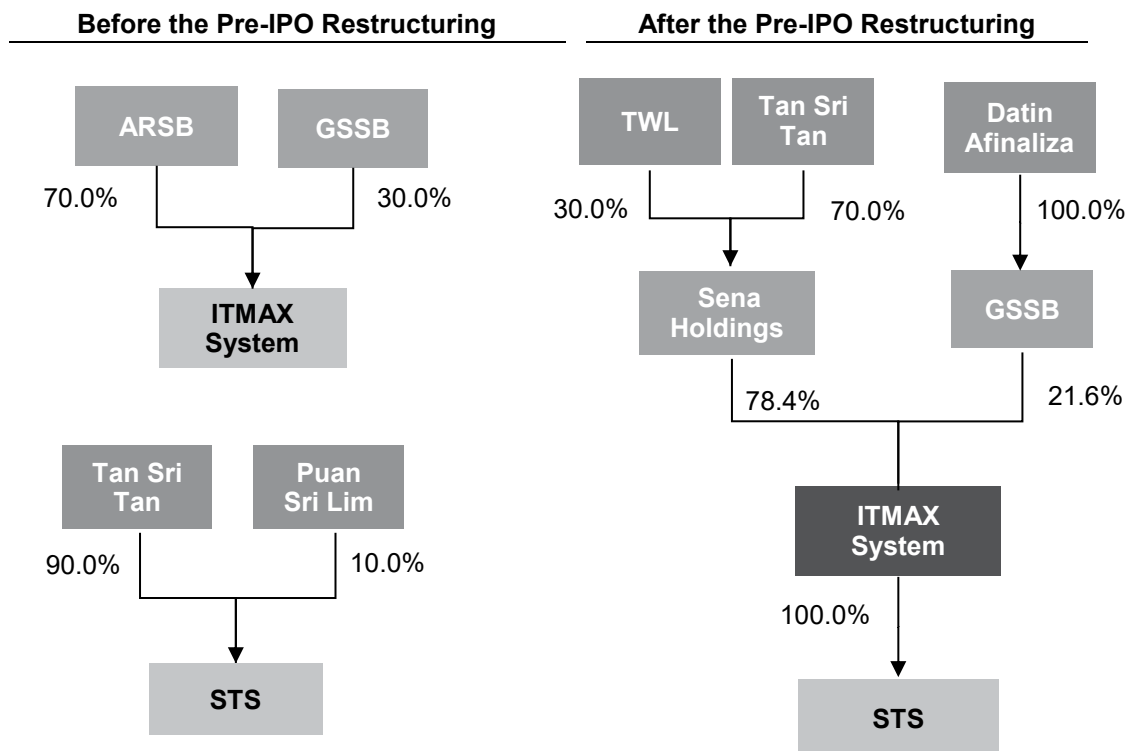
6. INFORMATION ON OUR GROUP (Cont'd)**(ii) Share Transfer**

On 25 October 2022, ARSB transferred all 700,000 Shares held to Sena Holdings at a nominal value of RM1.00. The Share Transfer was undertaken to consolidate the investments of Tan Sri Tan and his family in our Company via Sena Holdings.

(iii) Subdivision

Following the completion of the Acquisition and the Share Transfer, we subdivided our 1,388,800 Shares into 837,446,400 Shares to facilitate and enhance the liquidity of our Shares at the time of our Listing. The Subdivision was completed on 27 October 2022.

The shareholding structure of our Company before and after the Pre-IPO Restructuring are as follows:



6. INFORMATION ON OUR GROUP (Cont'd)**6.1.3 Share capital**

As at the date of this Prospectus, our issued share capital is RM60,357,908, comprising 837,446,400 Shares. Our Company does not have any treasury shares as at the LPD.

The changes in our issued share capital during the Financial Years Under Review and up to the LPD are as follows:

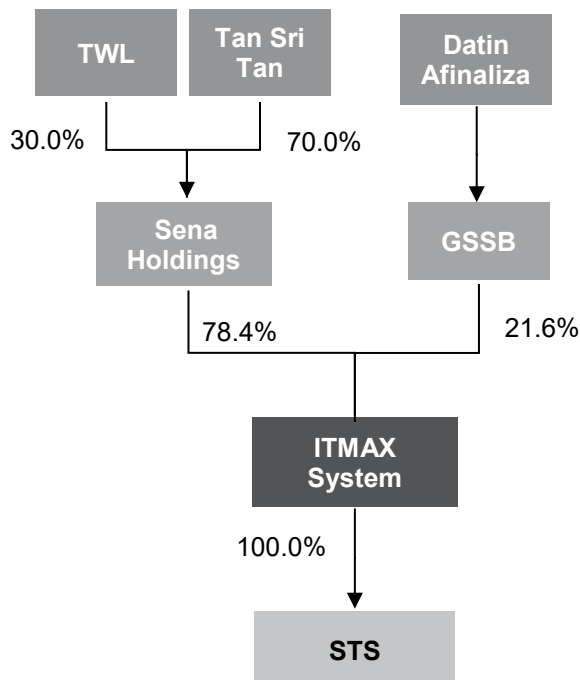
Date of allotment	No. of Shares allotted	Consideration	No of cumulative Shares	Cumulative issued share capital RM
5 June 2020	250,000	Cash	1,000,000	1,000,000
21 October 2022	388,800 (RM152.67 per Share)	Otherwise than cash ⁽¹⁾	1,388,800	60,357,908
27 October 2022	-	Pursuant to the Subdivision	837,446,400	60,357,908

Note:

(1) Pursuant to the Acquisition.

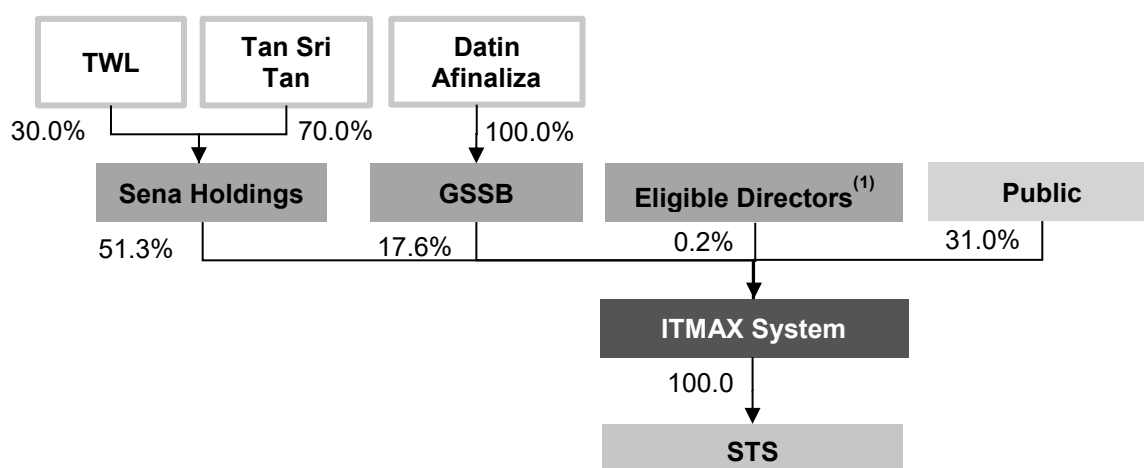
6.2 OUR GROUP STRUCTURE

Our Group structure following the completion of the Pre-IPO Restructuring is as follows:



6. INFORMATION ON OUR GROUP (Cont'd)

Our Group structure following the completion of our Listing will be as follows:



Note:

(1) Assuming the 1,750,000 Shares allocated to the eligible Directors under the Pink Form Allocation are fully subscribed.

6.3 OUR SUBSIDIARY

Our subsidiary as at the LPD is as follows:

Name and registration number	Date and country of incorporation	Share capital	Our effective equity interest	Principal activities
		RM	%	
STS 200701033286 (791314-W)	9 October 2007 Malaysia	3,000,000	100.0	R&D on systems and application software, design and assembly of controllers, supply and installation of networked traffic management system, and providing leased and managed services of video surveillance and analytics systems

As at the LPD, our Company does not have any joint venture or associated company.

6.3.1 Information on STS

STS was incorporated in Malaysia under the Companies Act, 1965 on 9 October 2007 as a private limited company and is deemed registered under the Act. The principal place of business of STS is at Block M2, UPM-MTDC Technology Centre, Universiti Putra Malaysia, 43400 Serdang, Selangor Darul Ehsan, Malaysia.

STS is principally involved in the R&D on systems and application software, design and assembly of controllers, supply and installation of networked traffic management system, and providing leased and managed services of video surveillance and analytics systems.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, the issued share capital of STS is RM3,000,000 comprising 3,000,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of STS during the Financial Years Under Review and up to the LPD:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital
			RM
28 June 2019	2,250,000	Otherwise than cash ⁽¹⁾	3,000,000

Note:

(1) *In satisfaction of a dividend of RM2,250,000 declared to shareholders.*

STS is a wholly-owned subsidiary of our Company. As at the LPD, STS does not have any subsidiary, associate or joint venture.

None of our Shares and share capital in our subsidiary were issued and allotted at a discount or have any special terms or any instalment payment terms. Our issued Shares and the issued shares of our subsidiary are fully paid-up.

As at the LPD, neither our Company nor our subsidiary is involved in any bankruptcy, receivership or similar proceedings.

During the last financial year and up to the LPD, there were no:

- (a) public take-over offers by third parties in respect of our Shares; and
- (b) public take-over offers by our Company in respect of other companies' securities.

7. BUSINESS OVERVIEW

7.1 OVERVIEW

The history of our business can be traced back to the incorporation of our Company in 2001 where our Company was initially involved in M&E works. We subsequently became a public space networked systems provider in 2013 when we started the supply and installation of networked traffic management systems, and followed by networked lighting systems in 2016 as well as provision of network facilities comprising communications network services and video surveillance and in 2016 and 2018 respectively.

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

Year	Key event and milestone
<u>ITMAX System</u>	
2001-2010	<ul style="list-style-type: none"> Incorporation of our Company in 2001. We were initially involved in M&E works and was registered as a contractor with the CIDB in 2003. We are currently a G7 contractor which enables us to tender for projects without any size or value limitation.
	<ul style="list-style-type: none"> In 2003, we also obtained the Certificate of Government Procurement Works or SPKK from the CIDB, which allows us to tender for any government related works.
	<ul style="list-style-type: none"> In 2004, we secured our first M&E project to carry out installation works for light fittings and poles.
	<ul style="list-style-type: none"> In 2009, we secured a 2-year contract from the PPJ for the maintenance of traffic light control system.
	<ul style="list-style-type: none"> In 2009, we also secured a 3-year maintenance contract from DBKL for the traffic control system in Kuala Lumpur which was subsequently renewed in 2012 for three (3) years (2012-2014) and another two (2) years in 2014 (2014-2015). We were responsible for maintaining the Sydney Coordinated Adaptive Traffic System or "SCATS" traffic control system.
2011 - 2020	<ul style="list-style-type: none"> In 2011, we secured a M&E contract from the main contractor of Rawang Specialist Hospital Sdn Bhd ("Rawang Specialist Hospital"). We were the nominated subcontractor for the M&E works including the supply and installation of medium and low voltage electrical equipment and systems. Subsequently in 2013, we secured two (2) additional contracts directly from Rawang Specialist Hospital for additional and upgrading works as well as supply and installation of sanitary wares and fittings, building signages and landscaping works.
	<ul style="list-style-type: none"> In 2013, we secured a contract from DBKL for the supply, installation and commissioning of isolated intersection traffic control system to replace the existing system and to connect the new system to the control centre. In 2014, we successfully installed and integrated the "TrafficSens" traffic control system purchased from STS at 62 isolated intersections in Kuala Lumpur. Subsequently, in 2015, we secured a 2-year maintenance contract from DBKL to provide maintenance on the "TrafficSens" traffic control system that we installed.
	<ul style="list-style-type: none"> In 2014, we extended our services to another local government where we secured a contract from Majlis Bandaraya Petaling Jaya or Petaling Jaya City Council for the supply, installation and commissioning of traffic management related equipment at its control centre.

7. BUSINESS OVERVIEW (Cont'd)

Year	Key event and milestone
	<ul style="list-style-type: none"> In 2015, our Company was registered with the Energy Commission as a Class A electric contractor.
	<ul style="list-style-type: none"> In 2016, we secured a 5-year contract from DBKL for the installation and maintenance of networked lighting systems in Kuala Lumpur. Subsequently, in 2018 and 2021, we received variation orders for additional works.
	<ul style="list-style-type: none"> In 2016, we obtained a NFP licence from the MCMC to own and provide network facilities which is valid until 2026. As at the LPD, we have installed 14 telecommunication monopoles and two (2) towers located in Perak, and one (1) monopole located in Selangor which we own.
	<ul style="list-style-type: none"> In the same year, we obtained approval for right-of-way from DBKL for the laying of 40 km of fibre optic cables in Kuala Lumpur, which commenced in 2017 and was completed in 2019. As at the LPD, we have laid a communications network comprising approximately 400-km of fibre optic cables which we own with associated transmission and switching equipment in Kuala Lumpur.
	<ul style="list-style-type: none"> In 2018, we obtained a NSP licence from the MCMC to provide network services focusing on the provision of bandwidth, which is valid until 2028.
	<ul style="list-style-type: none"> In 2018, we secured our first contract for the provision of networked facilities where we secured a contract from DBKL for the provision of networked video surveillance facilities which includes IP based CCTV, variable message signage, fibre optic cables and related infrastructures such as poles and power cables in Kuala Lumpur. These facilities were designed to be connected to the video surveillance control centre of DBKL.
	<ul style="list-style-type: none"> In 2018, we expanded our products and services to the public transport sector where we secured the following contracts: <ul style="list-style-type: none"> In 2018, we secured a contract as a designated contractor for the supply, installation and commissioning of LED lighting system for certain elevated stations of the rail transit system. In 2019, we secured a contract as the designated supplier of UPS for certain elevated stations of the rail transit system.
	<ul style="list-style-type: none"> In 2018, we expanded our market coverage outside of the central region into the northern zone of Peninsular Malaysia where we were appointed as a deployment partner by the Perak State Government for the construction and maintenance of telecommunications assets in Perak which enable us to lease the telecommunications assets (telecommunications monopoles and towers) to mobile telecommunications service providers. There was no profit sharing arrangement between the Group and Perak State Government. Between 2018 and up to the LPD, we constructed 14 telecommunications monopoles and two (2) towers in Perak which we own. In addition, as at the LPD, we have subsisting contracts to provide telecommunications towers in Perak for mobile telecommunications service providers, including U Mobile Sdn Bhd and Webe Digital Sdn Bhd.
	<ul style="list-style-type: none"> In 2018, we also obtained the Applications Service Providers (“ASP”) licence from the MCMC to provide applications services.
	<ul style="list-style-type: none"> In 2019, we continued to expand our market coverage and gained access to East Malaysia when we secured a contract from Dewan Bandaraya Kota Kinabalu (“DBKK”) or Kota Kinabalu City Hall for the maintenance of street lighting in Kota Kinabalu, Sabah.

7. BUSINESS OVERVIEW (Cont'd)

Year	Key event and milestone
	<ul style="list-style-type: none"> In 2019, we secured a 5-year contract for the provision of communications network services from Norangkasa Enterprise Sdn Bhd where we provided bandwidth services using our fibre optic communications network in Kuala Lumpur.
	<ul style="list-style-type: none"> In 2019, the then shareholders of our Company, namely Datin Afinaliza and Rizwana Razia Binti Che Rahim sold all their equity interests in our Company to ARSB. In conjunction with the sale, Datin Afinaliza had entered into a share sale and call option agreement with ARSB which gave her the option to purchase a 30% stake in our Company within a 2-year period from the date of the share sales and call option agreement. She subsequently requested and was granted an extension of another two (2) years. Despite the sale, she continued to remain as our Executive Director. <p>See Section 5.1.2 of this Prospectus for further details.</p>
	<ul style="list-style-type: none"> In 2020, we continued to expand our market coverage in East Malaysia when we secured our first purchase order for the supply of LED street lightings embedded with our controllers to Sarawak.
2021 up to the LPD	<ul style="list-style-type: none"> In 2021, Datin Afinaliza exercised her call option and purchased 30% equity interest in our Company via GSSB. See Section 5.1.2 of this Prospectus for further details. In 2021, we expanded our provision of network facilities where we secured a contract from the Ministry of Home Affairs to provide networked video surveillance facilities for the lockup facilities of the Polis Diraja Malaysia ("PDRM") or Royal Malaysia Police for the southern zone of Peninsular Malaysia. In 2022, Digital Nasional Berhad accepted our offer for the provision of network facilities for the leasing of 10 telecommunications monopolies in conjunction with its deployment of 5G infrastructures and networks in Malaysia.
<u>STS</u>	
2007	<ul style="list-style-type: none"> Incorporation of STS in 2007. STS is currently involved in R&D on systems and applications software, and design and assembly of controllers.
2009	<ul style="list-style-type: none"> In 2009, STS was granted MSC status by Multimedia Development Corporation Sdn Bhd ("MDEC") and pioneer status by Malaysian Investment Development Authority ("MIDA") for the R&D and commercialisation of an adaptive traffic management system. This traffic management system is currently marketed under our brands, "TrafficSens". The pioneer status was valid for five (5) years and expired in 2014.
2015	<ul style="list-style-type: none"> In 2015, STS was granted an extension of its pioneer status for another five (5) years which expired in 2019.
2016	<ul style="list-style-type: none"> STS was registered as a G7 contractor with CIDB which allowed it to tender for projects without any size or value limitation. STS secured a contract from DBKL for the development, management and maintenance of traffic management systems in Kuala Lumpur.
2018	<ul style="list-style-type: none"> STS commercialised its e-logger, a lift management system to manage and monitor lift systems on a real time basis for the public housing area mainly for the PPR flats in Kuala Lumpur.

7. BUSINESS OVERVIEW (Cont'd)

Year	Key event and milestone
2019	<ul style="list-style-type: none"> In 2019, STS expanded its market coverage in Peninsular Malaysia where it mainly supplied traffic controllers to various states including Johor, Melaka and Negeri Sembilan.
2022	<ul style="list-style-type: none"> In June 2022, STS secured a 3-year contract for the development of an underground utility management software system including digitalisation and integration of underground utility maps. On 21 October 2022, we acquired the entire equity interest of STS from Tan Sri Tan and Puan Sri Lim.

7.2 AWARDS, RECOGNITIONS AND CERTIFICATIONS

For the past three (3) financial years and up to the LPD, we received the following award and obtained the following recognition:

Year	Entity	Description of award and recognition
2021	STS	<ul style="list-style-type: none"> Best Partner Award for Government Industry by Huawei Malaysia (“Huawei”) in recognition of STS’s business relationship with Huawei*. Certificate of Recognition of the Made in Malaysia Logo by the Ministry of Domestic Trade and Consumer Affairs for the traffic light controller under the “MC2” brand. The certificate is valid from 5 March 2021 until 5 March 2024.

Note:

* STS purchased and installed Huawei’s brand hardware devices and equipment such as switches and routers for the networked video surveillance facilities for DBKL and PDRM lockup facilities. The hardware devices and equipment were sourced from one of Huawei’s distributors, namely Tec D Distribution (Malaysia) Sdn Bhd who is also one of our major suppliers for the FYE 31 December 2021. The purchases are on as need basis to fulfil the network infrastructure requirements based on contracts secured. However, not all products that our Group purchased from Tec D Distribution (Malaysia) Sdn Bhd relate to Huawei’s brand hardware devices and equipment.

We are also ISO certified companies, details of which are set out below:

Company	ISO	Validity period	Certified by
ITMAX System	ISO 9001: 2015	17 November 2021 to 29 November 2023	Prima Cert International Sdn Bhd
STS	ISO 9001: 2015	23 March 2021 to 22 March 2024	Prima Cert International Sdn Bhd

As at the LPD, we are registered vendors/suppliers with various corporations and government entities for the provision of our products and services as set out below:

Company	Corporation/ government entity	Validity period
ITMAX System	MOF	1 October 2021 to 20 December 2024
	Telekom Malaysia Berhad	25 November 2021 to 24 November 2023
	Malaysia Airports Holdings Berhad	25 March 2021 to 25 March 2023

7. BUSINESS OVERVIEW (Cont'd)

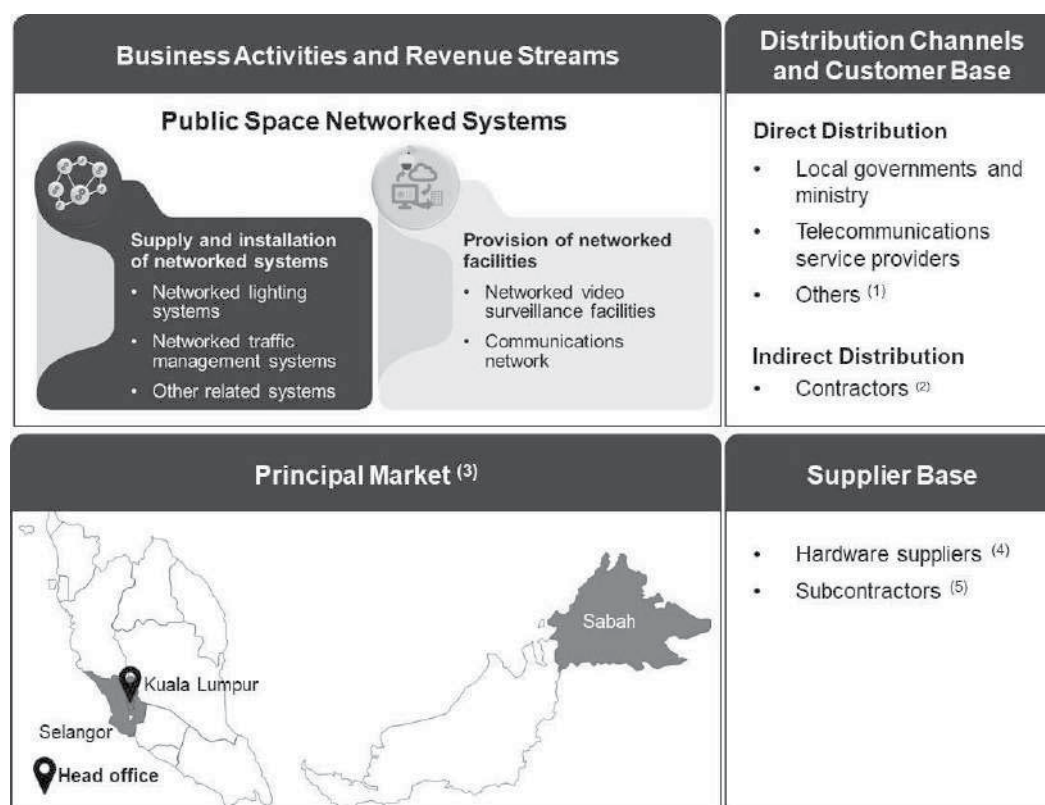
Company	Corporation/ government entity	Validity period
	Tenaga Nasional Berhad	19 November 2021 - 20 December 2024 (as supplier and services contractor); and 16 August 2021 to 26 August 2024 (as work contractor)
STS	Malaysia Airports Holdings Berhad	9 February 2022 to 9 February 2024

In 2019, we contributed RM1.0 million to Universiti Tun Hussein Onn Malaysia in support for the research of traffic systems including controller operation software, control centre management software, controller hardware as well as traffic data collection detector.

7.3 OUR BUSINESS

7.3.1 Our business model

Our business model is as follows:



Notes:

- (1) Include property developers and property management companies.
- (2) Include construction, M&E and general contractors.
- (3) Contribution of 5.0% or more to our revenue during for any of the Financial Years Under Review.
- (4) Includes manufacturers and distributors of hardware such as devices, equipment, electrical and electronic parts.
- (5) Includes subcontractors engaged to carry out installation of equipment and devices and M&E works as well as subcontracted labour for maintenance works.

7. BUSINESS OVERVIEW (Cont'd)

7.3.2 Business activities and revenue streams

We are a provider of public space networked systems focusing on lighting, video surveillance and traffic management, as well as communications network services. Public space mainly refers to the space that is generally accessible to the public such as roads and parks. Public space is mostly under the jurisdiction of Federal, State or local governments.

For our public space networked systems, we are responsible for the total system integration from the supply, installation, testing and commissioning to maintaining the networked systems. We have also integrated our lighting, video surveillance and traffic management systems using our communications network onto a single platform as a key part of a smart city infrastructure.

Our integrated platform facilitates data sharing including big data analytics among the three (3) systems mentioned above as well as to provide simultaneous real-time data and analytics across the three (3) systems on one platform. We also plan to develop a data lake which is a cloud based data storage system for the three (3) network systems to facilitate better access, to provide more storage space and to facilitate big data analytics across our smart city infrastructure systems.

We have incorporated artificial intelligence using machine learning and deep learning including data analytics to identify events and issue alerts automatically particularly for our video surveillance system, as well as to facilitate planning of public space and related infrastructure facilities and amenities. Our traffic management system incorporates sensors and use optimisation and queuing routines to facilitate smooth and safe traffic flow. Our lighting system incorporates our own designed and manufactured controllers to automate dimming and on-off functions in reaction to environmental conditions.

We design and manufacture our lighting and traffic management controllers in-house which is the key controlling hardware and software for the systems. We have been granted patents for two modules of our traffic management system while we have several other patents pending for various modules of our lighting controller and traffic management controller. See Section 7.22 of this Prospectus for further details on our patents.

Our public space networked systems are in line with the Malaysian Government's Smart City Initiatives such as:

- **Smart Living** with our smart surveillance system incorporating integrated close circuit television;
- **Smart Environment** with our LED lighting for green technology;
- **Smart Mobility** with our traffic management system;
- **Smart Digital Infrastructure** with our fibre optic metropolitan area network in Kuala Lumpur for connectivity and our planned data lake as part of a hyper-scale data centre; and
- **Smart Government** with our integrated system platform for integrated operations centre.

7. BUSINESS OVERVIEW (Cont'd)

Our business model is based on the following two key segments with corresponding revenue streams:

(1) Supply and installation of networked systems including networked lighting systems, networked traffic management system, and other related systems

We provide end-to-end services from supply, installation and up to testing and commissioning of the networked systems, as well as connection to a designated control centre. In some of the contracts, we also provide maintenance services on the systems that we supply and install such as DBKL networked lighting systems and DBKL networked traffic management system. See Section 7.7.1.4 of this Prospectus for further details on our supply and installation projects.

Through our R&D efforts which are undertaken by STS, we developed and owned system and application software and hardware that are mainly marketed under “Selmos” for networked lighting system and “TrafficSens” for networked traffic management system.

Our proprietary system and application software is used to operate and manage the systems including the equipment and devices, networks and control centre. We designed and developed the networked lighting systems and networked traffic management systems running on third-party and open-source operating systems (which includes Linux and Ubuntu operating systems as well as Apache-Tomcat web server), communication protocols and utility programmes.

In addition, we are involved in the supply, installation, commissioning and maintenance of video surveillance system including panic button system linked to a control centre.

(2) Provision of networked facilities, mainly in the form of leasing of networked video surveillance facilities and communications network

Our operating model for the networked facilities is based on asset ownership where we own all the facilities and we charge a fee for the use of the facilities as well as value-added features. The fee charge is based on the commercial terms as set out in the relevant agreements on a case to case basis.

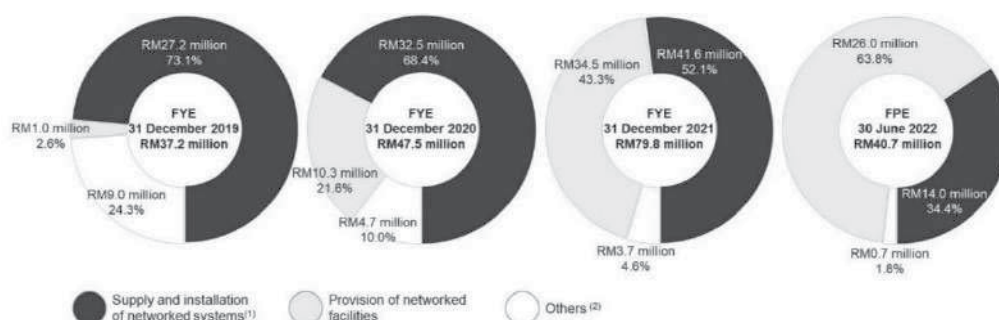
We own assets including networked video surveillance facilities and communications network including the following as at the LPD:

- approximately 8,600 video cameras and related infrastructure such as poles, power cables, VMS, panic buttons, speakers and some solar photovoltaic panels to power the video cameras;
- control centre facilities including the command centre software platform we developed, namely City Crew, several large display panels and computer terminals for monitoring and management of the video surveillance system including City VAS, a video analytic system, as well as data storage servers;
- communications network comprising approximately 400 km of underground fibre optic cables with associated networking devices within the federal territory of Kuala Lumpur, and 14 telecommunication monopoles and two (2) towers located in Perak, and one (1) monopole in Selangor; and
- low voltage power cables to provide access to power for our equipment.

7. BUSINESS OVERVIEW (Cont'd)

We also offer related products to complement our two key business segments including the supply of UPS equipment sourced from third parties as well as sales of our “TrafficSens” traffic management controllers and “Selmos” lighting controllers.

Our revenue by business segments for the Financial Years Under Review and FPE 30 June 2022 are as follows:



Notes:

- (1) Includes commissioning and/or maintenance.
- (2) Mainly supply of related products including supply of UPS equipment and traffic controllers.

7.3.3 Principal market

We principally operate in Malaysia to serve customers in various states in Malaysia. The main contribution to our revenue is derived from the central region of Peninsular Malaysia covering Kuala Lumpur and Selangor which accounted for 98.4%, 92.6%, 96.9% and 100.0% of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022, respectively. The revenue breakdown for the Financial Years Under Review and FPE 30 June 2022 is as follows:

	FYE 31 December						FPE 30 June	
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Peninsular Malaysia	36,688	98.6	44,249	93.1	77,331	97.0	40,740	100.0
Central region	36,631	98.4	44,005	92.6	77,271	96.9	40,628	99.7
Kuala Lumpur	31,039	83.4	40,771	85.8	68,623	86.0	40,217	98.5
Selangor	5,592	15.0	3,234	6.8	8,648	10.9	411	11.2
Others⁽¹⁾	57	0.2	244	0.5	60	0.1	112	0.3
East Malaysia	524	1.4	3,289	6.9	2,428	3.0	-	-
Sabah	524	1.4	2,919	6.1	2,428	3.0	-	-
Sarawak	-	-	370	0.8	-	-	-	-
Total revenue	37,212	100.0	47,538	100.0	79,759	100.0	40,740	100.0

Note:

- (1) Comprise of Johor, Perak, Kedah and Terengganu.

7. BUSINESS OVERVIEW *(Cont'd)*

7.3.4 Distribution channels

We utilise both direct and indirect distribution channels as follows:

- We mainly adopt direct distribution channel where we secure contracts directly from users of our networked systems which mainly comprise of local governments, ministry and telecommunications service providers. Our direct distribution channel represented 63.7%, 68.2%, 77.7% and 96.7% of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively. Our direct distribution channel strategy enables us to work directly with the ultimate decision makers to meet their needs and specifications where we are able to provide customised solutions, as well as to cultivate customer loyalty for continuing business.
- Our indirect distribution channel is where we work with contractors who purchase our networked products including traffic management controllers as well as third party sourced UPS equipment for their projects. In some situations, we are appointed as the designated supplier by the project owner mainly for our brands of lighting and traffic management controllers. Our indirect distribution channel represented 36.3%, 31.8%, 22.3% and 3.3% of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively.

7.4 COMPETITIVE STRENGTHS

7.4.1 We designed and developed our networked video surveillance, lighting and traffic management systems in-house which continues to serve as the platform for our business expansion and growth

Our networked video surveillance, lighting and traffic management systems were designed and developed by our in-house R&D team. This gives us the advantage to provide to our customers a total customised system integration for the network systems to establish the infrastructure needed for a smart city and the flexibility for responding to customer needs.

Our networked video surveillance, lighting and traffic management systems accounted for RM27.8 million (74.8%), RM41.2 million (86.6%), RM74.0 million (92.8%) and RM38.9 million (95.4%) of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively.

As at the LPD, we have obtained patents for our networked traffic management systems. We are also the original design and brand manufacturer of our networked systems “Selmos” for networked lighting system and “TrafficSens” for networked traffic management system. In addition, we developed the City VAS, a video analytic system for our networked video surveillance system. As at the LPD we have obtained two (2) patents for our traffic management systems and in addition to these, we are working on seven (7) innovations to be patented. See Section 7.22 of this Prospectus for further details on our patents.

7. BUSINESS OVERVIEW (Cont'd)

We have in-house R&D capabilities where we are able to continually improve and enhance our existing systems and at the same time design and develop similar or related systems. Our in-house R&D is a key advantage as our networked systems incorporate technologies that are constantly improving as well as new and innovative technologies which reduces our reliance on external parties as our R&D team is able to carry out various systems improvements and innovations. For the FYEs 31 December 2019, 31 December 2020, 31 December 2021, and FPE 30 June 2022, we incurred 0.3%, 0.8%, 1.3% and 1.3% of our GP, respectively, to fund the required R&D expenses. The increased R&D contributions demonstrated our efforts to continuously invest in R&D to build and enhance our capabilities and innovations further.

We have incorporated artificial intelligence using machine learning and deep learning including data analytics to identify events and issue alerts automatically particularly for our video surveillance system, as well as to facilitate the planning of public space, improving public security and related infrastructure facilities and amenities. Our traffic management system also incorporates sensors and use optimisation and queuing routines to facilitate smooth and safe traffic flow. Our public lighting incorporates our own designed and manufactured controllers to automate dimming and on-off functions in reaction to environmental conditions. We have also integrated our video surveillance, lighting and traffic management systems using our fibre optic communications network onto a single platform as a key part of a smart city infrastructure.

Our integrated platform facilitates data sharing including big data analytics among the three (3) in-house developed systems as well as to provide simultaneous real-time data and analytics across the three (3) systems on one platform. These integrated systems serve as the platform for our business expansion and growth. As these systems were developed in-house, we are able to expand our business domestically to cover other states and local authorities in Malaysia, and potentially, where feasible, to foreign markets. Our capabilities in designing and developing our controllers, application and system software for networked systems enable us to provide customised systems to meet our customer's needs and specifications. With our experience and capabilities our systems can also be deployed to other sectors such as healthcare, education, and commercial buildings.

7.4.2 Our business model is based on two (2) key pillars providing project based revenue and recurrent revenue that provides assurance of revenue for the duration of such contracts

Our business model comprises of two (2) main pillars, one of which is project based on lump sum contracts, while the other is usage of our facilities based on monthly recurring revenue.

Our project based business is mainly the supply and installation of networked lighting systems and networked traffic management systems as well as other related systems which collectively accounted for RM27.2 million (73.1%), RM32.5 million (68.4%), RM41.6 million (52.1%) and RM14.0 million (34.4%) of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively.

Our recurrent revenue stream is derived from the usage of our facilities which include networked video surveillance facilities and communications network services which collectively accounted of RM1.0 million (2.6%), RM10.3 million (21.6%), RM34.5 million (43.3%) and RM26.0 million (63.8%) of our revenue for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021 and FPE 30 June 2022 respectively.

7. BUSINESS OVERVIEW (Cont'd)

Our recurrent revenue stream provides assurance of continuing revenue stream for at least up to the contract period, and at the same time moderate some of the lumpy nature revenue of our project based business. In addition, our asset ownership operating model which offers facilities-as-a-service places us in a unique position to attract new customers to take up the services as they are not required to finance the capital cost of these facilities. Similarly, this will encourage our existing customer to extend the duration of existing contracts and to add more facilities.

Our four (4) business platforms comprising networked video surveillance facilities, lighting system, traffic management system and communications network services provide us with business diversity that reduces over dependency on any one business platform and at the same time, provide us with the avenue for business sustainability and growth.

7.4.3 We own a private metropolitan area network in Kuala Lumpur to support our public space networked systems and provide future business opportunities

As at the LPD, we own a MAN in Kuala Lumpur comprising approximately 400 km of 48-core fibre optic cables with associated transmission and switching equipment to provide broadband bandwidth of up to a maximum of 60 gigabit per second.

Our MAN is a key advantage when bundled with our networked video surveillance, lighting and traffic management systems as all the critical equipment of our MAN are owned and operated by us. This provides convenience to our customers as we are able to configure and integrate various systems to our MAN. More importantly, by bundling our MAN with the systems, it increases customers' dependency on us to continue using our services. Furthermore, one of the advantages of owning and managing our MAN is that we are able to meet the requirements of our SLA without having to depend on third party network providers.

We are a registered individual licenced NFP and NSP as well as a registered class licence for ASP with the MCMC and our licences allow us to own and operate our fibre optics communications network infrastructure and related equipment, telecommunication towers and monopoles, and provide bandwidth services.

Revenue derived from bandwidth services and leasing of telecommunication towers and monopoles segment accounted for RM0.3 million (0.9%), RM1.6 million (3.3%), RM2.1 million (2.6%) and RM1.1 million (2.8%) of our total revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively. Although revenue derived from this segment is relatively low, there are opportunities for us to grow our revenue base with a sunk cost asset as we are able to offer such services to new customers as well as offering additional facilities and renewal or extension of the service contracts with our existing customers.

7.4.4 Our established public space networked systems provides the platform for us to replicate our proven business model to other states or federal territories within Malaysia to provide us with business growth and market diversification

For the Financial Years Under Review, revenue from public space networked systems were 75.7% (RM28.2 million), 90.0% (RM42.8 million), 95.4% (RM76.1 million) and 98.2% (RM40.0 million) of our revenue for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021 and FPE 30 June 2022 respectively.

Our public space networked systems are in line with the Malaysia Government's Smart City Initiatives such as:

- Smart Living with our smart surveillance system incorporating close circuit television and City VAS, a video analytic system;

7. BUSINESS OVERVIEW (Cont'd)

- Smart Environment with our “Selmos” networked lighting system that incorporates LED lighting and controller for green technology;
- Smart Mobility with our “trafficsens” traffic management system;
- Smart Digital Infrastructure with our fibre optic metropolitan area network in Kuala Lumpur for connectivity and planned data lake as part of a hyper-scale data centre; and
- Smart Government with our “City Crew” integrated system platform for integrated operation centre.

Our ability in providing total system integration enables us to design and develop customised and localised public space networked systems in meeting the needs and requirements for each specific location.

Upon the completion of deployment of the networked video surveillance facilities under the ITIS Contract in June 2022, this will provide the platform for us to replicate our proven business model to other states or federal territories within Malaysia to provide us with business growth and market diversification. We aim to target local governments in regions outside of the central region of Peninsular Malaysia.

As at the LPD, we have submitted tenders and proposals for the provision of public space networked systems in other states and federal territories outside of the central region of Peninsular Malaysia. These will potentially contribute to our order book as well as enable us to increase our presence and market share in other states focusing on smart city applications. For the FYEs 31 December 2019, 31 December 2020, 31 December 2021, and FPE 30 June 2022, revenue contributions from regions outside of the central region were 1.6% (RM0.6 million), 7.4% (RM3.5 million), 3.1% (RM2.5 million) and 0.3% (RM0.1 million) of our total revenue respectively.

7.4.5 We have an established track record of nine (9) years as a provider of networked system in the public space

We have an established track record of nine (9) years as a provider of public space networked system since the commencement of supply and installation of traffic management system in 2013. As at the LPD, our customer base includes local governments, ministry and private enterprises.

Over the period of nine (9) years, we have successfully completed 24 networked system projects with a total contract value of approximately RM59.1 million for our customers. See Section 7.7.4 of this Prospectus for further details on our completed projects. In addition, all our networked facilities mainly video surveillance facilities that were completed and available for use met the required performance level spelt out by our customers. No penalties or delays have been incurred as a result of not meeting the expectations of our customers.

7.4.6 We have contracts to sustain us in the near-mid term

Our order book is contract based. As at the LPD, we have 19 subsisting contracts with a total unbilled order book of RM598.2 million comprising the provision of networked facilities comprising mainly the video surveillance facilities for DBKL and PDRM's lockup facilities as well as leasing of our telecommunication towers and monopoles, and supply and installation of networked systems. The remaining portion of our order book will be recognised progressively up to the FYE 31 December 2029 based on the unbilled amount of contracts secured as at LPD. Of the total unbilled amount of RM598.2 million, we expect to bill and recognise revenue of approximately RM27.2 million from the LPD to December 2022, RM131.9 million for the FYE 31 December 2023, RM136.5 million for the FYE 31 December 2024, RM107.1 million for the FYE 31 December 2025 and RM195.6 million between the FYEs 31 December 2026 and 31 December 2029.

7. BUSINESS OVERVIEW (Cont'd)

We have also submitted tenders and proposals for various network system and facilities for public and private space. This will provide us opportunities to replenish or enlarge our order book if awarded.

7.4.7 We have a qualified and experienced management team to sustain and continue developing our business

We have a qualified and experienced management team headed by our Managing Director and Chief Executive Officer, TWL, who has contributed to the growth and development of our Group. TWL is responsible for developing the overall strategic direction of our Group. He brings with him approximately seven (7) years of experience in the public space networked system industry. He is supported by our Key Senior Management who has relevant experience ranging between 11 years and 29 years in their respective fields covering finance, project tendering, project management and implementation, contract matters, procurement and human resource management. See Section 5.4.2 of this Prospectus for the profiles of our Key Senior Management.

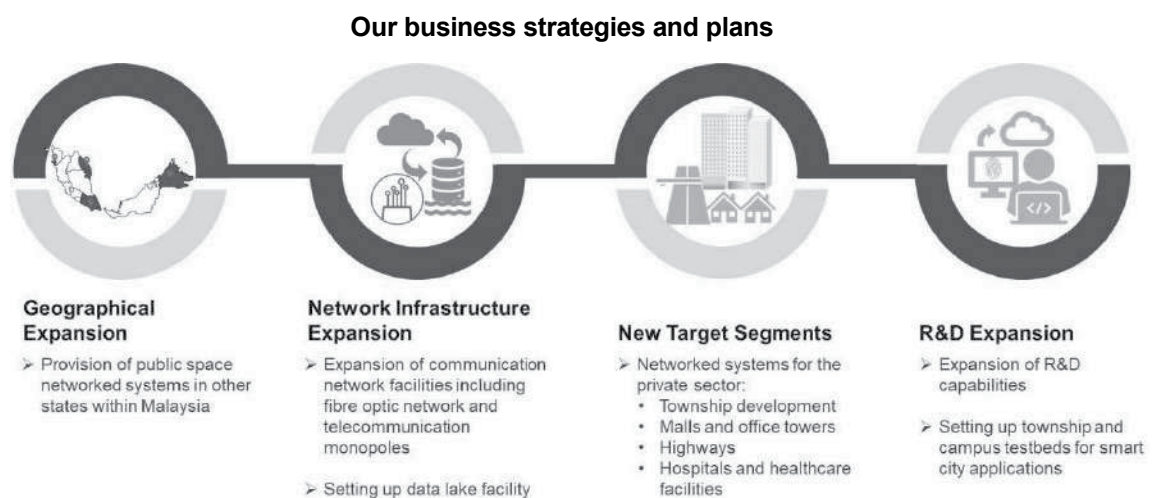
We believe our experienced Directors and Key Senior Management will be instrumental in sustaining our business and operations as well as shaping our future growth.

7.5 BUSINESS STRATEGIES AND PLANS

Part of our business strategies and plans is aligned with the Malaysia Smart City framework where one of the concepts is using information, communication and digital technology to improve urban management and quality of life, sustainability, efficiency and security. This concept is anchored on the premise that everything is connected and intelligent, while shared digital infrastructure will help cities correlate data from multiple sources to generate new values and efficiencies.

In this respect, we envisage to leverage from our core competencies in the provision of public space networked systems supported by our in-house R&D resources to address potential opportunities for other smart city projects in Malaysia for business expansion and growth. We plan to expand our domestic geographical market to address growth opportunities outside of the central region of Peninsular Malaysia and also to venture into new target segment, namely the private sector, to grow our business. We will continue to invest in our communication and network infrastructure as well as R&D resources to support our business expansion and growth.

A summary of our plans is as follows:



7. BUSINESS OVERVIEW (Cont'd)

7.5.1 Geographical expansion

The central region of Peninsular Malaysia covering Kuala Lumpur and Selangor accounted for 98.4%, 92.6%, 96.9% and 99.7% of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively. We plan to address new opportunities in other states and federal territories to diversify our markets to provide business growth.

We envisage providing public space networked systems outside of the central region of Peninsular Malaysia. For the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022, revenue from regions outside of the central region were 1.6% (RM0.6 million), 7.4% (RM3.5 million), 3.1% (RM2.5 million) and 0.3% (RM0.1 million) of our revenue respectively. In 2021, we expanded our presence where we secured two (2) contracts for the provision of networked facilities for the northern and southern zones which include the states of Kedah, Penang, Perak, Negeri Sembilan, Malacca and Johor.

Our investment plans will focus on the purchase of equipment and devices as well as installation, testing and commissioning works. In this respect, we plan to invest in the following type of public space networked systems, infrastructure, resources and related facilities:

- networked lighting systems mainly consist of at least 20,000 in-house assembled street light embedded controllers and related devices such as sensors, as well as wiring and installation works;
- networked traffic management systems mainly consist of at least 100 in-house assembled traffic controllers and sensors including video cameras, magnetic loop detectors, data sensors as well as related facilities such as communication devices and power cables;
- networked video surveillance management systems mainly consist of at least 3,000 video cameras and related facilities such as poles and power cables; and
- expansion of resources including the hiring of operational, support and technical personnel as follows:

Functions	Number of staff
Network operation centre engineers	6
Helpdesk operators	6
Field engineers	9
Quality assurance personnel	2
Electrical technicians	4
Total	27

- set-up of at least two (2) control centre facilities to meet the needs for connectivity and interoperability. In this respect, we will also carry out system integration and related works including process enhancement and workforce automation as well as customisation of the development of application software to suit the operational and technical requirements.

The implementation of our business plan with regards to geographical expansion is subject to us securing contracts from potential customers by way of tenders and proposals within 36 months from the date of our Listing.

7. BUSINESS OVERVIEW (Cont'd)

The business model to be adopted for our business plan is also subject to the type of contracts secured, which can be a supply and installation project based on lumpsum contracts or we will be the asset owner for the networked facilities where we will charge a fee for usage of our facilities. As at the LPD, we have submitted tenders and proposals for the provision of public space networked facilities which will potentially contribute to our order book as well as enable us to increase our presence and market share in other states and federal territories.

We estimate the investment cost for the infrastructures and facilities to be RM85.0 million including purchase of equipment and installation works which will be fully funded through proceeds from the Public Issue, details of which are set out below:

	Estimated cost (RM million)	Expected timing to commence
Networked lighting, networked traffic management and networked video surveillance systems		
- networked lighting and traffic management systems including purchase of at least 20,000 in-house assembled street light embedded controllers ⁽¹⁾ , 100 of our in-house assembled traffic controllers, sensors and video cameras, network equipment as well as wiring and installation related works		Q2 2023
- networked video surveillance system including purchase of at least 3,000 video cameras, surveillance related facilities such as poles and power cables, setting up at least two (2) control centre facilities, as well as system integration and installation related works ⁽²⁾	80.6	Q1 2024
- purchase of testing tools and calibration instruments and software	1.0	Q2 2023
- expansion of technical, operational and support resources ⁽³⁾	3.4	Q2 2023
Total	85.0	

Notes:

- (1) The embedded controllers will be assembled internally where we will purchase the parts and components including PCBA, plastic parts and enclosures used for the assembly of controller.
- (2) Includes system integration and configuration work, process enhancement and workflow automation as well as customisation and development of application software including analytic tools and cybersecurity infrastructures.
- (3) Involving two (2) quality assurance personnel, four (4) electrical technicians, six (6) network operation centre engineers, six (6) helpdesk operators and nine (9) field engineers.

7. BUSINESS OVERVIEW (Cont'd)

7.5.2 Network and telecommunication infrastructure expansion

As at the LPD, we have two (2) key network assets including approximately 400 km fibre optic communications network, 15 telecommunication monopoles and two (2) towers. Part of our business strategies and plans is to expand our network infrastructure and connectivity to cater for business expansion and growth, which we plan to invest in the following infrastructure:

(i) Communication network facilities

We plan to expand our communication network facilities including:

- fibre optic communications network expansion by building an additional 200 km of fibre optic communications network with a combination of 12-core and 24-core fibre optic cable in Peninsular Malaysia and Sabah. These additional 12-core and 24-core fibre optic cables are mainly to branch out from our existing 48-core fibre optic network as well as to cater for other parts of Peninsular Malaysia and Sabah requiring lower capacity compared to Kuala Lumpur. Upon completion, our total fibre optic communications network will be approximately 600 km by 2024, in Peninsular Malaysia and Sabah.
- telecommunication monopoles to be installed at 50 locations and two (2) telecommunication towers to be installed in the central region of Peninsular Malaysia. The new telecommunication monopoles and towers are mainly designed to accommodate 5G equipment.

(ii) Setting up a data lake facility in Klang Valley

Part of our business strategies and plans is aligned with the Malaysia MyDigital initiatives where the Malaysian Government is moving towards the “Cloud First Policy” which aims to migrate 80% of its data to a hybrid cloud system by end of 2022.

We envisage setting up a data lake facility in Klang Valley which is a central storage repository that holds data under a secured and managed manner. This will be an off-site facility to manage incoming big data and will be accessible online by users securely. The operation of this data lake is under the provision of cloud services which is regulated by the MCMC where a provider is required to be an ASP licence holder. As at the LPD, we hold an ASP class licence registered with the MCMC which enables us to offer the new cloud services. As at the LPD, we are not involved in the provision of cloud services. Part of our strategies is to set up a new data lake facility to expand our capabilities to provide cloud services in future. As for the provision of networked facilities to our existing customers, we have installed the data storage servers in our customers’ control centres.

This new data lake will be named “ITMAX Cloud” which is designed to be a tier-3 centralised repository facility to collect and store data including raw and unstructured data, and processed or structured data from the networked systems from mobile applications and IoT devices. Among others, a tier-3 data repository facility features 99.982% uptime, no more than 1.6 hours of downtime per year and provides backup facilities for at least 72-hour power outage protection. In addition, we will incorporate various analytic features to enable on-demand analytics to be run to facilitate big data analysis.

7. BUSINESS OVERVIEW (Cont'd)

We plan to set up a data lake facility in rented premises in Klang Valley with a planned storage capacity of 20 petabyte. We estimated the cost for setting up the facility to be RM10.0 million including purchase of equipment and installation works comprising the following:

- network equipment including servers, routers, switches, firewalls and communication equipment as well as server racks and cables;
- backup power supply equipment; and
- others include cybersecurity infrastructure.

The estimated investment cost for the network infrastructure expansion is RM39.5 million which will be fully funded by the proceeds from the Public Issue, details of which are set out below:

	Estimated cost (RM million)	Expected timing to commence
Communication network facilities	29.5	
- additional 200 km fibre optic communications network	22.0	Q1 2024
- 50 monopoles and two (2) towers	7.5	Q2 2023
Setting up a data lake facility in Klang Valley	10.0	
- video and data storage system	4.6	Q2 2023
- switching and routing infrastructure	1.7	Q2 2023
- virtual server infrastructure	1.5	Q2 2023
- rental of data centre space and related facilities and services	2.2	Q2 2023
Total	39.5	

7.5.3 New target segments

Revenue from public space networked systems were 75.7% (RM28.2 million), 90.0% (RM42.8 million), 95.4% (RM76.1 million) and 98.2% (RM40.0 million) of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively.

In 2021, we expanded our services and we secured a 5-year contract for the provision of networked video surveillance facilities to a shopping mall (The Grange at Ampwalk) in Kuala Lumpur where the facilities are for the use by the building owner. We are responsible for the investment in facilities including the supply and installation of video cameras and panic button systems that are connected to a control centre with our customised application software. In addition, we are responsible for the maintenance of the networked facilities to ensure the system is available for use and we will charge a fee based on the facilities provided during the contract period. As at the LPD, there were a total of 83 units of video cameras installed and connected to the control centre for use by our customer.

7. BUSINESS OVERVIEW (Cont'd)

We plan to leverage our core competencies in networked systems to address opportunities in townships, malls, office towers, hospitals and healthcare facilities covering public and private spaces to grow our business. We also plan to extend our expertise to highways mainly for our networked street lighting and video surveillance systems. Our track record and experience in the provision of these networked systems will serve as a reference site for prospective customers.

As at the LPD, we have submitted tenders for networked video surveillance systems for residential township development projects, commercial development projects including malls and office towers, hospitals, healthcare facilities and highways.

Premised on the above, we plan to set up a centralised control centre and related facilities to cater to this new segment and we estimated the cost for setting up the facilities to be RM20.0 million which will be fully funded by the proceeds from the Public Issue, details of which are set out below:

	Estimated cost (RM million)	Expected timing to commence
Networked video surveillance systems including purchase and installation of at least 2,500 units of video cameras, network equipment and software ⁽¹⁾	20.0	Q2 2023

Note:

(1) *Include network storage equipment, customisation of system and application software including video analytics, mobile applications, as well as cybersecurity infrastructures.*

The business model to be adopted for this business plan is also subject to the type of contracts secured, which can be a supply and installation project based on lumpsum contracts or we will be the asset owner for the networked facilities where we will charge a fee for usage of our facilities.

7.5.4 R&D expansion

Part of our business strategies and plans is to expand our R&D covering the following areas:

(i) Expansion of R&D capabilities

Expand R&D team

We intend to expand our R&D team by recruiting a total of 23 personnel who will focus on the development of system and software applications for our networked system platform. We aim to create and introduce new and enhanced features to improve user experience customised to meet the needs of our potential customers.

We intend to allocate RM7.5 million for the recruitment of engineers, data scientists, system analysts and programmers, the details of which are set out below:

7. BUSINESS OVERVIEW (Cont'd)

Functions	Number of staff
Engineers ⁽¹⁾	9
Data scientists	2
System analysts	5
Programmers ⁽²⁾	7
Total	23

Notes:

- (1) *Include product design engineer, PCB design engineer, test engineer, firmware engineer, and system software engineer.*
- (2) *Include programmers using the python language and artificial intelligence programmers.*

Setting up a test laboratory

Part of our R&D expansion plan is to set up a test laboratory in Klang Valley for our hardware development which will enable us to run debugging and simulation on the controllers and hardware developed on a lab-scale basis. We plan to allocate a total of RM2.0 million for setting up a new test laboratory including the purchase of the following:

- testing equipment including oscilloscope, signal generator, integrated circuit trainers, sensor trainer system, field interface and protocol simulation kit;
- computing devices and hardware including communication modules, cameras, servers;
- other equipment or devices including drones, augmented reality or virtual reality devices, as well as prototyping tools and equipment such as laser engraving machine, 3D printer and CNC router; and
- testing programmes including simulation software.

(ii) Setting up township and campus testbeds for smart city applications

We envisage to carry out two (2) pilot projects, namely setting up smart township and smart campus testbeds that incorporate smart digital infrastructure using our in-house developed public space networked systems focusing on lighting, video surveillance and traffic management. The systems include embedded sensors and controllers, video cameras and smart monitoring technologies with data processing and video analytics as well as the incorporation of artificial intelligence features. The rationale for running the smart township and smart campus pilot projects is to enable us to deploy all the smart city-related hardware, software applications and related digital infrastructure as a showcase to market our smart township and similar projects. As at the LPD, we have started discussion with potential parties for the proposed plan in setting up the testbeds for smart city applications.

We estimate the cost for setting up the two pilot projects to be RM3.0 million, the details of the two (2) projects of which are set out below:

7. BUSINESS OVERVIEW (Cont'd)

- **Smart township pilot project**

We plan to set up a smart township testbed in Klang Valley covering mainly public spaces within the commercial and residential areas for a specific period. This would be subject to the approval of the relevant authorities.

We will invest in all the relevant public space networked systems and related infrastructures including networked lighting systems to perform new and enhanced features for smart pole applications, networked traffic management systems to enhance junction coordination with new and enhanced features and networked video surveillance systems as well as setting up a demo scale of control centre facilities at our office to connect all the networked systems from the smart township testbed. In addition, we also plan to incorporate new artificial intelligence systems or features into this pilot project including smart parking, city management and monitoring tools, market intelligence gathering, environmental monitoring such as air pollution detection, noise pollution detection and weather detection and surveillance for shops and premises, and flood alert and water level detection.

- **Smart campus pilot project**

Part of our plans is to work with a university in Johor to set up a smart campus testbed with the deployment of smart digital infrastructure including customisation and integration of various networked systems and artificial intelligence features to create a digitally connected campus environment. This involves close collaboration with the university for research, testing, prototyping as well as using this project for educational purposes.

Similarly, we will invest in the networked systems and related infrastructures including our networked lighting systems for classrooms and streets for smart pole applications, alert system for fire, hazard and emergency, crowd control management and networked video surveillance systems as well as develop new systems such as traffic light system for junction coordination enhancement with new and enhanced features, visitor management system, parking, energy efficiency management system, and academic data analytics to create a connected ecosystem for the campus. We intend to develop the following system features:

- human mobility tracking using Bluetooth technology for student mobility data on campus in order to trace and collect student movement patterns;
- optimisation of campus shuttle bus schedule based on the student mobility data;
- regulate the energy usage of the air conditioners and lighting in the buildings on campus based on the data collected; and
- networked building monitoring and management system incorporating IoT and artificial technology to monitor and ensure that the infrastructures within the building are operating at an optimal level. The networked building monitoring and management system will include smoke detection system, gas leakage detection system, water leakage system, parking system, drowning detection system at swimming pools, face and heat detection access control at building entrance, scheduled lighting controls as well as intruder management system.

7. BUSINESS OVERVIEW (Cont'd)

We will be setting up a control centre at the campus, which will be linked to our office. This will enable the education campus to streamline processes in maintaining buildings and student management for operational efficiency and improvement.

We estimated the cost for setting up the two (2) pilot projects to be RM3.0 million including purchase of equipment and installation works which will be fully funded by the proceeds from the Public Issue, the details of which are set out below:

	Estimated cost (RM million)	Expected timing to commence
200 units of video cameras and infrastructure such as poles and power cables	0.8	Q3 2023
300 units of LED lights with embedded controllers and additional electronic devices and sensors for smart pole applications ⁽¹⁾ , as well as wiring and installation works	0.4	Q3 2023
Eight (8) units of traffic controllers with the integration of dedicated servers and data collection equipment and digital information display and signalling signages, as well as wiring and installation works	0.4	Q3 2023
Sensors, network equipment and related devices including servers and routers	1.0	Q4 2023
Others ⁽²⁾	0.4	Q1 2024
Total	3.0	

Notes:

- (1) *Includes development of software and applications for new and enhanced features such as air pollution detection, noise pollution detection and weather detection.*
- (2) *Includes system integration and configuration works, process enhancement and workflow automation as well as customisation and development of application software including analytic tools and cybersecurity infrastructures.*

7. BUSINESS OVERVIEW (Cont'd)

The overall estimated investment cost for our R&D expansion is RM12.5 million which will be fully funded by the proceeds from the Public Issue, the details of which are set out below:

	Estimated cost (RM million)	Expected timing to commence
Expansion of R&D resources		
Expand R&D team	7.5	Q2 2023
Setting up a new testing laboratory	2.0	
- <i>computing devices and hardware</i>	0.8	Q3 2023
- <i>testing programmes</i>	0.6	Q3 2023
- <i>testing equipment</i>	0.3	Q3 2023
- <i>other equipment or devices⁽¹⁾</i>	0.3	Q3 2023
Sub-total	9.5	
Setting up smart township and smart campus pilot projects	3.0	Q3 2023
Total	12.5	

Note:

- (1) *Includes the purchase of drones, augmented reality or virtual reality devices, as well as prototyping tools and equipment such as laser engraving machine, 3D printer and CNC router.*

7. BUSINESS OVERVIEW *(Cont'd)*

7.6 MODE OF OPERATIONS

Our mode of operations are as follows:

7.6.1 Supply and installation of networked systems

- **Securing contracts**

We mainly secure contracts through tendering. The duration of our on-going contracts ranges from 5 years to 7 years including variation orders and contract extension. See Section 7.7.1.4 of this Prospectus for further details on our on-going contracts for the supply and installation of networked systems.

- **Types of contracts**

There are two (2) types of supply and installation of networked systems contracts:

- supply and installation; and
- supply, installation and maintenance.

Supply and installation

Our supply and installation contract specifies the scope of work and deliverables, and is based on lump sum. We will progressively submit claims on the proportion of works completed. Approvals for progressive claims are subject to agreement by our customers before we invoice our customers.

Upon satisfactory completion of the project, our customers would have paid the full lump sum price of the contract subject to any variation orders less any claims against LAD.

Maintenance

In some of the contracts where maintenance work is included as part of the scope of work required, we also provide maintenance services on the systems that we supply and install. See Section 7.7.1.4 of this Prospectus for further details on our on-going contracts for the supply and installation of networked systems. For the maintenance portion of the contract which includes preventive and corrective maintenance, we will submit invoices on a monthly basis mainly for preventive maintenance based on defined criteria including number of devices installed, operating and maintained during the month at the predetermined rate as per the contract while for corrective maintenance, we will carry out the works based on work order issued by our customers and we will subsequently submit claims on the maintenance and repair works completed.

- **Variation orders**

In the course of project execution, our customers may issue variation orders for changes to the project or work to be done. A variation order is usually issued in writing describing the variation to the works to be done as specified in the main contract. Variation orders may include additions, omissions, substitutions, alterations, changes of work scope and extension of contract tenure. Variation orders that result in additional works or resources will be subject to additional charges which will need to be approved by our customers. The principal terms and settlement of the variation orders are generally the same as those specified in the main contract.

7. BUSINESS OVERVIEW (Cont'd)

- **LAD**

Our main obligation is to complete the works on time as stipulated in the contract. In the event of any delays in the completion of the works, we are subject to LAD claims or penalties for the amounts stipulated in the contract.

In the event that we envisage or experienced delays, we would normally seek for an extension of time. Commonly these are unforeseen events such as natural disasters and imposition of constraint measures arising from pandemics or events outside our control such as delays caused by third-parties or upon request by our customers.

- **Performance bond**

In most of our contracts, we are required to provide performance bonds in the form of approved bank guarantees to the contract awarding parties. Performance bonds serve as security for proper and due performance of works in accordance with the terms and conditions of the contracts.

Depending on the contract, performance bond usually amounts up to 5% of the total contract sum. The validity of the performance bond is typically until up to 12 months after the DLP or completion of the contract.

- **Post completion commitment**

System/equipment warranty

For the supply and installation of networked systems, typically the contract may include one or more of the following:

DLP	<p>We are responsible for the rectification of defects during the DLP, which ranges between 12 months and 24 months from the date of completion.</p> <p>Rectification works will need to be carried out by us with the respective subcontractors who work under our supervision, control and management. If the defect is attributable to our subcontractors, we would usually require the responsible subcontractor to perform the rectification works and the cost borne by the responsible subcontractor.</p>
System	<p>We provide warranty for the following:</p> <ul style="list-style-type: none"> - One (1) year warranty for our "Selmos" brand of lighting controller and "TrafficSens" brand of traffic light controllers. We will replace any faulty controller including installation during the warranty period at our cost; and - One (1) year warranty for our networked video surveillance system. We will replace any faulty devices or make good any faulty application software including installation during the warranty period at our cost

7. BUSINESS OVERVIEW (Cont'd)

	<p>We also provide warranty for equipment which we source from third parties. We will replace any faulty equipment during the warranty period including installation at our cost. We have back-to-back warranty arrangements with the third party equipment suppliers to replace any faulty equipment. However, we would still be required to bear the cost of physically replacing and installing the affected equipment.</p>
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7.6.2 Provision of networked facilities

As at the LPD, we provide the following networked facilities:

- video surveillance system; and
- communications network.

7.6.2.1 Video surveillance system

- **Securing contracts**

We mainly secure contracts through tendering. The duration of our on-going contracts ranges from 3 years to 11 years including variation orders. See Section 7.7.2.3 of this Prospectus for further details on our on-going contracts for the provision of networked facilities.

- **Facilities**

We own the video surveillance system facilities which are leased to our customers. These facilities mainly include the following:

- video cameras at designated locations;
- monopoles and towers where relevant;
- fibre optic communications network including all communications devices for the transmission of data and connection of video cameras to a control centre;
- control centre systems including hardware such as large display monitors and computers, data storage servers and applications software for the management and display of data in real time;
- all systems and applications software to:
 - operate the video surveillance system;
 - collect, collate, manage, analyse and store video images and data;
 - analyse data and carry out continuous machine learning to provide artificial intelligence features and functions; and
 - reporting in terms of displaying real time data and provision of management reports and analytics.

7. BUSINESS OVERVIEW (Cont'd)

We regularly supply and install additional video cameras upon requests by our customers through variation orders. We also regularly install new software functions and features upon agreement with our customers through variation orders.

- **Basis of charging**

We submit invoices on a monthly basis based mainly on the number of operational video cameras installed, certified and made available for use where charges for each video camera are based on defined criteria. The charges for each video camera would have imputed the usage of all other facilities as indicated above.

- **Service-level agreement**

We typically have a SLA with our customers where we are committed to ensure the availability of the facilities based on, among others, average facility uptime per month and maximum time for restoration of services within 4 hours to 72 hours. In addition, we are required to provide technical support including round the clock phone and email support, and technical personnel to attend to faults within 4 hours to 72 hours from the time we receive notification.

For the Financial Years Under Review and up to the LPD, the average facility uptime per month was more than 98% and there were no penalties imposed as a result of unavailability of the facilities pursuant to the SLA with our customers.

- **Penalty**

We are subjected to penalty if we are unable to meet the conditions stipulated in the SLA on a monthly basis. These penalties are as follows:

Items measured*	Penalty
96.00% - 97.99%	2% from monthly payment
94.00% – 95.99%	4% from monthly payment
92.00% – 93.99%	6% from monthly payment
Below 92%	8% from monthly payment and warning letter will be issued.

* *Items measured on total uptime of video cameras that are available for use.*

Penalties are deducted from our next billing cycle.

7.6.2.2 Communications network

- **Securing contracts**

We mainly secure leasing contracts through tendering. The duration of our on-going contracts ranges from 4 years to 11 years. See Section 7.7.2.3 of this Prospectus for further details on our on-going contracts for the provision of networked facilities.

7. BUSINESS OVERVIEW *(Cont'd)*

- **Facilities**

As at the LPD, we own an approximately 400 km of fibre optic communications network with associated communications equipment to provide bandwidth to users. Our network is based on a metropolitan area network topology within the boundaries of Kuala Lumpur. We mainly provide fibre-to-the-curb while our customers would provide the last mile of connectivity to their designated premises.

- **Basis of charging**

We invoice our customers on a monthly basis based on stipulated fixed bandwidth and point-to-point connectivity.

7.7 PRODUCTS AND SERVICES

7.7.1 Supply and installation of networked systems

A networked system refers to devices that are connected to a network infrastructure including wired and wireless network connections. We are involved in the supply and installation of networked systems in public spaces mainly for networked lighting system and networked traffic management system. The public space networked system is an essential element for city development.

We carry out the following activities for supply and installation projects:

- supply of equipment including in-house developed and assembled controllers and procurement of third-party equipment and parts including metal and plastic enclosures for the controllers, LED lights, electrical wires and cables, cameras and display panels.
- installation where we commonly engage subcontractors to carry out the installation works including milling and paving the road for the installation of equipment and devices as well as connection to communication network including fibre optic communications network and wireless communication network as well as power source. We also conduct site visits to carry out surveys and preparation of utility mapping to identify buried pipes and cables to prevent damaging them which may cause harm to our workers and/or subcontractors and disrupt commercial and community activities.
- for some contracts, we also provide maintenance services including preventive and corrective maintenance. Preventive maintenance is carried out regularly mainly to inspect the system and equipment to prevent breakdowns, even if there were no signs of failure. Corrective maintenance is carried out when there is an occurrence of system or equipment failure. We provide maintenance services for some projects including DBKL networked lighting systems and DBKL networked traffic management system.

Our controllers which are key components for networked lighting systems and networked traffic management systems are designed and developed by our in-house R&D team. We carry out the design and development of the systems including applications software and also design and assembled the controllers. See Sections 7.12 and 7.11 of this Prospectus for further details on our R&D works and process flow on the design and assembly of our controllers.

7. BUSINESS OVERVIEW (Cont'd)

7.7.1.1 Networked lighting system

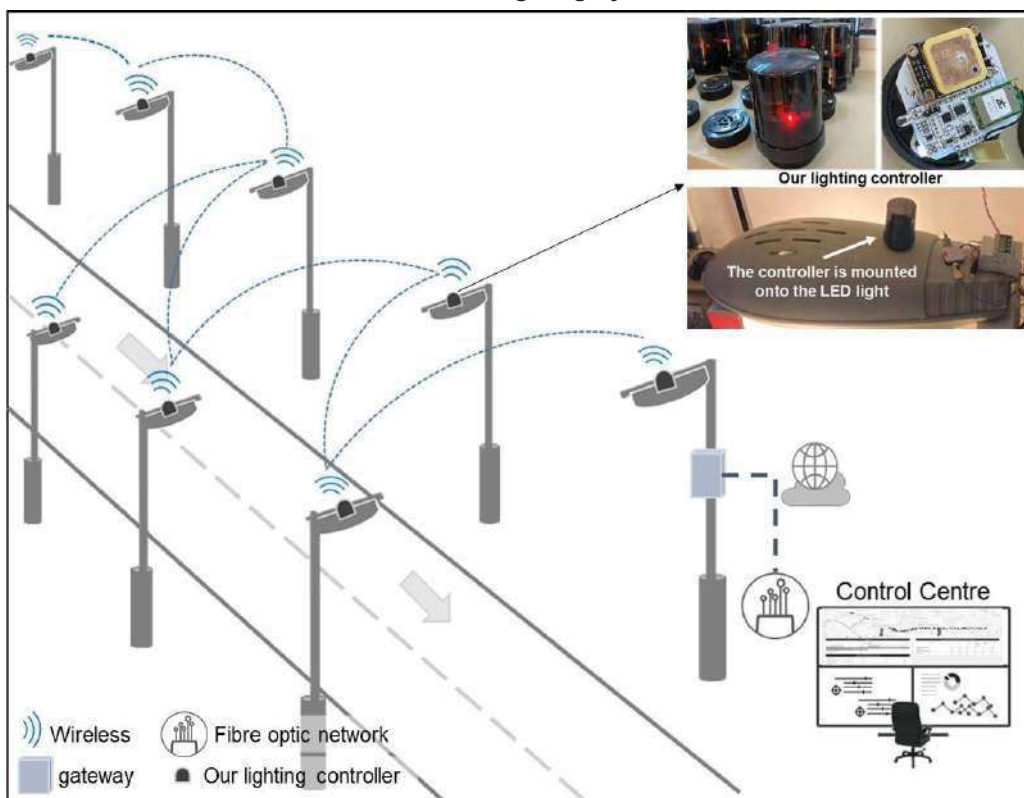
For networked lighting system, we are responsible for the supply, installation, commissioning and/or maintenance of:

- LED lights;
- controller that controls the on/off timing and amount of light, and manages and monitor the operation of each light;
- connection to a power source; and
- connection to communication network and linked to a control centre.

While the LED lights are purchased from third parties, we designed and developed the controller where we are the original design manufacturer. We developed and owned all the relevant software called “Selmos” to operate the controller as well as to manage the networking of all the lights that are installed as well as operations of the control centre.

Our networked lighting system is an adaptive and interoperable lighting solution which is facilitated by connecting the LED lights with a centralised system over communications network. This system is integrated with data collection devices including sensors and cameras which enable our customers to monitor and regulate light levels for energy saving purposes and monitor and measure the performance of the lighting system.

Networked Lighting System



For the Financial Years Under Review and FPE 30 June 2022, the types of networked lighting systems that we supplied and installed mainly comprised street and decorative lighting system, which involved the following activities:

7. BUSINESS OVERVIEW (Cont'd)

- upgrading works where we replace existing sodium lights with LED lights for street lighting;
- connection of LED lighting where each LED light is installed with a controller to serve as a node and several LED lights are configured to create a mesh network using wireless technology. There are up to 250 nodes connected to a gateway. Through each gateway, we can carry out monitoring, data logging and operation of the LED lights remotely; and
- connection of gateways to communication network to link all of the gateway and subsequently all the lightings to a control centre. Data from each gateway are transmitted to a control centre for processing, analysis and storage while at the same time, the control centre can operate and manage each set of LED lights within a gateway, or individual LED light.

Our networked lighting system is dynamic and is deployed and configured to enable the system to be controlled and managed remotely on a real-time basis. For instance, time and location detection devices are configured to facilitate switching the street lights on or off based on an adjustable timetable. In addition, the LED lights are equipped with sensors linked to the controllers to provide environmental data such as air quality on a real-time basis to facilitate data analytics and storage of data. As at the LPD, we have installed a total of approximately 45,000 LED lights including street lights, decorative and flood lights in public spaces within Kuala Lumpur and connected to a control centre over communication network.

In addition, we also supply and install decorative lighting systems in public spaces to be lit up during the festive seasons such as Hari Raya, Chinese Lunar New Year, Christmas and New Year.

LED street lights



Decorative lights



7.7.1.2 Networked traffic management system

For networked traffic management system, we are responsible for the supply, installation, commissioning and/or maintenance of:

- traffic light controllers placed on traffic light junctions; and
- connection of the traffic light controllers to communication network which linked the controllers to a control centre.

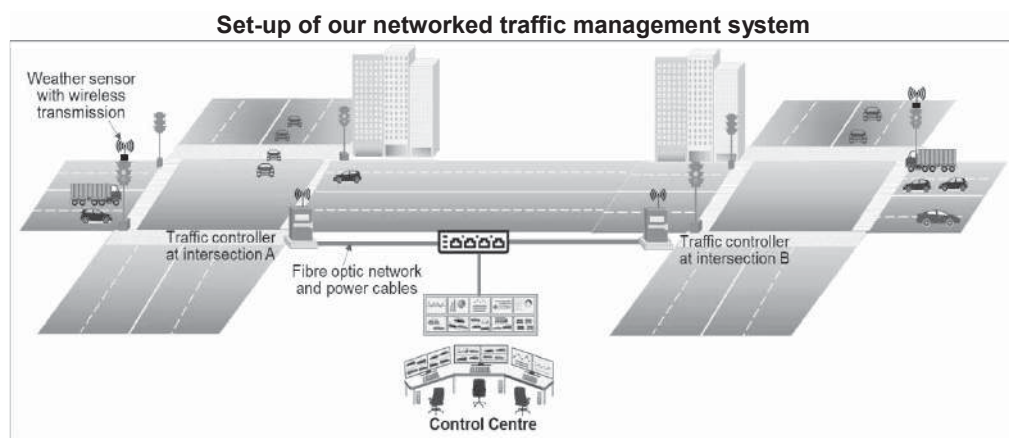
We designed and developed the controller, where we are the original design and original brand manufacturer of the traffic light controllers.

7. BUSINESS OVERVIEW (Cont'd)

We also designed and developed all the application software for traffic management embedded in the controller. We also designed and developed the software application system for the control centre to monitor and manage all the traffic light controllers.

Through our in-house R&D team, we have successfully designed and developed all the applications and systems software for our traffic light controllers which are marketed under our "TrafficSens" brand. Our R&D team continuously carry out software enhancement to improve our traffic management system as well as developments to provide new value-added features.

Our traffic management system incorporates artificial intelligence with adaptive algorithms where our software can automatically regulate in real-time signal cycles in reaction to changing traffic conditions such as the volume and speed of vehicles on nearby roads that has our traffic light controllers. Sensors are placed in strategic locations to monitor traffic conditions and the data is input into our adaptive algorithm to help regulate traffic.



As at the LPD, we have deployed approximately 390 traffic controllers in Peninsular Malaysia including Kuala Lumpur, Seremban and Johor.

In our traffic management system, we incorporated sensors including induction loops and video cameras for vehicle tracking applications.

- the induction loops are magnetic loop vehicle detectors where wires coil and magnetic core materials are embedded in the surface of the road at the intersections to detect changes in the magnetic field and conveyed to the signal controllers by the wire coils.
- video detection involves the use of video cameras where the video cameras are commonly installed on the traffic light pole or separate pole-mounted video cameras at the intersection. This is to detect vehicles and constantly monitor the traffic flow. In the event of traffic congestion, the situation can be viewed in real time and traffic lights can be reprogrammed to improve traffic flow. In addition, this also enables the enforcement agency to quickly react in case of an accident and traffic rules offenders can be tracked with video evidence.

Some of the systems design and software applications that we developed include the following:

- dynamic and real-time traffic light management system software for controlling a set of interlinked traffic lights. Our system takes into consideration real-time data obtained from attached sensors and video cameras, and will synchronise changing of traffic lights for a group of nearby traffic lights connected via a mesh network and linked to the control centre via communication network.

7. BUSINESS OVERVIEW (Cont'd)

- weather sensors mounted onto one or more traffic lights. The weather sensor can detect the amount of rainfall, haze or mist in real-time. This weather sensor communicates with our traffic light controller via wireless or wired connection.
- dynamic adjustments made to traffic light changes includes signal sequences, length of time for green, red or amber light taking into consideration the following:
 - . time for vehicles to clear the intersections;
 - . average delay time per vehicle;
 - . time gap in arriving traffic;
 - . queue length;
 - . traffic volume from various directions; and
 - . pedestrian crossing where relevant.
- perform optimisation control computation in software routines to optimise and synchronise traffic flow from various directions controlled by a set of nearby traffic lights.

We also carry out assembly and testing of our traffic controllers. Metal cabinets, processors, communication devices and electronic, electrical and mechanical parts are all sourced externally while we will download our in-house designed and developed software onto the processor to provide control, monitoring, management, processing and communications of data.

Traffic controller assembly and testing activities



7.7.1.3 Others

We are also involved in the supply, installation, commissioning and/or maintenance of video surveillance system incorporating video cameras and related equipment which are then linked to a control centre.

We are responsible for procurement and installation of third party video cameras as well as connection of the video cameras over a customer specified network which is linked to a designated control centre.

7. BUSINESS OVERVIEW (Cont'd)

7.7.1.4 Our subsisting contracts for supply and installation works for networked systems

As at the LPD, we have the following contracts for the supply and installation for networked systems segment:

Entity involved	Customer name/ Project owner	Project description	Supply	Commissioning	Maintenance	Contract value ⁽¹⁾ (RM million)	Remaining contract value as at the LPD (RM million)	Start date ^{(2)/} completion date ⁽³⁾
ITMAX System	DBKL	Networked lighting system	√	√	√	207.2	10.8	August 2016/ July 2023
STS	DBKL	Networked traffic management system	√	√	√	111.3 ⁽¹⁾	60.7	February 2017/ February 2026
ITMAX System	MRT Corporation Sdn Bhd ⁽⁴⁾	Design, supply, procurement, installation, testing and commissioning of LED lighting for certain elevated stations ⁽⁶⁾	√	√	-(6)	12.6	1.1	August 2018/ June 2023
STS	TSR Bina Sdn Bhd	Networked traffic management system	√	√	-(6)	0.3	0.3	February 2022 ^{(7)/} June 2023
STS	Fixus Construction Sdn Bhd	Networked traffic management system	√	√	-(6)	0.2	0.2	March 2022 ^{(8)/} May 2023
STS	linfra Sdn Bhd	Networked traffic management system	√	√	-(6)	0.2	0.2	July 2022 ^{(9)/} June 2023
Total						331.8	73.3	

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Include variation orders.
- (2) Start date based on letter of acceptance.
- (3) Completion date based on end date stipulated in the contract.
- (4) ITMAX System has been appointed as the designated supplier for three (3) supply and installation contracts undertaken by the work package contractors, as this is based on the letter of acceptance awarded by MRT Corporation Sdn Bhd.
- (5) The maintenance work was not included as part of the scope of work in the letter of acceptance awarded to us.
- (6) Refers to the networked lighting system for certain elevated stations of the rail transit system.
- (7) Based on the letter of award in February 2022 and is still pending site possession. We expected to commence the work in April 2023.
- (8) Based on the letter of award in March 2022 and is still pending site possession. We expected to commence the work in March 2023.
- (9) Based on the letter of award in July 2022 and is still pending site possession. We expected to commence the work in April 2023.

7. BUSINESS OVERVIEW (Cont'd)

7.7.2 Provision of networked facilities

Our business operation model for network facilities is based on asset ownership where we charge a recurrent fee for the use of our facilities and value-added features. We provide two (2) facilities under this business model:

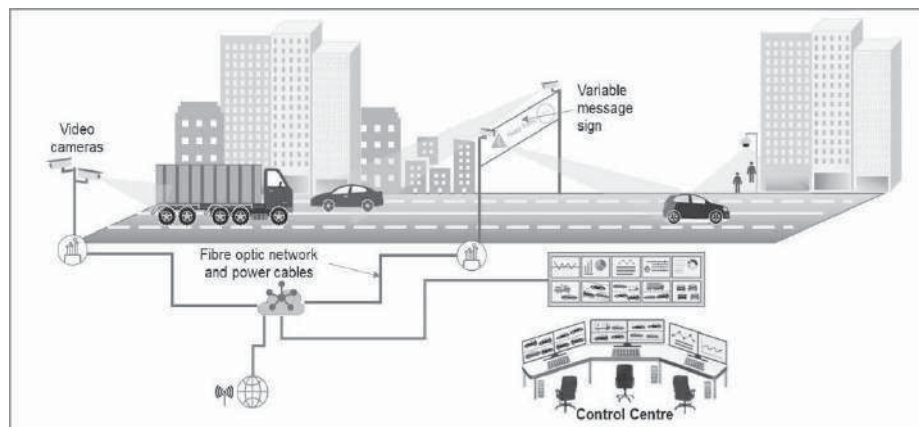
- networked video surveillance facilities; and
- communications network.

7.7.2.1 Networked video surveillance facilities

The provision of networked video surveillance facilities includes the following assets owned by us as at the LPD:

- approximately 8,600 video cameras and related infrastructure such as poles and power cables, VMS, panic buttons and speakers and some solar photovoltaic panels to power the video cameras;
-
- approximately 400 km of fibre optic communications network in Kuala Lumpur; and
-
- control centre facilities including the command centre software platform, several large display panels and computer terminals for monitoring and management of the video surveillance system including City VAS, a video analytic system, as well as data storage facilities.

Our networked video surveillance facilities



7. BUSINESS OVERVIEW (Cont'd)

Our customer's video surveillance control centre using our facilities



We designed and developed the systems and applications software for our video surveillance system running on third-party and open-source operating systems, communications protocols and utility programmes, as well as third-party facial and vehicle number plate recognition modules.

Through our in-house software development, our system is incorporated with video surveillance analytics using machine learning. The machine learning system starts with a blank slate. The system is continuously learning where the system learns what is normal for the camera's image during the day, night, weekday and weekend, as well as hour by hour for some time. After a period of time, the system starts to issue alerts and alarms on object behaviour or situations in the videos that the system has not encountered before when the system was learning for each specific event.

In this respect, we have the capabilities to offer value-added features to customers to meet their needs and requirement supported by our R&D team where we programme the system to detect motion and any other behaviour defined by the user. Our video surveillance analytic is designed to perform a various functions as indicated below:

- detection of illegal parking;
- detection of persons on a road or pedestrian;
- detection of illegal lane change;
- detection of traffic congestion;
- detection of vehicle breakdown or stop on road or roadblock;
- detection of reverse driving;
- detection of early flood warning;
- detection of concrete spillage from cement truck;
- detection of illegal advertising banner/poster/board/bunting;
- detection of illegal hawker;
- detection of large crowd gathering;
- detection of road condition including pothole and road damages;
- detection of public transport lane violation;
- detection of pedestrian walkway blockage;
- detection and monitoring of improper rubbish dumping;

7. BUSINESS OVERVIEW (Cont'd)

- detection of vehicle congestion;
- detection of persons on lane where it is illegal;
- detection of vehicle travelling in the wrong direction;
- detection of vehicle making illegal stop;
- detection of vehicle making illegal lane change;
- detection of road blockage;
- *facial recognition;
- *vehicle licence plate recognition;
- vehicle travel route tracing;
- monitoring river water level;
- tracking and monitoring vehicle owned by local government; and
- conveying estimated travel time and weather forecast on VMS.

Note:

- * These functions include third-party modules.

Our integrated management system platform

Our “City Crew” is an integrated management system that integrates our networked lighting, traffic management and video surveillance systems into one platform. Our platform is designed with a single sign on authentication to enable users to securely access multiple applications and systems using only one set of authentication data.

This is a secured platform management system and the access to the function of this platform via human machine interface (“HMI”) with the use of a graphical environment to display information effectively. Our integrated platform management system is designed to provide the following functions:

- provide real time view of various networked systems;
- enable remote monitoring and control from authorised console;
- interface to proprietary systems which allows users to analyse multiple access points in real time and react in case of any event is triggered; and
- video images recorded and storage for video analytic applications for those networked systems with video cameras mainly networked video surveillance and networked traffic management systems. This enables the users to perform various video analytics such as people counting, vehicle counting and crowd detection;

Our integrated platform management system is also incorporated with the interactive maps, where the networked system with video cameras, traffic lights and street lights of the areas can enable alarms to be displayed on the map at the control centre which can be easily identified and approached quickly.

7.7.2.2 Communications networks

We are a registered individual licenced NFP and NSP as well as a registered class licence for ASP with the MCMC. Our licences allow us to own and operate our fibre optics communications network and related equipment, and telecommunication towers and monopoles, and provide telecommunications bandwidth.

We have two (2) key assets that we charge customers for their usage, namely fibre optic communications network and telecommunication towers and monopoles.

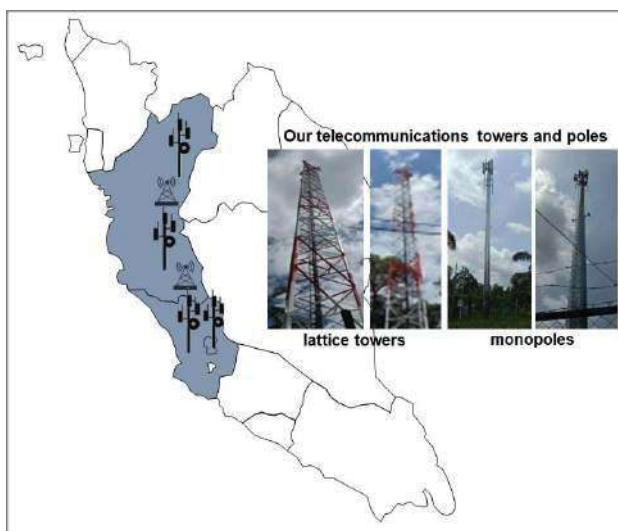
7. BUSINESS OVERVIEW (Cont'd)

- **Fibre optic communications network:** As at the LPD, we own an approximate 400 km fibre optic telecommunications network in Kuala Lumpur which is for our own use as well as for use by third-party customers. Customers are charged a fee based on the bandwidth required. Our fibre optic communications network is configured in a ring topology with optical signal generators, repeaters, routers, hubs, switches and terminations placed at strategic locations for the transmission of data. Our network is based on a 48-core optic fibre cable and is all below ground.
- **Telecommunication towers and monopoles:**

We construct and own telecommunication towers and monopoles at locations based on the request of wireless telecommunication companies. We will subsequently charge a fee for the telecommunication companies to install their wireless equipment on our towers and pole.

We are responsible for obtaining all necessary approvals and space rental to install the towers or poles at each location, while we would procure the towers and poles based on our specifications from third parties

and subcontract out the installation work. As at the LPD, we have 14 telecommunication monopoles and two (2) towers located in Perak, and 1 monopole in Selangor.



7. BUSINESS OVERVIEW (Cont'd)

7.7.2.3 Our subsisting contracts for provision of network facilities

As at the LPD, we have the following contracts for the provision of network facilities:

Entity involved	Customer name/ Project owner	Project description	Contract value (RM million)	Remaining contract value as at the LPD (RM million)	Start date ^{(2)/} completion or end date ⁽³⁾
ITMAX System	DBKL	Networked video surveillance facilities	528.1 ⁽¹⁾	438.9	June 2018/ June 2029
ITMAX System	U Mobile Sdn Bhd	Perak communications network (mainly telecommunication towers and monopoles)	1.7	1.2	November 2020/ December 2027
ITMAX System	Webe Digital Sdn Bhd	Perak and Kuala Lumpur communications network (mainly telecommunication towers and monopoles)	4.7 ⁽⁶⁾	3.6	December 2019/ March 2032
ITMAX System	Ministry of Home Affairs	Video surveillance facilities for the PDRM lockup facilities for the southern zone of Peninsular Malaysia ⁽⁵⁾	22.1	19.4	April 2021/ May 2025 ⁽⁷⁾
ITMAX System	U Mobile Sdn Bhd	KL dark fibre optic communications network	0.6	0.6	August 2021/ August 2031
ITMAX System	U Mobile Sdn Bhd	Communications network (telecommunication monopole for 1 site) in Selangor	0.3	0.3	January 2021/ January 2028
ITMAX System	Digital Nasional Berhad	Telecommunication sites and infrastructure leasing for 10 sites in Kuala Lumpur	3.0	3.0	January 2022/ July 2029
ITMAX System	Permata Alasan (M) Sdn Bhd	Ampwalk video surveillance facilities	0.3	Note (4)	May 2021/ May 2026
ITMAX System	Norangkasa Enterprise Sdn Bhd	Communications network	6.7	2.6	October 2019/ September 2024
STS	Norangkasa Enterprise Sdn Bhd	Video surveillance facilities for the PDRM lockup facilities for the northern zone of Peninsular Malaysia ⁽⁵⁾	21.2	18.6	April 2021/ April 2024
Total			588.7	488.2	

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Include variation orders.
- (2) Start date based on letter of acceptance.
- (3) Based on the end date stipulated in the respective contract.
- (4) The contract value of RM0.3 million for this project has been fully recognised in the FYE 31 December 2021 in accordance with the accounting standards as the main performance obligations of the contract have been fulfilled as at 31 December 2021 notwithstanding our obligation to provide maintenance services up to 2026.
- (5) We secured the contract via tender from the Ministry of Home Affairs for the video surveillance facilities for PDRM lockup facilities for the southern zone of Peninsular Malaysia. On the other hand, Norangkasa Enterprise Sdn Bhd secured the contract via tender from the Ministry of Home Affairs for the video surveillance facilities for PDRM lockup facilities for the northern zone of Peninsular Malaysia, and subsequently subcontracted the provision of networked video surveillance facilities to STS.
- (6) Comprising the letters of offer for the leasing of telecommunication towers and monopoies in Perak and Kuala Lumpur with contract period from December 2019 to October 2030 (Perak) and from April 2022 to April 2032 (Kuala Lumpur) respectively.
- e(7) In August 2022, we obtained extension of time from the customer in relation to the installation of video surveillance facilities as additional time was required to coordinate the testing and commissioning of the facilities for multiple stations simultaneously as the testing and commissioning are to be carried out by our team with the presence of a person-in-charge from each station and a representative from PDRM's information technology department.

7. BUSINESS OVERVIEW (Cont'd)**7.7.3 Other related business activities**

We also offer related products to complement our two (2) key business segments in the provision of public space networked systems. This includes the supply of UPS that are sourced from third parties, sales of our traffic controllers as well as development of an underground utility management software system.

As at the LPD, we have the following contracts for the supply of related products:

Entity involved	Customer name	Project description	Contract value ⁽¹⁾ (RM million)	Remaining contract value as at the LPD (RM million)	Start date ⁽²⁾ / completion date ⁽³⁾
STS	Vision Path Sdn Bhd	Development of underground utility management software including digitalisation and integration of underground utility maps ⁽⁴⁾	37.0	34.3	June 2022/ June 2025
ITMAX System	Tenaga Nasional Berhad	Supply of tubular steel poles	2.1	1.8	January 2021 ⁽⁵⁾ / January 2023
Total			39.1	36.1	

Notes:

- (1) Include variation orders.
- (2) Start date based on letter of acceptance.
- (3) Completion date based on end date stipulated in the contract.
- (4) Our scope of works covers study of user requirements, system design and development including data digitalisation as well as configuration and integration for web application.
- (5) This was based on the letter of award in January 2021 and yet to commence the supply as we were negotiating with the customer for price revision. Subsequently in July 2022, we received the addendum following the negotiation with the customer for the commencement of supply.

7. BUSINESS OVERVIEW (Cont'd)

7.7.4 Our completed projects

Since we commenced the supply and installation of traffic management system in 2013 and up to the LPD, we have successfully completed the following projects:

Entity involved	Customer name/ Project owner	Project description	Main scope of work			Contract value ⁽¹⁾ (RM million)	Start date ^{(2)/} completion date ⁽³⁾
			Supply	Installation and Commissioning	Maintenance		
ITMAX System	PPJ	Maintenance of traffic light control system			✓	2.4	January 2013/ June 2014
ITMAX System	DBKL	Supply, installation and commissioning of isolated intersection traffic control system to replace existing system and to connect the new system to the control centre	✓	✓		5.9	March 2013/ April 2014
ITMAX System	DBKL	Supply, installation and modification of traffic control system	✓	✓		1.0	June 2014/ June 2016
ITMAX System	DBKL	Supply, installation and modification of traffic control system	✓	✓		1.0	June 2014/ June 2016
ITMAX System	DBKL	Maintenance of traffic control system			✓	1.0	November 2014/ October 2016
ITMAX System	DBKL	Maintenance of traffic control system			✓	1.0	November 2014/ October 2016
ITMAX System	Majlis Bandaraya Petaling Jaya	Supply, installation and commissioning of traffic management related equipment	✓	✓		0.9	October 2014/ January 2015
ITMAX System	Avac's Electrical	Supply and installation of traffic management system	✓	✓		3.0	July 2015 / October 2016

7. BUSINESS OVERVIEW (Cont'd)

Entity involved	Customer name/ Project owner	Project description	Main scope of work			Contract value ⁽¹⁾ (RM million)	Start date ^{(2)/} completion date ⁽³⁾
			Supply	Installation and Commissioning	Maintenance		
ITMAX System	Technical Electrical Power	Supply and installation of traffic management system	✓	✓		0.3	July 2015/ September 2015
ITMAX System	Selewa Maju Sdn Bhd	Supply and installation of decorative lightings	✓	✓		2.6	August 2015/ May 2017
ITMAX System	Tekas Jaya Sdn Bhd	Supply and installation of decorative lightings	✓	✓		2.2	September 2015/ September 2016
ITMAX System	DBKL	Maintenance of traffic control system			✓	1.0	February 2016/ February 2018
ITMAX System	Selewa Maju Sdn Bhd	Supply and installation of LED lightings	✓	✓		0.9	March 2016/ October 2017
STS	DBKL	Supply, installation and maintenance of decorative lightings	✓	✓	✓	15.7	August 2016/ July 2021
ITMAX System	Jabatan Pengairan Dan Saliran Negeri Melaka	Maintenance of telemetry stations and flood monitoring server system			✓	Note (4)	March 2017/ October 2017
ITMAX System	Slumber One Services	Supply and installation of traffic management system	✓	✓		0.5	September 2017/ December 2017
ITMAX System	MRT Corporation Sdn Bhd	Supply of UPS	✓			12.8	April 2019/ November 2021
ITMAX System	DBKK	Maintenance of street lighting			✓	5.0	September 2019/ August 2021

7. BUSINESS OVERVIEW (Cont'd)

Entity involved	Customer name/ Project owner	Project description	Main scope of work			Contract value ⁽¹⁾ (RM million)	Start date ⁽²⁾ / completion date ⁽³⁾
			Supply	Installation and Commissioning	Maintenance		
STS	Fixus Construction Sdn Bhd	Supply and installation of traffic light controllers	✓	✓		1.1	March 2020/ October 2020
ITMAX System	Nirvana Memorial Park Sdn Bhd	Supply and installation of temperature detector machine	✓	✓		Note (5)	August 2020/ August 2020
ITMAX System	Bank Kerjasama Rakyat Malaysia Berhad	Supply and installation of electronic security system	✓	✓		Note (6)	September 2020/ December 2020
ITMAX System	Dewan Bandaraya Kuching Utara	Upgrading of street lighting system	✓	✓		0.4	October 2020/ December 2020
ITMAX System	Pima Tech Services Sdn Bhd	Cabling and ducting work	✓	✓		0.1	July 2021/ September 2021
ITMAX System	Yuta Maju Sdn Bhd	Supply and installation of traffic light controllers	✓	✓		0.2	March 2021 ⁽⁷⁾ / July 2022
					Total	59.1	

Notes:

- (1) Include variation orders.
 (2) Start date based on letter of acceptance.
 (3) Completion date based on end date stipulated in the contract.
 (4) Refers to project value of approximately RM19,000.
 (5) Refers to project value of approximately RM8,000.
 (6) Refers to project value of approximately RM29,000.
 (7) Based on the letter of acceptance in March 2021 and the site was not ready for the supply. Subsequently in July 2022, we obtained the instruction for the site availability for us to supply.

7. BUSINESS OVERVIEW (Cont'd)**7.8 OPERATIONAL FACILITIES**

As at the LPD, details of our head office and operational facilities, all of which are rented, are as follows:

Entity	Main function	Location of facilities	Approximate built-up area (sq.ft.)
ITMAX System	Head office	No. 30-G & 30-3, Jalan Radin Bagus 3, Seri Petaling, 57000 Kuala Lumpur	3,840
	Project office	No. 37-1, Jalan Radin Bagus, Seri Petaling, Kuala Lumpur	2,400
	Administrative office	Level 3 Block B, KK Times Square, Signature Office, Off Coastal Highway, 88100 Kota Kinabalu, Sabah	137
STS	R&D and administrative office	No. 30-1 & 30-2, Jalan Radin Bagus 3, Seri Petaling, 57000 Kuala Lumpur	3,840
	Assembly facility	Block M2, UPM-MTDC Technology Centre, Universiti Putra Malaysia, 43400 Serdang, Selangor Darul Ehsan	2,506

See Section 7.23 of this Prospectus for further details on our material properties.

7.9 MACHINERY AND EQUIPMENT

As at 30 June 2022, the key machinery and equipment for our operations are as follows:

	Quantity	Audited NBV as at 30 June 2022 (RM'000)
Telecommunication towers and monopoles	17 units	1,791
Fibre optic communications network	Approximately 400 km	22,324
Video cameras and related facilities	Note (1)	56,072

Note:

- (1) *Comprising approximately 8,600 video cameras, control centre facilities including the command centre software platform, large display panels and computer terminals as well as data storage servers.*

7.10 PRODUCTION CAPACITY AND UTILISATION

The assembly of control and management systems mainly for the lighting controllers and traffic light controllers are based on planned work orders and not for mass production. As such, production capacity and utilisation are not applicable to us.

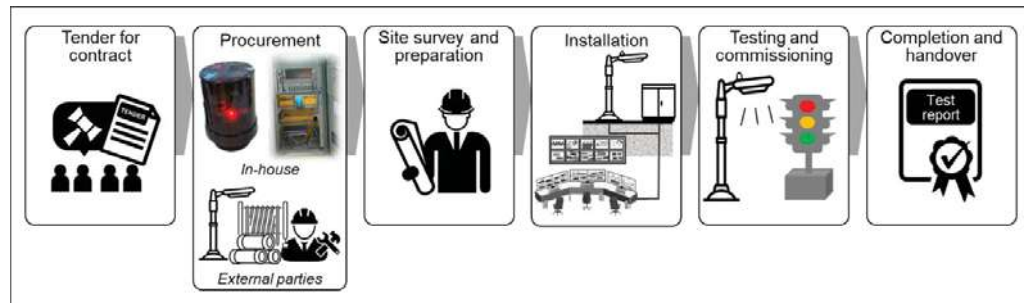
7. BUSINESS OVERVIEW (Cont'd)

7.11 PROCESS FLOW

7.11.1 Supply and installation of networked systems

As at the LPD, the public space networked systems we supply and install include networked lighting systems and networked traffic management systems.

The general process flow of the supply and installation of networked systems is as follows:



The implementation of our projects typically consists of six (6) phases namely tender of contract, procurement, site survey and preparation, installation, testing and commissioning, as well as completion and handover. The duration of the tender process generally ranges from 3 to 6 months. The duration from the awarding of the contract up to completion of installation based on one work order typically takes between 6 to 12 months and there may be multiple work orders issued during the contract period.

Tender for contract

The contracts of our projects are secured through tendering which may include invitations from prospective customers to either tender or request for quotation.

Our decision to participate in the tendering process is based on the preliminary assessment conducted by our team to evaluate, among others, contract terms and the feasibility of the project before participating in the tender or providing a quotation.

Once we have decided to bid, we will commence the preparation of tender documents, which involves site investigation, costing, budgeting, project scheduling, and resource planning including manpower and supply of materials. We will submit the commercial proposal with the final pricing together with our technical proposal, as well as the supporting documents and tender bond.

Procurement

The contract is deemed secured when we receive the letter of award, after which we will proceed to project planning and procurement of materials. Project planning will be conducted by the relevant project department, depending on the types of networked systems. The relevant project department will undertake scheduling and planning, as well as reviewing of design, contract terms and budget.

7. BUSINESS OVERVIEW (Cont'd)

Procurement involves the following:

- materials for the networked systems. The lighting and traffic light controllers are manufactured in-house, while all other products, parts and components such as LED lights are externally sourced. See Section 7.11.2 of this Prospectus for further details on our manufacturing of lighting and traffic light controllers.
- installation materials and labour which we source from external suppliers. Some examples include cables, pipes, signboards, hiring of tools, machinery and equipment, contracting labour and appointment of subcontractors. The appointment of subcontractors will be based on criteria such as timeliness of delivery, quality and pricing.

Site survey and preparation

During this stage, we will liaise with the local authority such as DBKL to obtain all the necessary approvals before the commencement of installation works.

We conduct a site visit to survey the installation site and prepare utility mapping to identify buried pipes and cables beneath the ground, to prevent damaging existing utilities. We carry out site preparation works for the placement of the traffic controllers and street lights, as well as installation of underground communications cable to connect to our fibre optic MAN and power cables for connection to feeder pillars. We also establish staging areas for machinery, equipment and materials.

Installation

After getting all relevant approvals from the authorities, we commence the installation work of laying the underground power and fibre optic cables through the set-up of the pipeline route that follows the approved drawing plan and specification of the contract. We engage subcontractors to carry out installations of cables, pipelines and jointing under the supervision of our project manager to ensure compliance with design and specifications, quality, safety and timely installation works. The installation of underground cables can be done either in open trenches or through a trenchless method known as Horizontal Directional Drilling ("HDD"). The selection of method depends on the cable types and sizes, the environment of the location and/or tender specifications.

We will then coordinate with TNB to connect our power cables to the feeder pillar. In the event that the feeder pillar is not installed previously, we will be responsible for the supply, installation, testing and commissioning of feeder pillars under the supervision of TNB.

We will also connect the lighting and traffic light controllers to our MAN, which ultimately links to a control centre.

Testing and commissioning

Upon completion of the installation work, we would conduct inspection and testing before backfilling and dressing the excavated trenches or pits with sand. After laying the thick sand bed over the cables, we place brick above the sand bed to provide mechanical strength to the cable. We will then fill the trench with soft soil followed by hard soil. Dressing will be applied to the soil, before restoring the road to its former condition through milling and paving. For HDD, there will be limited backfilling and dressing.

A final testing will be conducted before the commissioning of the networked systems. Some tests include simulation and burn-in tests where the networked systems will be operated for five (5) days to detect early failures. Upon successful testing, the facilities will be commissioned. Testing and commissioning are done with our customers as part of their final approval process.

7. BUSINESS OVERVIEW (Cont'd)

Completion and handover

After the final inspection, testing and commissioning, the project will be officially handed over to our customer. We will submit all relevant documents such as all test certificates to the relevant parties as proof of completion of work. All tests carried out would be as prescribed in the latest edition of the IEE Wiring Regulations and the Electricity (Board Supplier) Rules.

The project is deemed to be completed upon receiving the completion certificate or test report in which our customers certify the work has been completed in accordance with all requirements and passed all necessary tests.

Depending on the contract, we are liable for the rectification of defects during the DLP, which mainly ranges between 12 to 24 months after the date of completion, which is determined based on the work done certified by customers. The project is deemed fully completed upon expiration of the DLP where the final retention sum can be claimed.

Maintenance

For some contracts, we also provide maintenance services including preventive and corrective maintenance. Preventive maintenance is carried out regularly mainly to inspect the system and equipment to prevent breakdowns, even if there were no signs of failure. Corrective maintenance is carried out when there is an occurrence of system or equipment failure.

For the maintenance portion of the contract, we will submit invoices on a monthly basis mainly for preventive maintenance based on defined criteria including number of devices installed, operating and maintained during the month at the predetermined rate as per the contract. While for the corrective maintenance, we will carry out the works based on work order issued by customers. Subsequently, we will submit claims on the maintenance and repair works completed.

7. BUSINESS OVERVIEW (Cont'd)

7.11.2 Manufacturing of lighting and traffic light controllers

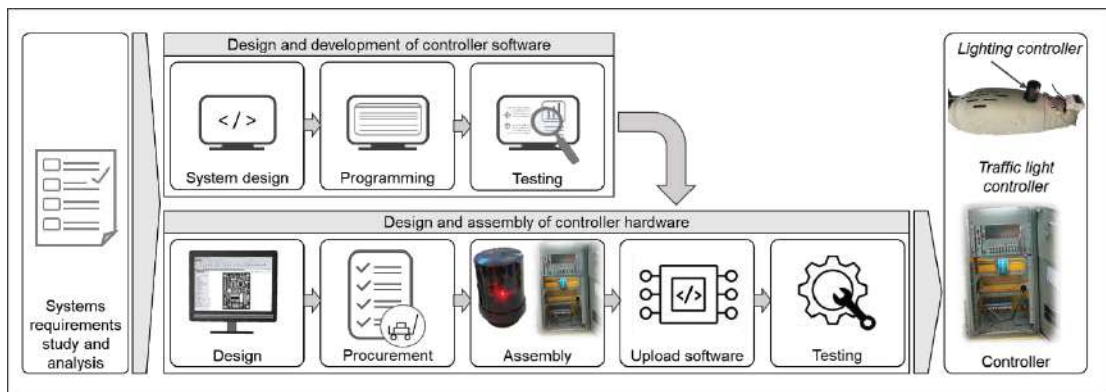
We designed and developed the lighting and traffic light controllers, where we are the original design and brand manufacturer, and the designer and developer of systems and application software embedded in the controller.

It took us approximately 2 years for the initial design and development of the application and systems software and hardware for the lighting and traffic light controllers, as well as integration and connection to a control centre. Our software design and development included system design, programming and testing. We designed the hardware incorporating design of printed circuit board assembly and connectivity to all necessary electrical, electronic and mechanical parts and components. The completed software and hardware were subsequently integrated and the final product tested. Once the lighting and traffic light controller were fully tested, they were ready for commercialisation and implementation.

Subsequently for each new customer, we will need to carry out customisation of the software and hardware to meet each customer's requirements and specifications. This customisation process typically takes one (1) to three (3) months before they are ready for production comprising procurement of materials, assembly of all materials, parts and components, uploading of the customised software into the hardware, and testing of the finished product.

Our production of lighting or traffic light controllers will depend on the quantity specified in each work order. Typically, we require one (1) to three (3) weeks to fully assemble and test either the lighting or traffic light controller for each work order. On completion of the assembly and testing process, the lighting or traffic light controllers will be stored as inventory ready for deployment and installation at various locations specified by our customer.

The general process flow for the manufacturing of lighting and traffic light controllers is as follows:



The manufacturing process of new controllers will first start with carrying out a systems requirement study to draw up the functional specifications based on customer requirements, as well as from an assessment of market needs. A requirement analysis will also be carried out to ensure both hardware and software are aligned with the goals and objectives of the controller.

The manufacturing process is segmented into two (2) main areas:

- design and development of the controller software; and
- design and assembly of the controller hardware.

7. BUSINESS OVERVIEW (Cont'd)

Design and development of controller software

- **System design**

At the system design stage, our in-house R&D team would prepare a software requirements specification or SRS to document the specifications for the systems and applications software, and network requirement for the new system. The SRS will also specify the final product's functional and non-functional requirements, implementation constraints, as well as use case which describes how end-users will use the system.

Next, we will outline the details for operating systems, systems utilities and interfaces, user interfaces, databases, communications protocol and interfaces, and systems, applications and network security.

- **Programming**

Using the systems design and functional specifications, we will carry out the programming. The programming work will be divided into modules which are subsections of the overall applications software system that focuses on specific functions and features.

Some of the key modules include:

- process and control module including real-time collecting, monitoring, logging and processing data, and operating the lights such as turning on the street light or changing the traffic light from red to green;
- gateway module to facilitate collection and transmission of data from several linked controllers with the control centre; and
- communications module to provide transmission and reception of data using agreed protocols.

Unit testing of each programme is carried out independently to eliminate bugs at the coding level as well as to minimise logic errors.

- **Testing**

Once all the programmes have been successfully tested at their respective unit level, they would be integrated and we would carry out systems testing and verify that all functions and features functioning properly and are according to systems and functional design and specifications.

Systems testing is carried out by a separate team and will be based on documented testing routines to validate the performance of the system. Test results are documented and any defects and weaknesses are fixed in the respective programme before the system is re-run and tested again. The testing will continue until no errors or weaknesses are evident.

Once the system is tested to be error and weakness free, we would carry out a user acceptance testing. Since the lighting and traffic management systems are proprietary to us, user testing will be carried out with someone internal who is familiar with the operations of the controllers but not involved in the design and development of the software.

Upon successful user acceptance testing, the controller software will then be uploaded into the processor of the controller.

7. BUSINESS OVERVIEW (Cont'd)

Design and assembly of controller hardware

- **Design**

Based on the systems requirement study and analysis, our R&D team will carry out the design of the circuitry for the printed circuit board including the placement locations of semiconductor components and parts such as resistors and transistors. Subsequently, the whole circuitry including the placement of bulky electrical parts is also incorporated. The final design will include other electronic parts such as sensors, as well as mechanical parts and the product enclosure.

- **Procurement**

After the design phase, we will select a manufacturer to produce our PCBA. We would also procure the necessary parts and components such as electrical and electronic components, electrical wiring and harnesses, as well as plastic and metal parts, and casing from external suppliers. All input materials are inspected visually upon receipt to ensure there are no visible defects.

- **Assembly**

Our assembly process commonly involves two (2) main steps, namely subassembly and final electromechanical assembly.

Our subassembly involves the combination of various parts and components to form a module as part of the overall controller hardware. An example of a subassembly process is to assemble the power supply board, PCBA, processors, memory, sensors, communication ports, and a wireless transmitter and receiver to form the mesh network for connectivity. We carry out in-process electrical and electronic testing of various subassembly modules before the final assembly of the controller hardware.

The next assembly process is the electromechanical assembly of all electrical and electronic subassembly modules and other parts. The electrical assembly part is mainly focused on wiring to connect all the relevant parts and modules, including optimising the routing of all wires, cables and harnesses to optimally fit into the final assembly as well as taking into consideration safety issues. The next step is the mechanical assembly and installation of various subassembly modules, parts, components and outer casings to form the final controller.

- **Upload software**

Once the controller hardware is assembled, the developed controlled software will be downloaded into memory inside the controller hardware. The embedded software will carry out all the processing, management and operations of the controller including transmitting data between the controller processor and the gateway using either wireless or fixed-line communications protocol.

- **Testing**

The final assembled product goes through a series of visual inspections and testing upon completion. Visual inspection is mainly to check that the final system is properly assembled and there are no visual imperfections including surface damages such as scratches or dents. System and product testing will then be conducted to validate the complete and full integrated systems.

7. BUSINESS OVERVIEW (Cont'd)

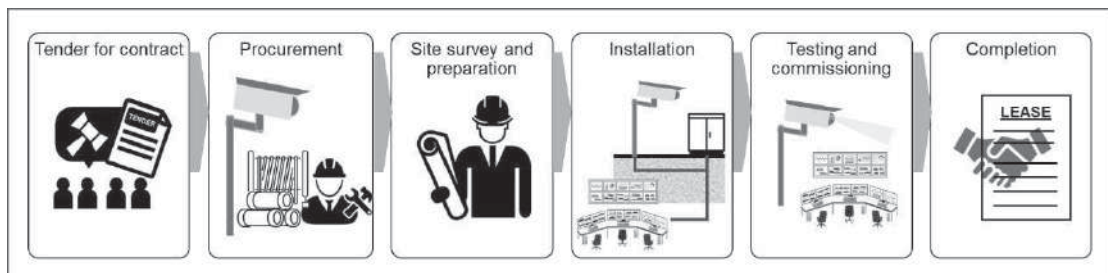
Next, the controller is mounted onto the LED light on the top of the lamp for the lighting system. Some functions of lighting controllers include controlling the on/off timing and amount of light, as well as managing and monitoring the operation of each light.

For the traffic management system, the controller will be connected to the traffic light for testing including simulations of various situations and events. Some of these include simulation to determine signal sequences in relation to switching time to accommodate the arrival of vehicles, as well as adjustments in response to weather conditions.

A user acceptance test is conducted on all system functions internally to test for system robustness under usage.

7.11.3 Provision of video surveillance facilities

The general process flow for the provision of video surveillance facilities is as follows:



The process is similar to the installation of networked systems processes described in Section 7.10.1 of this Prospectus, except for the following:

- contracts that we tender relate to the use of our assets. Generally, the duration for new tender will take about three (3) to six (6) months depending on the size of project while the duration of our contracts for the provision of video surveillance facilities ranges from 3 years to 11 years. See Section 7.7.2.3 of this Prospectus for further details on our on-going contracts for the provision of networked facilities;
- procurement involves different materials. For video surveillance facilities, the materials procured include video cameras, control room equipment, video streamers and encoders. The video cameras are purchased together with relevant semiconductors such as processors, memory for storage, network and connectivity interfaces, as well as power management. Depending on contract, we also procure the related infrastructure such as poles, power cables and VMS. Once we secured the contract, we will commence the procurement including placing orders for the purchase of materials from external suppliers and internal assembled controllers in order to meet the planned installation;
- software is developed in-house to compress, store and transmit images over the communication network. Some examples of software functions include facial recognition, vehicle number plate recognition, and remote control of the functions of video cameras including pan, tilt and zoom. With the exceptions of facial recognition and vehicle number plate recognition, all application software is developed in-house. The software will be embedded into the video cameras, instead of a controller;

7. BUSINESS OVERVIEW (Cont'd)

- at the completion stage, the project will be leased to the customer after final inspection, testing and commissioning. We will ensure that all conditions agreed in the contract are complied with. Some key conditions include obtaining the necessary approvals, permits or licences from relevant authorities. For example, for the provision of video surveillance facilities, we took about 2 years from planning and up to installation of facilities including video cameras and related infrastructures as well as control centre facilities where we only started to charge the use of facilities in October 2020 while the contract started in 2018; and
- in the event any additional works are required, we will be provided with the variation orders, which include potential pricing increases which shall be agreed upon by our customer in writing prior to commencement of work.

7.12 R&D

We carry out R&D through STS. Our R&D expenditure comprising mainly resources costs of our R&D staff were approximately RM20,000, RM0.2 million, RM0.7 million and RM0.4 million for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively, representing 0.3%, 0.8%, 1.3% and 1.3% of our GP, respectively.

Our Group conducts R&D activities on a continuous basis in view of the evolving technological landscape. Our R&D activities are focused in the following areas:

- controllers;
- user applications software systems;
- system management software; and
- machine learning and artificial intelligence.

7.12.1 Controllers

We carry out R&D for our lighting and traffic controllers. Our R&D for the controllers have been successful and are currently installed in various locations mainly in Kuala Lumpur. We have also successfully obtained patents for two (2) modules of our traffic management system while the patents for various modules of our lighting controllers and traffic management controllers are pending approval. See Section 7.22 of this Prospectus for further details on our patents.

Our lighting controllers are installed mainly onto LED streetlights in public spaces, while our traffic light management controllers are installed on the curb of road junctions to manage the timing of traffic light changes. These controllers are also networked via our fibre optic MAN as well as third-party networks and linked to their respective control centres. Our controllers are incorporated into our networked lighting and traffic management systems that we supply and installed for the Financial Years Under Review.

We carry out R&D activities for our lighting controllers which include the following:

- systems and electrical circuitry design including placements of semiconductor components, and electrical and electronic parts;
- design of external housing taking into consideration exposure to environmental factors such as rain, dust and ultraviolet rays;
- integration of cameras and sensors that measure in real time environmental factors including noise and air quality;

7. BUSINESS OVERVIEW (Cont'd)

- integration of wireless communications module to send data collected by the controller and receiving data from the control centre via a nearby communications gateway which is connected to our MAN as well as third-party networks and linked to the control centre.
- design of short-range wireless mesh network to link approximately 250 controllers to one communications gateway within a defined area; and
- designing and developing all the systems, applications and embedded software to control and monitor lighting, monitor sensors, provide communications and transferring data to the control centre.

We carry out R&D activities for traffic management controller which include the following:

- development of optimisation routines (algorithms) for junction coordination which is to synchronise several nearby traffic lights to minimise congestions or build-up of vehicles in any traffic light junction. We mainly utilise queuing and optimal control theory to optimise the objective function of safe and smooth traffic flow within a dynamic environment with real time variables such as vehicle volume, speed of vehicles, human reaction time and weather conditions within the area being managed;
- systems, and electrical and electronic circuitry design including placements of semiconductor components and electrical parts, and integration of sensors;
- design of cabinets with internal fixtures to safely accommodate and organise all the electronic, electrical and mechanical parts;
- integration of module to receive data from sensors such as weather sensors to detect and measure rain, haze or mists;
- designing and developing the traffic management application software to synchronise light change sequences among connected traffic lights in a defined area;
- connection of the traffic controller to our MAN for communications with the control centre; and
- integration of communications devices to send data collected by the controller and receiving data from the control centre via our MAN linked to the control centre.

7.12.2 Systems, applications and communications software

We also carry out R&D of systems, applications and communications software, which are used in the following:

- embedded in our lighting and traffic management controllers to control the various functions of the controller;
- used in our operations and management of networked video surveillance, lighting and traffic management systems including the video surveillance control centre;
- integration of various functions including facial and vehicle number plate recognition that includes third-party modules for our video surveillance system; and

7. BUSINESS OVERVIEW (Cont'd)

- integration of wireless and fixed-line communications modules for connectivity to our MAN.

Our traffic management controller in various stages of fabrication and testing



7.12.3 Artificial intelligence and machine learning

We carry out R&D on artificial intelligence mainly based on machine learning for our video surveillance system. Our artificial intelligence is focused on automatically capturing and detecting events and providing alerts. As at the LPD, our video surveillance artificial intelligence is designed to perform 27 functions in real time. See Section 7.7.2.1 for a series of functions which our video surveillance analytic system is able to perform.

We will continue to carry out R&D for other events to provide alerts such that authorities are able take remedial actions promptly. As at the LPD, some of the R&D activities that we are carrying out include identifying the following events:

- accidents and to categorise them as minor or major; and
- air quality detection.

Our artificial intelligence is based on a continuous process of machine learning to increase the accuracy of identifying events. Our method of machine learning is based on collecting live data over a period of time, commonly a year or more, and feeding them into a programme to establish presence of various criteria as identification for a particular event. The data are then stored and will be used as the benchmark to identify events in real-time video streams.

Our video surveillance and traffic management system, uses both machine learning that relies on pass data to provide the benchmark or the base information, followed by deep learning based on real-time life operation for improved intelligence.

7.12.4 Other ongoing and planned R&D

In addition, we carry out R&D for the following systems and applications:

- City Help: A mobile application system to enable users to view video surveillance images in real time and receive notifications of incidences or events, announcements and disaster warnings;
- City VAS: A video analytic system incorporating cloud services comprising data storage, utility functions (such as sorting data, carrying out statistical calculations or drawing charts) and applications system to enable users to carry out their own analytics;

7. BUSINESS OVERVIEW (Cont'd)

- City Park: A parking application system incorporating analytics of stored traffic data for construction of enclosed and open parking facilities;
- City RATS: An analytics and recognition traffic system that uses data analytics of stored traffic information and IoT such as sensors to facilitate a fully automated and smart traffic system;
- City Underground: An application system for mapping and managing underground utility cables and pipes; and
- City Smart Campus: A comprehensive system which connects devices, applications and the users to improve efficiencies and enhance students' and staffs' experience on campus.

The details of our R&D for the systems and applications are as follows:

Systems and applications	Commencement date / completion dates	Expenditure incurred / expected to be incurred (RM'000)	Status	Target commercialisation date
City Help	July 2022 / January 2023	185	On-going	March 2023
City VAS	August 2019 / February 2023	743	On-going	March 2023
City Park	April 2023 / December 2023	368	Planned	February 2024
City RATS	August 2022 / March 2023	312	Planned	June 2023
City Underground	July 2022 / January 2023	760	On-going	March 2023
City Smart Campus	February 2023 / February 2024	1,058	Planned	May 2024

7.13 TECHNOLOGIES USED

The technologies that we use are mainly in the following areas:

- computer systems and software;
- communications;
- information and data analytics;
- mathematical formulations and theories;
- artificial intelligence and machine learning; and
- electrical and electronics.

7.13.1 Computer systems and software

We use various programming languages (such as C, Java, Python and .Net for our applications software), scripting language (such as Phyton, SQL, CSS, Java Script, AJAX, JQuery and Phyton script) for our embedded software, and operating systems including linux, windows, ubuntu and centos as well as open source modules for applications;

7. BUSINESS OVERVIEW (Cont'd)**7.13.2 Communications**

The communications technologies that we use include short-range wireless communications, mesh network to extend the short-range wireless communications, and fibre optic communication network.

7.13.3 Information and data analytics

We use information technologies comprising both hardware and software for data input, processing, storage and output. Our business activities include the collection and storage of data in various forms including text and images, which we carry out data analytics to provide meaningful trends as well as summarised and analysed data for management. Most of the data analytics carried out are based on data science largely using statistics.

7.13.4 Mathematical formulations and theories

Many of our applications software use mathematical formulae and theories for processing of input or captured data, which are used to develop programme routines to achieve certain objectives.

7.14 SEASONALITY

We do not experience any seasonality in our business operations.

7.15 MATERIAL INTERRUPTIONS IN OUR BUSINESS

Saved as disclosed below, we did not experience any other material interruptions to our business and operations during the FYEs 31 December 2019, 31 December 2020, 31 December 2021, FPE 30 June 2022 and up to the LPD.

7.15.1 COVID-19 conditions in Malaysia

The Government implemented several measures to contain the spread of COVID-19 in the country commencing on 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic and social activities.

The first phase of the MCO was implemented from 18 March 2020 to 3 May 2020 which saw the closure of all businesses except for those classified as “essential services” during that period, or those that have received written approval from the MITI.

During the first phase of the MCO, our business operations was temporarily suspended for 37 days from 18 March 2020 to 23 April 2020. STS resumed operations on 24 Apr 2020 while our Company resumed operations on 29 April 2020 according to the specified guidelines and SOP based on the letter of approval from the MITI dated 23 April 2020 and 28 April 2020 respectively.

Subsequently, as the number of daily and active COVID-19 cases declined, the Government relaxed the country's restrictions and allowed the nation's economy to reopen in a controlled manner. From 18 March 2020 up to June 2021, the MCO went through various phases throughout the country including CMCO, RMCO and FMCO where restrictions were either relaxed and/or tightened for certain states, districts and/or location based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government announced the NRP, a phased exit strategy from the COVID-19 crisis consisting four phases where the restrictions are gradually eased in each phase.

7. BUSINESS OVERVIEW (Cont'd)

During the various phases of the MCO including CMCO, RMCO, FMCO and NRP between 4 May 2020 and up to the LPD, we continued to operate according to the specified guidelines and SOP including specified workforce capacity during the respective periods.

7.15.2 Impact on our business operations and financial performance**FYE 31 December 2020**

As a result of the implementation of the MCO by the Government our business operations was temporarily suspended for 37 days in the FYE 31 December 2020 during the MCO period. We resumed operations in April 2020 at a maximum of 50% workforce capacity for all ongoing project sites and continued to operate according to the specific guidelines and SOP then upon obtaining the approval from the MITI. We resumed 100% workforce capacity on 4 May 2020.

During the various phases of MCO in 2020, we continued to work operate according to the specific guidelines and SOP where we continued to serve our customers. As for our suppliers, they continued to supply us the hardware including devices, equipment and parts, while our subcontractors continued to carry out the works in accordance to the SOP during the said periods in 2020. We were not impacted by any delay in the delivery of imported input materials due to border closures as we had sufficient inventory to meet the planned installation during the FYE 31 December 2020.

The temporary suspension resulted in a delay in onsite installation works which impacted the timing of submission of progress billings on work done during the suspended period mentioned above. This also affected our assembly operations of controllers due to temporary closure during the MCO. Nonetheless, there was no material and adverse impact on our financial performance including supply chain, collection of trade receivables and adequacy of working capital as the progress billing and works was completed during the same financial year. Hence, there was no delay in revenue recognition for the FYE 31 December 2020.

FYE 31 December 2021

In the FYE 31 December 2021, pursuant to the FMCO that started on 1 June 2021 followed by Phase 1 of the NRP, we continued to operate according to the specific guidelines and SOP. Nonetheless, there was no material and adverse impact on our financial performance including supply chain, collection of trade receivables and adequacy of working capital.

As at the LPD, we have not experienced any LAD claims from our customers. We have applied and obtained approval for extension of time from our customers for the completion of our on-going projects without impositions of LAD due to lockdowns imposed by the Malaysian Government to curb the spread of the COVID-19 pandemic.

7. BUSINESS OVERVIEW *(Cont'd)*

7.16 MARKETING STRATEGIES AND ACTIVITIES

Our core business is in the provision of public space networked systems. These include the supply and installation of networked lighting and traffic management systems as well as provision of networked video surveillance facilities and communications network services. We adopt a proactive marketing approach where we mainly market our services directly to the users of the networked system which comprises local governments, ministry and telecommunications service providers or address business opportunities through referrals from customers and business associates. In addition, our corporate website serves as a reference site for potential customers.

We will continue to employ the following approaches as part of our marketing strategies with an objective to provide our business with sustainable revenue streams and also to grow our business:

- we have a track record of 9 years as a provider of networked system in public spaces. As at the LPD, we have installed networked systems in public spaces covering states and federal territories in Malaysia. With our experience and track record, we will continue to pursue and submit tenders and proposals to extend our services to other local governments in various states within Malaysia. We also actively review tender notices to address business opportunities in tendering for projects.
- we own an approximate 400 km fibre optic MAN in Kuala Lumpur as at the LPD to support our public space networked systems and sales of bandwidth to provide convenience to our customers to integrate their needs with our facilities which provides us with opportunities for business growth. In addition, we also own communication towers and monopoles in Perak and Selangor. We will continue to market our networked infrastructure to offer value-added features to our existing and new customers or lease our facilities.
- we will proactively market our expertise and technical abilities in public space networked systems by approaching other local governments, ministry and private enterprises with a view of increasing our market presence and awareness among potential customers that we have a track record and have built our market reputation in public space networked systems. This includes marketing the R&D capabilities as demonstrated by the efforts of our brands of systems that we have developed including “Selmos” for the lighting system and “TrafficSens” for traffic management system.

Our marketing efforts are spearheaded by our Managing Director and Chief Executive Officer, TWL, our Executive Director, Datin Afinaliza and our Chief Marketing Officer, Fun Mun Sek. They are supported by our business development team comprising nine (9) personnel as at the LPD.

7. BUSINESS OVERVIEW (Cont'd)**7.17 MAJOR CUSTOMERS**

Our top five (5) major customers and their contribution to our revenue in terms of amount and percentage for the Financial Years Under Review and FPE 30 June 2022 are as follows:

FYE 31 December 2019

Customer name	Main services/products	Length of relationship*	RM'000	% of revenue
DBKL	Networked systems ⁽¹⁾	10	23,142	62.2
STS	Networked traffic light control system	2	⁽³⁾ 3,034	8.2
Ahmad Zaki Sdn Bhd	UPS	Less than 1 year	2,942	7.9
Sunway Construction Sdn Bhd	UPS	Less than 1 year	2,070	5.6
Norangkasa Enterprise Sdn Bhd	Communications network facility and networked lighting system ⁽²⁾	7	1,588	4.3
Total			32,776	88.2
Our Group's revenue			37,212	

FYE 31 December 2020

Customer name	Main services/products	Length of relationship*	RM'000	% of revenue
DBKL	Networked systems ⁽¹⁾	11	28,870	60.7
Norangkasa Enterprise Sdn Bhd	Communications network facility and networked lighting system ⁽²⁾	8	8,922	18.8
DBKK	Networked lighting system ⁽²⁾	1	2,919	6.1
Ahmad Zaki Sdn Bhd	UPS and traffic light control system	1	1,902	4.0
Sunway Construction Sdn Bhd	UPS	1	1,304	2.7
Total			43,917	92.3
Our Group's revenue			47,538	

7. BUSINESS OVERVIEW (Cont'd)**FYE 31 December 2021**

Customer name	Main services/products	Length of relationship*	RM'000	% of revenue
DBKL	Networked systems	12	58,383	73.2
Norangkasa Enterprise Sdn Bhd	Communications network facility and networked lighting system ⁽²⁾	9	3,819	4.8
Gadang Engineering (M) Sdn Bhd	Networked lighting system ⁽²⁾	2	3,400	4.3
WCT Berhad	Networked lighting system ⁽²⁾	2	3,286	4.1
Trans Resources Corporation Sdn Bhd	Networked lighting system ⁽²⁾	2	2,909	3.6
Total			71,797	90.0
Our Group's revenue			79,759	

FPE 30 June 2022

Customer name	Main services/products	Length of relationship*	RM'000	% of revenue
DBKL	Networked systems	13	38,515	94.5
Norangkasa Enterprise Sdn Bhd	Communications network facility and networked lighting system ⁽²⁾	10	819	2.0
Bank Kerjasama Rakyat Malaysia Berhad	Networked video surveillance system	1	360	0.9
Webe Digital Sdn Bhd	Communications network facility	3	262	0.6
Ahmad Zaki Sdn Bhd	UPS	3	204	0.5
Total			40,160	98.5
Our Group's revenue			40,740	

Notes:

* Length of relationship as at the respective financial year.

(1) Included the following three (3) different networked systems and services:

- Provision of networked video surveillance facilities;
- Supply, installation, commissioning and maintenance of networked lighting systems; and
- Supply, installation, commissioning and maintenance of networked traffic management systems.

(2) Including supply, installation, commissioning and/or maintenance services.

(3) Sales of RM3.0 million to STS is for the period from 1 January 2019 to 30 September 2019 prior to the establishment of common control pursuant to the acquisition of ITMAX System by ARSB on 1 October 2019. Tan Sri Tan is the controlling shareholder of STS.

7. BUSINESS OVERVIEW (Cont'd)

We are dependent on DBKL as revenue from our contracts with Datuk Bandar Kuala Lumpur for the provision of works and services to DBKL accounted for RM23.1 million (62.2%), RM28.9 million (60.7%), RM58.4 million (73.2%) and RM38.5 million (94.5%) of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively. As at the LPD, we have three (3) subsisting contracts with DBKL as follows:

	Validity	Total contract value* (RM'000)	Remaining order book as at the LPD (RM'000)
Provision of networked video surveillance facilities (" ITIS Contract ")	2018 to 2029	528,120	438,878
Supply, installation, commissioning and maintenance of networked street lighting systems (" Street Lights Contract ")	2016 to 2023	207,219	10,757
Supply, installation, commissioning and maintenance of networked traffic light control systems (" Traffic Lights Contract ")	2017 to 2023	111,270	60,740
Total		846,609	510,375

Note:

* Include variation orders

Our Group's dependency on DBKL is mitigated due to the following:

(1) Mutually dependency between our Group and DBKL**(a) Video surveillance facilities**

As at the LPD, our video surveillance facilities comprise approximately 5,000 video cameras scattered all over public spaces in Kuala Lumpur. Through the efforts of our in-house R&D team, we have successfully integrated our in-house developed application software and solutions with the video surveillance system. The system is configured with artificial intelligence features with machine learning capabilities to identify events and issue alerts for prompt actions.

The development and configuration of these solutions would require time to build as it takes time to collect data for the system to learn and to identify specific events such as congestion detection, detection of car breakdown and reverse driving. Our video surveillance system has collected more than 1 year of data on behalf of DBKL and such data is owned by DBKL. These data are used as part of machine learning to identify specific events and configure solutions for DBKL.

As at the LPD, we have invested in the following:

- supply, installation and commissioning of all the video cameras, VMS and related infrastructure such as poles and power cables;
- developed and installed the following facilities:
 - . hardware and software redundancy and back-up;

7. BUSINESS OVERVIEW (Cont'd)

- . integrating the entire video surveillance facilities to the communication network including wholly-owned fibre optic communications network and third party network and connected to the control centre; and
- . hardware and software required for the operation of the control centre.
- all relevant software in the operation of the video surveillance system and provision of management analysis and analytic reports; and
- developed and installed approximately 400 km fibre optic communications network that connects the relevant video camera and devices to the control centre.

The upfront cost of developing and constructing the entire facilities was borne by us while DBKL only pays leasing fees, thus avoiding the need to pay upfront capital cost for the entire facilities.

All equipment required to execute the contract including fiber optic cables, CCTV, VMS, electrical cables, pole infrastructure, networking equipment, storage servers, analytic servers and software applications belong to us.

Therefore, in the unlikely event that DBKL decides to change supplier or to bring the entire facilities in-house, the new supplier or DBKL will be required to come up with the full capital cost of constructing the entire video surveillance facilities. This will also need to take into consideration the time required for implementation of 5,000 video cameras under the IT IS Contract which we took more than three (3) years to install. Another consideration is that our video surveillance system has collected more than one (1) year of data on behalf of DBKL and such data is owned by DBKL. These data are used in our machine learning to identify events and situations. We are of the view that DBKL will also take into consideration these factors, along with our long track record and relationship with DBKL, on whether or not to extend the ITIS Contract which is subsisting until 2029.

(b) Networked lighting system

We are DBKL's provider for the supply, installation, commissioning and maintenance of LED street lighting system. As at the LPD, we have installed 45,000 LED lights including street lights, decorative and flood lights. Each street light also includes our proprietary controller that controls the on/off timing and amount of light, manages and monitors the operation of the LED light, and communicates with control centre of any failures or malfunctions via alarm notification system that we developed. The street lights are all linked through communication networks and connected to the DBKL's control centre.

In the unlikely event that DBKL decides to change supplier, the new supplier's street light controller will be incompatible with our controllers resulting in operating and maintaining an additional system thus creating duplication of trained resources to operate and maintain two or more non-compatible systems. The other consideration factor is the time required to replace the facilities where we took more than four (4) years to install approximately 45,000 LED lights including street lights, decorative and flood lights and another two (2) years to install approximately 38,000 controllers. We are of the view that DBKL will take into consideration these factors, along with our long track record and relationship with DBKL, in considering whether or not to extend the networked Street Lights Contract. The tenure of the Street Lights Contract was originally for five (5) years until 2021 which has since been extended until 2023.

7. BUSINESS OVERVIEW (Cont'd)**(c) Networked traffic management system**

We are DBKL's provider for the supply, installation, commissioning and maintenance of traffic management system. Through in-house R&D team, we have successfully developed and customised traffic management applications and solutions for our own traffic management controllers which are market under our brand "TrafficSens". The traffic management and monitoring solutions incorporate various optimization routines that enables the system to regulate signal cycles in real-time in reaction to changing traffic conditions. Our R&D team continuously carry out software and application enhancement and development to offer value-added features to our customer.

The controllers on each traffic light are connected and linked to DBKL's control centre. Through the networking of the traffic light controllers, we are able to synchronise the timing of traffic lights among several nearby traffic lights to optimise safe traffic flow in the area. In the unlikely event that DBKL decides to change supplier, it would take time to replace the facilities where we took more than three (3) years to install approximately 160 traffic light controllers. We are of the view that DBKL will take into consideration these factors, along with our long track record and relationship with DBKL, in considering whether or not to extend the Traffic Lights Contract. The tenure of the Traffic Lights Contract was originally for five (5) years period until 2022 which has since been extended until 2026.

(2) Long track record and relationship with DBKL

We have been serving DBKL for approximately 13 years since 2009 with the first contract being secured in 2009 by our Company whereas STS secured its first contract from DBKL in 2016. These DBKL contracts were awarded by way of tender. The DBKL contracts are also not conditional upon each other nor are they conditional on the performance of each of the respective contract.

We have maintained a good and long relationship with DBKL with a track record of meeting DBKL's requirements or quality standards given the extensions of the lighting and traffic management contracts, and DBKL has also awarded us a total of 8 variation orders in addition to the original ITIS Contract that was initially awarded on 7 June 2018. The ITIS Contract will end in 2029.

(3) Moving forward, we plan to expand into other cities and states by replicating our public space networked systems business model where our capability can be deployed to tap into the growth of smart cities in other cities and states to reduce our reliance on DBKL

Our reliance on DBKL as a customer resulted from our business decision to focus our available resources to provide public space network system including networked lighting system, networked traffic management system and networked video surveillance facilities in the last few years. These systems and facilities form part of DBKL's aspirations to transform Kuala Lumpur into a smart city. The expansion of the scope of the original contract following visible milestone progress of a successful deployment of public space networked system in 2020 strongly demonstrates the confidence of DBKL in our capability in the smart city space. The increase in the contract value as a result of DBKL's confidence in our ability to deliver has resulted in an increased reliance on DBKL.

7. BUSINESS OVERVIEW (Cont'd)

Upon completion of the deployment of the networked video surveillance facilities under the ITIS Contract in June 2022, we expect our resources to be freed up and together with the proceeds from the Public Issue, we will continue to actively bid for new contracts to reduce our reliance on DBKL. We have earmarked a large percentage of the proceeds from the Public Issue to implement our public space networked system business model to other cities in line with the smart city concept. In addition, we intend to use part of the proceeds to expand our business into the new market segment to target enterprise market and expand our R&D team. See Section 7.5 of this Prospectus for further details on our business strategies and plans.

Part of our business strategies and plans is in line with the Malaysia Smart City framework where one of the concepts is using information, communication and digital technology to improve urban management and quality of life, sustainability, efficiency and security. This is anchored on the concept that everything is connected and intelligent while shared digital infrastructure will help cities correlate data from multiple sources to generate new value and efficiencies. In this respect, we envisage to leverage from our core competencies in public space networked system supported by our in-house R&D resources to address potential opportunities in other smart city projects in Malaysia for business expansion and growth.

7.18 TYPES AND SOURCES OF INPUT MATERIALS AND SERVICES

The following are the major types of input materials and services that we purchased for our operations for the Financial Years Under Review and FPE 30 June 2022:

	FYE 31 December						FPE 30 June	
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Hardware including devices, equipment, electrical and electronic parts	17,150	50.5	40,420	68.0	47,432	72.5	18,614	60.2
- video cameras and storage equipment	9	*	13,216	22.2	20,344	31.1	7,130	23.1
- LED lights	9,043	26.6	15,714	26.4	12,510	19.1	3,081	10.0
- computers and software	196	0.6	215	0.4	5,725	8.8	3,374	10.9
- power supply	5,142	15.1	4,166	7.0	670	1.0	599	1.9
- others ⁽¹⁾	2,760	8.2	7,109	12.0	8,183	12.5	4,430	14.3
Subcontracted services	16,813	49.5	18,982	32.0	18,012	27.5	12,298	39.8
Total	33,963	100.0	59,402	100.0	65,444	100.0	30,912	100.0

Note:

- (1) Including electrical and electronic parts and components such as PCBA, cables and wires, electrical harnesses, enclosures including plastic and metal enclosures, poles and concrete footings, as well as tools and hardware.

- Hardware including devices, equipment, electrical and electronic parts**

The purchases of hardware including devices, equipment, electrical and electronic parts accounted for 50.5%, 68.0%, 72.5% and 60.2% of our purchases of input materials and services for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively.

7. BUSINESS OVERVIEW (Cont'd)

We mainly purchase the following hardware for our operations:

- LED lights, electrical and electronic parts and components including PCBA and cables and wires, as well as plastic enclosures used for assembly of controllers, communication modules for the gateway for networked lighting system;
- video cameras, sensors, electrical and electronic parts and components including PCBA and electrical wiring and harnesses, and metal enclosures used for assembly of controllers, as well as loop vehicle detectors for networked traffic management system; and
- UPS equipment sourced from third party.

- **Subcontracted services**

Our subcontracted services accounted for 49.5%, 32.0%, 27.5% and 39.8% of our purchases of input materials and services for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively.

Subcontracted services mainly include subcontractors engaged to carry out installation of installation of equipment and devices, M&E works, as well as subcontracted labour for maintenance works.

Imported input materials accounted for 22.8%, 25.2%, 13.6% and 9.2% of our purchases of input materials and services for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022 respectively. The imported input materials were transacted in USD and SGD.

For the Financial Years Under Review, the breakdown of our purchases by currencies are as follows:

	FYE 31 December						FPE 30 June	
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Locally sourced materials and services	26,229	77.2	44,431	74.8	56,527	86.4	28,065	90.8
Imported input materials	7,734	22.8	14,971	25.2	8,917	13.6	2,847	9.2
- In USD	7,706	22.7	14,886	25.1	8,900	13.6	2,847	9.2
- In SGD	28	0.1	85	0.1	17	*	-	-
Total	33,963	100.0	59,402	100.0	65,444	100.0	30,912	100.0

* Less than 0.1%.

See Sections 9.1.10 and 12.2.21 of this Prospectus for further details on foreign currency risk.

7. BUSINESS OVERVIEW (Cont'd)**7.19 MAJOR SUPPLIERS**

Our top five (5) major suppliers and their contribution to our purchases for the Financial Years Under Review and FPE 30 June 2022 are as follows:

FYE 31 December 2019

Supplier name	Main materials/services	Length of relationship*	RM'000	% of purchases
Power Great Trading Limited ⁽¹⁾	LED lights	3	7,309	21.5
IT Usaha Engineering Sdn Bhd	Power supply	Less than 1 year	4,985	14.7
Kejuruteraan Ilham Terang Sdn Bhd	Subcontracted labour	3	3,305	9.7
STS	Controller	2	3,078	9.1
Speedy Best Sdn Bhd	Lighting products	3	1,641	4.8
Sub-total			20,318	59.8
Total purchases			33,963	

FYE 31 December 2020

Supplier name	Main materials/services	Length of relationship*	RM'000	% of purchases
Power Great Trading Limited ⁽¹⁾	LED lights	4	9,380	15.8
CMS Construction (M) Sdn Bhd	Subcontractor for civil works	Less than 1 year	8,475	14.3
Hikvision (M) Sdn Bhd ⁽²⁾	Cameras and storage equipment	Less than 1 year	6,907	11.6
IT Usaha Engineering Sdn Bhd	UPS	1	4,012	6.8
Hangzhou Hikvision Technology Co. Ltd ⁽²⁾	Cameras and storage equipment	3	3,776	6.4
Sub-total			32,550	54.9
Total purchases			59,402	

7. BUSINESS OVERVIEW (Cont'd)**FYE 31 December 2021**

Supplier name	Main materials/services	Length of relationship*	RM'000	% of purchases
Hikvision (M) Sdn Bhd ⁽²⁾	Cameras and storage equipment	1	18,902	28.9
Power Great Trading Limited ⁽¹⁾	LED lights and displays	5	8,642	13.2
CMS Construction (M) Sdn Bhd	Subcontractor for civil works	1	7,840	12.0
Tec D Distribution (Malaysia) Sdn Bhd	Computers and software	Less than 1 year	4,748	7.3
LED Vision Sdn Bhd	LED lights	9	2,508	3.8
Sub-total			42,640	65.2
Total purchases			65,444	

FPE 30 June 2022

Supplier name	Main materials/services	Length of relationship*	RM'000	% of purchases
Hikvision (M) Sdn Bhd ⁽²⁾	Cameras and storage equipment	2	6,438	20.8
CMS Construction (M) Sdn Bhd	Subcontractor for civil works	2	6,249	20.2
Power Great Trading Limited ⁽¹⁾	LED lights and displays	6	2,422	7.8
Esri Malaysia Sdn Bhd	Software	Less than 1 year	1,920	6.2
Tec D Distribution (Malaysia) Sdn Bhd	Computers and software	1	1,221	3.9
Sub-total			18,250	59.0
Total purchases			30,912	

Notes:

* Length of relationship as at the respective financial year end.

(1) Power Great Trading Limited is a private company limited by shares, incorporated and based in Hong Kong which sources various products from China for our Group.

(2) Hikvision (M) Sdn Bhd is a subsidiary of Hangzhou Hikvision Technology Co., Ltd., a listed company on Shenzhen Stock Exchange.

We are not dependent on any of these major suppliers as these materials and services can be sourced from other suppliers or subcontractors. While we are generally dependent on subcontractors to carry out certain works, we are not dependent on any single subcontractor.

7. BUSINESS OVERVIEW (Cont'd)**7.20 MATERIAL DEPENDENCY ON COMMERCIAL OR FINANCIAL CONTRACTS, AGREEMENTS, PRODUCTION OR BUSINESS PROCESSES OR OTHER ARRANGEMENTS**

Save for the following contracts entered into with Datuk Bandar Kuala Lumpur (“**Datuk Bandar KL**”), as at the LPD, there are no commercial or financial contracts, agreements, production or business processes or other arrangements which have been entered into by or issued to us or which we are dependent on which could materially affect our Group’s business or profitability:

Parties / Agreement / Contract	Description	Tenure	Salient terms
Datuk Bandar KL			
(i) Dokumen Perjanjian - Kerja-kerja Membekal Perkhidmatan Penggunaan Sistem CCTV Dan VMS Integrated Transport Information System (ITIS) Secara Sewaan Tahun 2021-2026 (2018/A051) (i.e. ITIS Contract)	ITMAX System was appointed to carry out provision of CCTV system usage services and VMS Integrated Transport Information System (ITIS) via yearly rental by providing consultancy advice, technical support, trainings, guarantee and organize, document and execute the project for the usage of DBKL in accordance with all specifications, general contract terms and letter of acceptance of tender for the project as enclosed in the agreement.	The initial tenure of the contract was from July 2018 to December 2026. However, due to multiple variation orders, the contract has been extended to June 2029	<p>(a) <u>Contract value</u> RM528,120,284.14</p> <p>(b) <u>Breach</u> In the event that ITMAX System is in breach of the terms of the ITIS Contract, Datuk Bandar KL may issue a written notice to ITMAX System requiring it to rectify such breach within 14 days from the date of such notice, failing which Datuk Bandar KL may terminate the ITIS Contract by issuing a termination notice.</p> <p>In the event that ITMAX System enters into liquidation or becomes insolvent or any of the Directors are adjudicated bankrupt or is convicted of a criminal offence, Datuk Bandar KL may terminate the ITIS Contract by issuing a seven (7) days’ notice.</p>

7. BUSINESS OVERVIEW (Cont'd)

Parties / Agreement / Contract	Description	Tenure	Salient terms
			(c) <u>LAD</u> In the event ITMAX System is late in conducting any works or responsibilities in implementing the project within the agreed period, ITMAX System is required to pay to Datuk Bandar KL a LAD at the rate of RM50 for each equipment per day.
			(d) <u>Indemnity</u> ITMAX System is required to always bear, protect and always protect Datuk Bandar KL, its employees and agents from any responsibilities, liabilities, actions, proceedings, claims, requests, costs, compensation and expenses imposed on Datuk Bandar KL, its employees and agents under any laws of Malaysia due to any injuries suffered by individuals or damages to properties throughout the period of the project.
(ii) Cadangan Kerja-Kerja Pemasangan Dan Penyelenggaraan Lampu-Lampu Jalan Dan Lampu-Lampu Hiasan Di Wilayah Persekutuan Bagi Tahun 2016-2018 (2016/A096)(Contract No. JKME-0080/2016) (i.e. Street Lights Contract)	ITMAX System was appointed by Datuk Bandar KL as a contractor to carry out installation and maintenance work of street lights and decorative lights in the Federal Territory of Kuala Lumpur	The initial tenure of the contract was from August 2016 to July 2021. The contract has been extended to July 2023 via a variation order awarded by DBKL which includes variation to the contract value and scope of works.	(a) <u>Contract value</u> RM207,219,331.00 (b) <u>Breach</u> In the event that ITMAX System is in breach of the terms of the Street Lights Contract, Datuk Bandar KL may issue a written notice to ITMAX System requiring it to rectify such breach within 14 days from the date of such notice, failing which Datuk Bandar KL may terminate the Street Lights Contract by issuing a termination notice.

7. BUSINESS OVERVIEW (*Cont'd*)

Parties / Agreement / Contract	Description	Tenure	Salient terms
			In the event that ITMAX System becomes insolvent, enters into an arrangement or composition with its creditors or an order is made for the winding up of ITMAX System. Datuk Bandar KL may terminate the Street Lights Contract by issuing a termination notice.
			(c) <u>LAD</u>
			In the event ITMAX System fails to attend to scheduled maintenance and any urgent repairs/ maintenance instructions received from superintending officer or the rate of progress of ITMAX System remains unsatisfactory over a given period of time, ITMAX System is required to pay to a LAD at the rate of RM250.00 per day.
			(d) <u>Indemnity</u>
			ITMAX System shall indemnify, protect and defend at its own cost and expense Datuk Bandar KL and its agents and servants from and against all actions, claims and liabilities arising out of acts done by ITMAX System in the performance of the Street Lights Contract.

7. BUSINESS OVERVIEW (Cont'd)

Parties / Agreement / Contract	Description	Tenure	Salient terms
(iii) Dokumen perjanjian – Kerja-kerja pembangunan, pengurusan dan penyelenggaraan sistem trafik bersepadu untuk DBKL (2016/A164) (Contract No. JKPB-0025/2017) (i.e. Traffic Lights Contract)	STS was appointed by Datuk Bandar KL as a contractor to provide development, management and maintenance work of an integrated traffic system for DBKL	The initial tenure of the contract from February 2017 to February 2022. The contract has been extended to February 2026 via two (2) letters of extension dated 15 June 2020 and 6 October 2022.	<p>(a) <u>Contract value</u></p> <p>RM111,270,000.00</p> <p>(b) <u>Breach</u></p> <p>In the event that STS is in breach of the terms of the Traffic Lights Contract, Datuk Bandar KL may issue a written notice to STS requiring it to rectify such breach within 14 days from the date of such notice, failing which Datuk Bandar KL may terminate the Traffic Lights Contract by issuing a termination notice.</p> <p>In the event that STS becomes insolvent or compounds with or enters into an arrangement or composition with its creditor or an order is made for the winding up of STS, Datuk Bandar KL may terminate the Traffic Lights Contract by issuing a termination notice.</p> <p>(c) <u>LAD</u></p> <p>In the event STS fails to complete the works within the date of completion or within any extended time, Datuk Bandar KL shall be entitled to recover from STS, LAD at the rate of RM1,500.00 per day.</p> <p>(d) <u>Indemnity</u></p> <p>STS shall indemnify, protect and defend at its own costs and expense, Datuk Bandar KL and its agents and servants from and against all actions, claims and liabilities arising out of acts done by STS in the performance of the Traffic Lights Contract.</p>

7. BUSINESS OVERVIEW (Cont'd)**7.21 EMPLOYEES**

As at the LPD, our Group employed a total workforce of 124 employees, of which 119 are permanent employees and five (5) are contractual employees.

The breakdown of our employees by business function/department as at 5 November 2022 are as follows:

Business function/ department	Permanent employee		Contractual employee		Total
	Local	Foreign	Local	Foreign	
Executive Director	3	-	-	-	3
Key Senior Management	3	-	-	-	3
Key Technical Personnel	2	-	-	-	2
Administration and finance	13	-	-	-	13
Information technology	16	-	1	-	17
Sales and marketing	7	-	2	-	9
Project management	9	-	-	1	10
Engineer	29	-	-	-	29
Operation & technical employees	37	-	1	-	38
Total	119	-	4	1	124

None of our employees belongs to any labour union. During the Financial Years Under Review and up to the LPD, there has been no industrial disputes pertaining to our employees.

7. BUSINESS OVERVIEW (Cont'd)**7.22 TRADEMARKS, BRAND NAMES AND OTHER INTELLECTUAL PROPERTY RIGHTS**

As at the LPD and save as disclosed below, our Group is not dependent on any other trademarks, brand names and intellectual property rights including patents and copyrights which could materially affect our business or profitability:

7.22.1 Patents

We have registered two (2) patents for two (2) of our Group's inventions and we are also in the midst of applying for the registration of seven (7) of our Group's patents invention. Applications for the registration of these patents have been submitted to MyIPO. The status of the registration of these patents as at the LPD is as follows:

No.	Applicant	Title of invention	Filing no. / Grant no.	Filing date / Grant date	Expiry date	Status
1.	STS	A system for intelligent traffic control ⁽¹⁾	PI2012701326 / MY-187372-A	31 December 2012 / 22 September 2021	31 December 2032	Granted
2.	STS	A system for controlling traffic signals	PI2015700145 / MY-190689-A	21 January 2015 / 11 May 2022	21 January 2035	Granted
3.	STS	Elevator monitoring system	PI2021006339	22 October 2021	-	Substantive examination in progress ^{(2)/(4)}
4.	STS	Traffic control method and apparatus	PI2021006396	25 October 2021	-	Substantive examination in progress ^{(2)/(4)}
5.	STS	A traffic control monitoring system	PI2021006586	2 November 2021	-	Substantive examination in progress ^{(2)/(4)}
6.	STS	System for remote operation of streetlights	PI2021004488	3 August 2021	-	Substantive examination in progress ^{(2)/(4)}
7.	STS	System and method for traffic management	PI2022003742	15 July 2022	-	Submitted application on 15 July 2022 and pending preliminary examination ^{(3)/(4)}

7. BUSINESS OVERVIEW (Cont'd)

No.	Applicant	Title of invention	Filing no. / Grant no.	Filing date / Grant date	Expiry date	Status
8.	STS	A system for managing traffic flow between junctions	PI2022003738	15 July 2022	-	Submitted application on 15 July 2022 and pending preliminary examination ⁽³⁾⁽⁴⁾
9.	STS	A vehicle queue information system and method	PI2022003741	15 July 2022	-	Submitted application on 15 July 2022 and pending preliminary examination ⁽³⁾⁽⁴⁾




Notes:

- (1) STS has made an international application under the Patent Cooperation Treaty with international publication no. WO2014/104869 in respect of the such invention and subsequently, we have registered the invention with the National Intellectual Property Office of Sri Lanka with patent no. 18242, which is valid from 4 March 2013 until 4 March 2033. Such patent application was submitted in view of a past potential business opportunity in Sri Lanka, which eventually did not materialise. We do not deem the aforementioned patent registered in Sri Lanka as a material patent or an intellectual property right on which we are materially dependent as we do not have any immediate plans to pursue any business opportunities in Sri Lanka.
- (2) The patent is estimated to be granted by 2026.
- (3) The patent is estimated to be granted by 2027.
- (4) We may not be able to protect or effectively enforce our proprietary rights against unauthorised use of such invention in the event the registration of the patent with MyIPO is unsuccessful. However, we are not materially dependent on the patent and our Group's operations and financial performance will not be materially affected if the registration of the patent is unsuccessful as any failure to register such patent will not in itself prohibit our Group from using such invention and we can continue to offer these systems to our existing and future customers. We may also re-apply if our patent application is rejected after meeting patentability requirements and there are also avenues to challenge the filing of a patent by any third party for a similar invention such as on the basis that such third party invention is not novel in nature in view of our existing invention. Such invention only represents part of the systems we provide to our customers and our competitive advantage lies to a large extent in our ability and track record of providing various systems to our customers which form part of a single integrated system or solution.

7. BUSINESS OVERVIEW (Cont'd)

7.22.2 Trademarks

As at the LPD, our Group has registered two (2) trademarks and we are in the midst of applying for registration of nine (9) trademarks with MyIPO. The status of the registration of these trademarks as at the LPD is as follows:

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
	2010010797	Malaysia	16 June 2010 / 16 June 2010	Registered	16 June 2010 – 16 June 2030	Class 9: Data processing apparatus, electro-dynamic apparatus for the remote control of signals; traffic-light apparatus [signaling devices]; computers (processor); detectors; all included in class 9
	2010010796	Malaysia	16 June 2010 / 16 June 2010	Registered	16 June 2010 – 16 June 2030	Class 42: Computer programming; research and development; all included in class 42
	TM2022017295	Malaysia	12 July 2022	Under substantive examination ⁽¹⁾⁽³⁾	-	Class 11: Accent lights for indoor use; automobile headlights; bicycle lights; diving lights; electric flashlights; electric night lights; floodlights; handheld spotlights; high-intensity searchlights; led flashlights; led lamp lights; led landscape lights; led lights; safety lights; spotlights.

7. BUSINESS OVERVIEW (Cont'd)

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
SENSELOG	TM2022017170	Malaysia	8 July 2022	Under substantive examination ⁽¹⁾⁽³⁾	-	Class 9: Data processing apparatus; data processing equipment; data processing programs; air traffic control apparatus; air traffic control equipment; air traffic control radio equipment; air traffic control systems; luminous or mechanical traffic signs; luminous traffic signs; railway traffic safety appliances; reflectors for traffic signals; traffic cones; traffic-light apparatus; traffic signs, luminous; traffic signs, mechanical; radio transmitters for remote controls; remote control receivers.

7. BUSINESS OVERVIEW (Cont'd)

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
TECHSENSE	TM2022017172	Malaysia	8 July 2022	Under substantive examination ⁽¹⁾⁽³⁾	-	Class 9: Data processing apparatus; data processing equipment; data processing programs; air traffic control apparatus; air traffic control equipment; air traffic control radio equipment; air traffic control systems; luminous or mechanical traffic signs; luminous traffic signs; railway traffic safety appliances; reflectors for traffic signals; traffic cones; traffic-light apparatus; traffic signs, luminous; traffic signs, mechanical; radio transmitters for remote controls; remote control receivers.

7. BUSINESS OVERVIEW (Cont'd)

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
LIGHTSENSE	TM2022017173	Malaysia	8 July 2022	Under substantive examination ⁽¹⁾⁽³⁾	-	Class 9: Data processing apparatus; data processing equipment; data processing programs; air traffic control apparatus; air traffic control equipment; air traffic control radio equipment; air traffic control systems; luminous or mechanical traffic signs; luminous traffic signs; railway traffic safety appliances; reflectors for traffic signals; traffic cones; traffic-light apparatus; traffic signs, luminous; traffic signs, mechanical; radio transmitters for remote controls; remote control receivers.

7. BUSINESS OVERVIEW (Cont'd)

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
TRAFFIXBOX	TM2022017174	Malaysia	8 July 2022	Under substantive examination ⁽¹⁾⁽³⁾	-	Class 9: Data processing apparatus; data processing equipment; data processing programs; air traffic control apparatus; air traffic control equipment; air traffic control radio equipment; air traffic control systems; luminous or mechanical traffic signs; luminous traffic signs; railway traffic safety appliances; reflectors for traffic signals; traffic cones; traffic-light apparatus; traffic signs, luminous; traffic signs, mechanical; radio transmitters for remote controls; remote control receivers.


7. BUSINESS OVERVIEW (Cont'd)

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
ELOGGER	TM2022017176	Malaysia	8 July 2022	Under substantive examination ⁽¹⁾⁽³⁾	-	Class 9: Data processing apparatus; data processing equipment; data processing programs; air traffic control apparatus; air traffic control equipment; air traffic control radio equipment; air traffic control systems; luminous or mechanical traffic signs; luminous traffic signs; railway traffic safety appliances; reflectors for traffic signals; traffic cones; traffic-light apparatus; traffic signs, luminous; traffic signs, mechanical; radio transmitters for remote controls; remote control receivers.


7. BUSINESS OVERVIEW (Cont'd)

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
CITY CREW	TM2022017294	Malaysia	12 July 2022	Received provisional refusal from MyIPO ⁽²⁾⁽³⁾	-	Class 9: Data processing apparatus; data processing equipment; data processing programs; air traffic control apparatus; air traffic control equipment; air traffic control radio equipment; air traffic control systems; luminous or mechanical traffic signs; luminous traffic signs; railway traffic safety appliances; reflectors for traffic signals; traffic cones; traffic-light apparatus; traffic signs, luminous; traffic signs, mechanical; radio transmitters for remote controls; remote control receivers.

7. BUSINESS OVERVIEW (Cont'd)

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
	TM2022022711	Malaysia	1 September 2022	Under substantive examination ⁽¹⁾⁽³⁾	-	Class 9: Data processing apparatus; data processing equipment; data processing programs; air traffic control apparatus; air traffic control equipment; air traffic control radio equipment; air traffic control systems; luminous or mechanical traffic signs; luminous traffic signs; railway traffic safety appliances; reflectors for traffic signals; traffic cones; traffic-light apparatus; traffic signs, luminous; traffic signs, mechanical; radio transmitters for remote controls; remote control receivers

7. BUSINESS OVERVIEW (Cont'd)

Trademark	Application no.	Place of application	Application date / Registration date	Status	Validity period	Class/Description of trademark
	TM2022022713	Malaysia	1 September 2022	Under substantive examination ⁽¹⁾⁽³⁾	-	Class 9: Data processing apparatus; data processing equipment; data processing programs; air traffic control apparatus; air traffic control equipment; air traffic control radio equipment; air traffic control systems; luminous or mechanical traffic signs; luminous traffic signs; railway traffic safety appliances; reflectors for traffic signals; traffic cones; traffic-light apparatus; traffic signs, luminous; traffic signs, mechanical; radio transmitters for remote controls; remote control receivers.

Notes:

- (1) The trademark is estimated to be registered by 2024.
- (2) We have received a provisional refusal from MyIPO in respect of our trademark application “City Crew” on 7 November 2022 on the ground that the mark does not have distinctive characteristics and consists of signs or indications which may serve, in trade, to show the type, quality and characteristics of other goods. We are intending to submit an appeal to MyIPO in respect of such provisional refusal by 7 January 2023.
- (3) We may not be able to protect or effectively enforce our proprietary rights against unauthorised use of such trademark in the event the registration of the trademark with MyIPO is unsuccessful. However, we are not materially dependent on the trademark and our Group’s operations and financial performance will not be materially affected if the registration of the trademark is unsuccessful as our existing customers recognise us through our company name and not through such trademark.

7. BUSINESS OVERVIEW (Cont'd)

7.23 MATERIAL PROPERTIES

As at the LPD, our Group does not own any real properties. The material properties leased/tenanted by our Group as at the LPD are as follows:

No.	Tenant	Landlord/ Lessor	Location/ Postal address	Description/ Existing use	Tenure of tenancy	Approximate rented built- up area	Rental per annum (RM)	Encumbrances
1.	ITMAX System	Modal Saujana Sdn Bhd ⁽¹⁾	No. 37-1, Jalan Radin Bagus, Seri Petaling, 57000 Kuala Lumpur	Brief description: First floor of a 3-storey shoplot Existing use: For office / commercial use only	1 October 2021 – 30 September 2023	223 square metres	60,000	(a) Private caveat lodged by Public Islamic Bank Berhad vide presentation number PDB3013/2019 (b) Charge in favour of Public Islamic Bank Berhad vide presentation number PDSC12415/2019
2.	ITMAX System	Tan Boon Hock Holdings Sdn Bhd ⁽¹⁾	No. 30-G & 30-3, Jalan Radin Bagus 3, Sri Petaling, 57000 Kuala Lumpur	Brief description: Ground floor and third floor of a 4-storey shoplot Existing use: For office use only	1 May 2021 – 30 April 2023	356 square metres	120,000	(a) Charge in favour of Public Islamic Bank Berhad vide presentation number PTSC11877/2014 (b) Charge in favour of Public Islamic Bank Berhad vide presentation number PTSC11878/2014
3.	STS	Tan Boon Hock Holdings Sdn Bhd ⁽¹⁾	No. 30-1 & 30-2, Jalan Radin Bagus 3, Sri Petaling, 57000 Kuala Lumpur	Brief description: First floor and second floor of a 4-storey shoplot Existing use: For office use only	1 July 2022 – 30 June 2024	356 square metres	120,000	(a) Charge in favour of Public Islamic Bank Berhad vide presentation number PTSC11877/2014 (b) Charge in favour of Public Islamic Bank Berhad vide presentation number PTSC11878/2014

7. BUSINESS OVERVIEW (Cont'd)

Note:

- (1) *The three (3) properties leased/tenanted by our Group from Modal Saujana Sdn Bhd and Tan Boon Hock Holdings, being companies related to Tan Sri Tan, TSC and TWL, have not been included in Section 10 of this Prospectus as they are not regarded as material related party transactions based on the following:*
- (a) *the individual and aggregate rental amount per annum paid in respect of these properties are not material; and*
 - (b) *these properties are used as our head offices which only house administrative functions and can be easily relocated by renting other properties from third parties.*

The above transactions were carried out on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to our non-interested shareholders.

As at the LPD, there is no breach of relevant laws, regulations, rules and requirements relating to the above material properties leased/tenanted by our Group which may materially affect our operations and use of the above properties.

7. BUSINESS OVERVIEW (Cont'd)

7.24 MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS

We have various licences and permits for our operations. As at the LPD and save as disclosed below, our Group is not dependent on any other major certificates, licences, permits and approvals which could materially affect our business or profitability:

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
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(i)	ITMAX System	CIDB	Certificate of registration as contractor under the following categories according to part IV of the Construction Industry Development Board Act 1994:	0120030602-WP084636	2 July 2021 – 26 August 2024	(a) This certificate is not transferable. (b) Regulation 13 of the Registration of Contractors (Construction Industry) Regulations 1995 states that the registered person shall notify the CIDB whenever there is any change in the capital, particulars relating to experience and/or qualifications of employees, employment, ownership, or the board of directors or management, of the firm or company within 30 days of the change.	Complied.
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Grade	Category	Specialisation
G7	B	B01 B04 015
G7	CE	CE01 CE21 CE31
G7	ME	E01 E02 E03 E04 E06 E08 E09 E10 E11 E14 E16 E17 E21 M15 M23

(c) ITMAX System shall apply for renewal of registration within 60 days prior to the expiration of the certificate.

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit		Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance					
(ii)	ITMAX System	CIDB	Government work procurement certificate (<i>sijil perolehan kerja kerajaan</i>) granted to carry out the following scope of work:	0120030602-WP084636	15 June 2022 – 26 August 2024	(a) This certificate has to be renewed together with the certificate of registration issued by the CIDB.	Complied.					
			<table><tr><th>Grade</th><th>Category</th></tr><tr><td>G7</td><td>B (Pembinaan Bangunan)</td></tr><tr><td>G7</td><td>CE (Pembinaan Kejuruteraan Awam)</td></tr><tr><td>G7</td><td>ME (Mekanikal dan Elektrikal)</td></tr></table>			Grade		Category	G7	B (Pembinaan Bangunan)	G7	CE (Pembinaan Kejuruteraan Awam)
Grade	Category											
G7	B (Pembinaan Bangunan)											
G7	CE (Pembinaan Kejuruteraan Awam)											
G7	ME (Mekanikal dan Elektrikal)											
			Officers commissioned to carry out the work are as follows:									
			<table><tr><th>Name</th></tr><tr><td>Tan Sri Tan</td></tr><tr><td>TWL</td></tr><tr><td>Datin Afnaliza</td></tr><tr><td>Syaifulizman Bin Ahmad Khusairi</td></tr></table>					Name	Tan Sri Tan	TWL	Datin Afnaliza	Syaifulizman Bin Ahmad Khusairi
Name												
Tan Sri Tan												
TWL												
Datin Afnaliza												
Syaifulizman Bin Ahmad Khusairi												
			(c) Any change in information shall be notified to the CIDB within 30 days from the date the change takes place.									

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
(iii) ITMAX System	Energy Commission	Certificate of registration as electrical contractor to perform or carry out any electrical work under Regulation 75 of the Electricity Regulations 1994. The certificate is issued under Class A.	ST(TKL)SGR/C /KE/00607/201 5	30 December 2021 – 29 December 2024	(a) Regulation 103(1) of the Electricity Regulations 1994 states that no certificate of registration issued under Regulation 75 shall be transferred by the holder of the certificate to any other person except with the written permission of the Energy Commission. (b) Regulation 78(2) of the Electricity Regulations 1994 states that an electrical contractor of Class A shall be a person who: (i) is capable of carrying out electrical work above RM1 million in value; (ii) has employed on a full-time basis at least three wiremen with three phase restriction, and nothing in this paragraph prohibits him to be one of the three wireman;	Complied.

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
					(iii) has employed on a full-time basis at least one wireman with three phase restriction authorised to test an installation, and nothing in this paragraph prohibits the wireman from being one of the three wireman with three phase restriction as provided in paragraph; and	
					(iv) has employed on a full-time basis at least two wireman with single phase restriction, and nothing in this paragraph prohibits him to be one of the two wireman.	

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance												
(iv) ITMAX System	MOF	Certificate of registration with the MOF under the supply/service section in relation to the following sub-sectors:	K60211664413 034371	1 October 2021 – 20 December 2024	(a) Clause 1.2 of the “Syarat kelulusan sijil Akuan Pendaftaran Syarikat” states that should there be any change in information, such changes shall be updated in the ePerolehan system within 21 days from the date of the change, failing to do so in which the MOF has the right to suspend or cancel the registration of our Company. The shareholders and the board of directors of our Company will be subjected to disciplinary action including being blacklisted without any notice if it is found that the information provided is incorrect.	Complied.												
<table><tr><th>Code</th><th>Sub-sector</th></tr><tr><td>020804</td><td>Perabot, Peralatan Pejabat, Hiasan Dalam Dan Domestik / Pakaian Dan Kelengkapan / Pakaian Keselamatan, Kelengkapan Dan Aksesori.</td></tr><tr><td>020901</td><td>Perabot, Peralatan Pejabat, Hiasan Dalam Dan Domestik / Bahan Terpaulin Dan Kanvas / Bahan Terpaulin / Canvas</td></tr><tr><td>030501</td><td>Sukan, Rekreasi Dan Alat Muzik (Peralatan, Bekalan Dan Aksesori Sukan Dan Rekreasi) / Peralatan Sukan Padang, Gelanggang, Rekreasi, Taman Permainan, Kecergasan Dan Sukan Air/ Peralatan Sukan</td></tr><tr><td>060501</td><td>Kimia, Bahan Kimia Dan Peralatan Makmal / Peralatan Makmal / Peralatan Makmal Serta Aksesori</td></tr><tr><td>120401</td><td>Pertahanan Dan Keselamatan / Peralatan Keselamatan Dan Penguatkuasaan / Alat Keselamatan, Perlindungan Dan Kawalan Perlindungan</td></tr></table>							Code	Sub-sector	020804	Perabot, Peralatan Pejabat, Hiasan Dalam Dan Domestik / Pakaian Dan Kelengkapan / Pakaian Keselamatan, Kelengkapan Dan Aksesori.	020901	Perabot, Peralatan Pejabat, Hiasan Dalam Dan Domestik / Bahan Terpaulin Dan Kanvas / Bahan Terpaulin / Canvas	030501	Sukan, Rekreasi Dan Alat Muzik (Peralatan, Bekalan Dan Aksesori Sukan Dan Rekreasi) / Peralatan Sukan Padang, Gelanggang, Rekreasi, Taman Permainan, Kecergasan Dan Sukan Air/ Peralatan Sukan	060501	Kimia, Bahan Kimia Dan Peralatan Makmal / Peralatan Makmal / Peralatan Makmal Serta Aksesori	120401	Pertahanan Dan Keselamatan / Peralatan Keselamatan Dan Penguatkuasaan / Alat Keselamatan, Perlindungan Dan Kawalan Perlindungan
Code	Sub-sector																	
020804	Perabot, Peralatan Pejabat, Hiasan Dalam Dan Domestik / Pakaian Dan Kelengkapan / Pakaian Keselamatan, Kelengkapan Dan Aksesori.																	
020901	Perabot, Peralatan Pejabat, Hiasan Dalam Dan Domestik / Bahan Terpaulin Dan Kanvas / Bahan Terpaulin / Canvas																	
030501	Sukan, Rekreasi Dan Alat Muzik (Peralatan, Bekalan Dan Aksesori Sukan Dan Rekreasi) / Peralatan Sukan Padang, Gelanggang, Rekreasi, Taman Permainan, Kecergasan Dan Sukan Air/ Peralatan Sukan																	
060501	Kimia, Bahan Kimia Dan Peralatan Makmal / Peralatan Makmal / Peralatan Makmal Serta Aksesori																	
120401	Pertahanan Dan Keselamatan / Peralatan Keselamatan Dan Penguatkuasaan / Alat Keselamatan, Perlindungan Dan Kawalan Perlindungan																	

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals		Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
		Code	Sub-sector				
		120502	Pertahanan Dan Keselamatan / Pengesanan, Pemantauan Dan Perlindungan / Peralatan Pemantauan Dan Pengesanan			(b) Our Company shall ensure that the sectors that have been registered for and specified in the certificate of registration shall not be the same as to the sectors that have been approved for another company of similar owner/board of director, management or employees, or operate in the same premise.	
		140101	Peralatan Kejuruteraan Elektrik Dan Elektronik / Mesin Dan Jentera Penjanaaan Dan Pengagihan Tenaga Elektrik Serta Aksesori / Motor Dan Alatubah / Alatganti			(c) Company which is newly registered is not allowed to change its owners or directors within 6 months from the date of registration.	
		140501	Peralatan Kejuruteraan Elektrik Dan Elektronik / Sistem, Komponen Elektrik, Elektronik, Lampu Dan Aksesori / Sistem Elektronik				
		140502	Peralatan Kejuruteraan Elektrik Dan Elektronik / Sistem, Komponen Elektrik, Elektronik, Lampu Dan Aksesori / Komponen Dan Aksesori Elektrik / Elektronik				
		140503	Peralatan Kejuruteraan Elektrik Dan Elektronik / Sistem, Komponen Elektrik, Elektronik, Lampu Dan Aksesori / Lampu, Komponen Lampu Dan Aksesori				

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals		Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
		Code	Sub-sector				
		210101	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Hardware (Low End Technology)				
		210102	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Hardware (High End Technology)				
		210103	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Computer Software, Operating System, Database, Off-The-Shelf Packages Including Maintenance				
		210104	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Software / System Development / Customization And Maintenance				

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals		Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
		Code	Sub-sector				
		210105	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Telecommunication / Networking-Supply Product, Infrastructure, Services Including Maintenance				
		210106	ICT (Information Communication Technology)/ Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Data Management -Provide Services Including Disaster				
		210107	ICT (Information Communication Technology)/ Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen/ ICT Security And Firewall, Encryption, PKI, Anti Virus				
		210108	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Multimedia-Products, Services And Maintenance				
		210109	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Hardware And Software Leasing / Renting				

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals		Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
		Code	Sub-sector				
		210110	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Komputer, Perkakasan Dan Komponen / Geographic Information System (GIS) And Services				
		210201	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Telekomunikasi / Alat Perhubungan				
		210202	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Telekomunikasi / Sistem Perhubungan / Telekomunikasi				
		210203	ICT (Information Communication Technology) / Peralatan Dan Kelengkapan Telekomunikasi / Aksesori Penghubung Dan Telekomunikasi				
		220501	Perkhidmatan / Penyelenggaraan / Pembaikan Kejuruteraan Dan Komunikasi / Alat Semboyan Perhubungan / Penyiaran				
		220503	Perkhidmatan / Penyelenggaraan / Pembaikan Kejuruteraan Dan Komunikasi / Perkakas / Sistem Elektrik				

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals		Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance				
		Code	Sub-sector								
		100101	Peralatan Sukatan Dan Ukuran / Peralatan Sukatan Dan Ukuran / Semua Peralatan Sukatan / Ukuran								
		221201	Perkhidmatan / Khidmat Udara / Lau / Darat / Topografi / Lidar								
Persons authorised for governmental procurement matters are as follows:											
		<table><tr><td>Name</td></tr><tr><td>Datin Afnaliza</td></tr><tr><td>TWL</td></tr><tr><td>Syaifulizman Bin Ahmad Khusairi</td></tr></table>						Name	Datin Afnaliza	TWL	Syaifulizman Bin Ahmad Khusairi
Name											
Datin Afnaliza											
TWL											
Syaifulizman Bin Ahmad Khusairi											
(v) ITMAX System	MCMC	NFP individual licence for the provision of fixed links and cable, towers, poles, ducts and pits used in conjunction with other network facilities pursuant to Sections 30 and 126 of the CMA.		NFP/I/2000/289	14 December 2016 – 13 December 2026	(a) ITMAX System shall notify the Minister of Communications and Multimedia (“ Minister ”) of any changes in the substantial shareholdings of our Company as defined under the Companies Act 1965, or any amendment or replacement enacted thereafter.	Complied. Refer notes (1) and (2) on the Equity Condition.				

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
					(b) ITMAX System shall comply with all relevant laws or rules under any legislation or guidelines issued by the Government or Government agencies pertaining to the restrictions on foreign shareholdings in ITMAX System.	
					(c) ITMAX System shall notify the Minister, in writing, of any restructuring or rationalization of the Licensee's corporate structure.	
					(d) ITMAX System shall ensure that the Bumiputera equity in ITMAX System is not less than 30% for so long as ITMAX System remains a private company or public company as defined under the Companies Act 1965 and is not listed on Bursa Securities (" Equity Condition ").	

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
(vi) ITMAX System	MCMC	NSP individual licence for the provision of bandwidth services pursuant to Sections 30 and 126 of the CMA	NSP//2000/326	27 February 2018 – 26 February 2028	<p>(e) Foreign shareholding, if any, in ITMAX System shall not be more than 49%. ITMAX System shall have one year from the date of the licence to ensure compliance with the condition.</p> <p>(a) ITMAX System shall notify the Minister of any changes in the substantial shareholdings of the company as defined under the Companies Act 1965, or any amendment or replacement enacted thereafter.</p> <p>(b) ITMAX System shall comply with all relevant laws or rules under any legislation or guidelines issued by the Government or Government agencies pertaining to the restrictions on foreign shareholdings in ITMAX System.</p>	Complied. Refer notes (1) and (2) on the Equity Condition.

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
					(c) ITMAX System shall notify the Minister, in writing, of any restructuring or rationalization of the Licensee's corporate structure.	
					(d) ITMAX System shall ensure that the Bumiputera equity in ITMAX System is not less than 30% for so long as ITMAX System remains a private company or public company as defined under the Companies Act 1965 and is not listed on Bursa Securities i.e. the Equity Condition.	
					(e) Foreign shareholding, if any, in ITMAX System shall not be more than 49%. ITMAX System shall have one year from the date of the licence to ensure compliance with the condition.	
(vii) ITMAX System	MCMC	ASP class licence	369/2022	4 September 2022 – 3 September 2023	Prior to the expiry of the licence, ITMAX System must submit a fresh application for renewal to the MCMC.	Complied.

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance												
(viii) STS	CIDB	Certificate of registration as contractor under the following categories according to part IV of the Construction Industry Development Board Act 1994: <table><tr><th>Grade</th><th>Category</th><th>Specialisation</th></tr><tr><td>G7</td><td>B</td><td>B04</td></tr><tr><td>G7</td><td>CE</td><td>CE21</td></tr><tr><td>G7</td><td>ME</td><td>M15</td></tr></table>	Grade	Category	Specialisation	G7	B	B04	G7	CE	CE21	G7	ME	M15	0120160909-JH178953	29 March 2022 – 24 March 2023	(a) This certificate is not transferable. (b) Regulation 13 of the Registration of Contractors (Construction Industry) Regulations 1995 states that the registered person shall notify the CIDB whenever that is any change in the capital, particulars relating to experience and/or qualifications of employees, employment, ownership, or the board of directors or management, of the firm or company within 30 days of the change. (c) STS shall apply for renewal of registration within 60 days prior to the expiration of the certificate.	Complied.
Grade	Category	Specialisation																
G7	B	B04																
G7	CE	CE21																
G7	ME	M15																
(ix) STS	Multimedia Development Corporation Sdn Bhd ("MDEC")	Approval letter for MSC Malaysia status	CS/3/5008(14a)	10 November 2009	(a) STS shall obtain MDEC's prior written approval in the event of any changes in the location or address of STS.	Complied.												

7. BUSINESS OVERVIEW (Cont'd)

Holder of licence / permit	Approving authority / issuer	Type of licences / permits / approvals	Licence / Permit / Reference no.	Date of issuance / Validity	Major condition(s) imposed	Status of compliance
					(b) STS shall inform MDEC of any change in its equity structure or shareholding structure, or such other changes that may affect the direction or operation of STS. MDEC must be informed of any change before steps are taken to effect such change.	

Notes:

- (1) On 1 October 2019, Datin Afinaliza disposed her entire equity interest in our Company to ARSB ("Disposal"). However, in conjunction with the Disposal, ARSB granted Datin Afinaliza a call option to acquire 30% equity interest in our Company held by ARSB ("Call Option"). We were of the view that our Company was in compliance with the Equity Condition given that the Call Option was still in place during the period after the completion of the Disposal in October 2019 and up to the exercise of the Call Option in October 2021, through GSSB, a company nominated by Datin Afinaliza.
- Following our consultation with the MCMC on the matter, on 18 March 2022, the MCMC issued a letter cautioning us against applying our own interpretation of the relevant licence condition without prior input from the MCMC ("**MCMC Caution**"). We were advised by the MCMC that the MCMC Caution was issued due to irregular conduct by our Company for not seeking the MCMC's advice prior to the Disposal and that the matter was not regarded as a non-compliance. In any event, following the exercise of the Call Option, our Company is in compliance with the Equity Condition.
- Since November 2020, our Chief Financial Officer and subsequently, together with our Executive Director, TSC, supervises our Group's compliance with licence conditions to prevent recurrence of any such irregular conduct. They will ensure that all areas of compliance with regards to Malaysian laws, regulations, rules and requirements as well as licence conditions are monitored and adhered to. Where necessary, our Group will also seek professional advice and assistance from professional advisers/experts on compliance matters.
- (2) Subsequent to the completion of the Acquisition and up to the completion of our Listing, we will not be in compliance with the Equity Condition. The MCMC has, via its letter dated 29 June 2022, granted an extension of time until 30 June 2023 for our Company to comply with the Equity Condition. However, the Equity Condition will cease to be applicable upon the completion of our Listing

7. BUSINESS OVERVIEW (Cont'd)

7.25 GOVERNING LAWS AND REGULATIONS

Our business is regulated by specific laws of Malaysia. The relevant laws and regulations governing our Group which do not purport to be an exhaustive description of all laws and regulations to which our business is subject are summarised below. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or other orders being made:

(i) CMA and Malaysian Communications and Multimedia Commission Act 1998 ("MCMCA 1998")

The primary legislation governing the communications and multimedia industry in Malaysia are the CMA and the MCMCA 1998. The CMA sets out the licensing and regulatory framework in relation to the communications and industry, establishes the powers and functions for the Minister of Communications and Multimedia and the MCMC in administration of the CMA. The MCMCA 1998 establishes the MCMC and stipulates the general powers and functions of the MCMC in the regulation of the communications and multimedia industry.

The CMA provides that, unless exempted by the Minister of Communications and Multimedia, no person may –

- (a) own or provide any network facilities;
- (b) provide any network services;
- (c) provide any applications services; or
- (d) provide any content applications services,

except under an individual licence granted or a class licence registered under the CMA.

Pursuant to Section 242 of the CMA, every omission or neglect to comply with, and every act done or attempted to be done contrary to the CMA or its subsidiary legislation or any written instrument made under the CMA, or in breach of the conditions subject to which any licence has been granted, shall be an offence against the CMA or its subsidiary legislation, and for every such offence, where the penalty is not otherwise specifically provided for, the offender shall, in addition to the forfeiture of any thing seized, be liable to a fine not exceeding RM100,000.00 or to imprisonment for a term not exceeding 2 years or to both.

The CMA provides for four (4) categories of provider licenses:

- (a) NFP licence: for the ownership of facilities such as satellite earth stations, broadband fiber optic cables, telecommunications lines and exchanges, radio-communications transmission equipment, mobile communications base stations, and broadcasting transmission towers and equipment.
- (b) NSP licence: for the provision of basic connectivity and bandwidth to support a variety of applications.
- (c) ASP licence: for the provision of particular functions by means of network services such as voice services, data services, Internet access and electronic commerce.
- (d) Content applications service provider: for the provision of content applications services including traditional broadcast services and online publishing and information services.

7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, our Company holds an individual licence as NFP and NSP and a class licence as ASP. For further details, see Section 7.24 of this Prospectus.

(ii) Electricity Supply Act 1990 (“ESA 1990”)

The ESA 1990 and its relevant regulations including the Electricity Regulations 1994 regulate the electricity supply industry, the supply of electricity at reasonable prices, the licensing of electrical installation, the control of electrical installation, plant and equipment with respect to matters relating to the safety of persons and the efficient use of electricity and for purposes connected therewith.

ESA 1990 provides that, subject to the exemptions prescribed under the ESA 1990, no person other than a supply authority shall (i) use, work, or operate or permit to be used, worked or operated any installation or (ii) supply to or for the use of any other person electricity from any installation, except under and in accordance with the terms of a license granted by the Energy Commission expressly authorising the supply or use, as the case may be. Any person who supplies electricity from an installation to or for the use of any person without a license shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM100,000 and to a further fine not exceeding RM1,000 for every day or part of a day during which the offence continues after conviction.

Further, the Electricity Regulations 1994 provides that any Electrical Services Engineer, Competent Electrical Engineer, Electrical Supervisor, Chargeman, Wireman or Cable Jointer referred to in the Electricity Regulations 1994 shall possess a valid Certificate of Competency appropriate to their category, with restrictions, if any, issued to them by the Energy Commission.

As at the LPD, our Company is certified under the Electricity Regulations 1994 to carry out electrical work business as an electrical contractor or carry out any electrical works. Our employees who are categorised as Chargeman and/or Wireman have also been issued with Certificates of Competency in accordance with the Electricity Regulations 1994. For further details, see Section 7.24 of this Prospectus.

(iii) Akta Lembaga Pembangunan Industri Pembinaan Malaysia 1994 (“CIDB Act”)

The CIDB Act provides that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor, unless he is registered with CIDB and holds a valid certificate of registration issued by the CIDB under the CIDB Act. Any person who carries out construction works without being registered with CIDB shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM100,000.

The CIDB Act also provides that every contractor shall (i) declare and submit to the CIDB, any contract which he has been awarded on any construction works and (ii) disclose fully to CIDB all the facts and circumstances affecting his liability to pay the levy as prescribed under the CIDB Act. A contractor who contravenes subsection (1) or (3) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

Pursuant to the CIDB Act, for every contract having a contract sum of above RM500,000 (regardless of whether such contract is stamped or not), the contractor shall be liable to pay to CIDB a levy at the rate of a quarter per centum of the contract sum. Where a contractor fails to pay any levy due within the prescribed period by CIDB, the contractor shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or four times the amount of such levy payable, whichever is higher.

7. BUSINESS OVERVIEW *(Cont'd)*

As at the LPD, both our Company and STS hold a valid Grade G7 certificate of registration issued under the CIDB Act. For further details, see Section 7.15 of this Prospectus.

7.26 ENVIRONMENTAL MATTERS

As at the LPD, there are no environmental issues which may materially affect our Group's operation and usage of properties tenanted by our Group.

7.27 ESG PRACTICES AND INITIATIVES

We strive to adopt the following ESG practices to ensure environmentally responsible operations, a conducive workplace for employees, and to support the local communities.

(i) Environmental

Our mission is to assist local councils and the Malaysian Government in achieving Smart City Initiatives namely Smart Environment and Smart Mobility. Our ongoing efforts include:

- Replacing street lights in Kuala Lumpur to LED to reduce energy usage. As at the LPD, of the 45,000 LED lights installed including street lights, decorative and flood lights, we have replaced approximately 42,000 street lights in Kuala Lumpur to LED.
- Through the use of our street light controllers, we provide energy saving capabilities as our controllers allow the local councils to set auto timers and auto dimming during off peak periods to conserve energy.
- Our traffic management system assist local councils reduce traffic congestion and by doing so reduce carbon emissions from vehicles on the road.
- Our video surveillance analytics includes functionalities such as early flood warning and river level monitoring which assist local councils for disaster management.
- We have started using solar powered street poles to promote energy conservation. As at the LPD, we have installed 40 solar powered street poles in Kuala Lumpur.

In addition, we have also adopted best practices for our business operations as outlined below:

- Practice paperless administration where we are moving towards digitalising our administrative functions to reduce waste and encourage our employees to recycle their waste while in the office as part of our environmental friendly workspace.
- Promote energy conservation throughout our offices and assembly site in our effort to reduce carbon footprint.

7. BUSINESS OVERVIEW (Cont'd)**(ii) Social**

We place significant emphasis on the relationship with our employees as well as the health and safety of our employees, contractors and company visitors. The core responsibility of ensuring this lies with our management, which is aligned with our business agenda to ensure a healthy and productive human resource and work environment.

These objectives are achieved through the following exercises and goals:

- Investing in our human capital - we are committed to providing compensation and benefits programs and policies that support the needs of our employees. With the establishment of the LTIP which entails the granting of ESGS Shares and ESOS Options, we will be able to reward the LTIP Eligible Persons with an opportunity to participate in our equity. The LTIP Eligible Persons will be able to benefit from the capital gain from the disposal of ESGS Shares or the income from dividend as and when the Company declares any in the future. The LTIP will also align the interests of the LTIP Eligible Persons with the interests of our shareholders.
- Safe workplace environment and working practices – we have put in place standard operating procedures to reduce the possibility of harm to our employees, visitors and contractors. Our employees also are required to attend orientation programmes in the initial stage of their employment to create awareness of the importance of safety.
- Management support - our management shall direct and support all actions, exercises towards improving our relationship with our employees as well as securing the safety, health and environment of our employees, visitors and contractors.

As part of these objectives, we are committed to:

- review our compensation packages annually and reward our employees based on their performance for an equitable and fair compensation;
- provide on-the-job training to our employees; and
- ensure that it is every employee's responsibility to maintain and abide by the safety practices and procedures that have been adopted.

We also believe that we are responsible to improve quality of life and generate other positive social impacts to the community. In 2019, we contributed RM1.0 million to Universiti Tun Hussein Onn Malaysia in support for the research of traffic systems including controller operation software, control centre management software, controller hardware as well as traffic data collection detector.

(iii) Governance

Our Board is committed to achieving and sustaining high standards of corporate governance and has adopted recommendations under the MCCG. As at the LPD, half of our Board members comprise independent directors.

We have also met the MCCG's recommendations to have at least 30% women directors. As at the LPD, 4 out of 8 of our Directors are women.

8. INDUSTRY OVERVIEW



7 November 2022

The Board of Directors
ITMAX System Berhad
No. 30-G & 30-3, Jalan Radin Bagus 3
Seri Petaling
57000 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Dear Sirs/Madams

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)

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Independent Assessment of the Public Space Networked Systems Industry in Malaysia

We are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include the development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996, including initial public offerings and reverse takeovers of public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above for inclusion in the prospectus of ITMAX System Berhad concerning its listing on the Main Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, availability of up-to-date information, secondary information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Our report may include assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from The University of New South Wales, Australia and a degree in Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing on Bursa Securities.

8. INDUSTRY OVERVIEW (Cont'd)



Date of report: 7 November 2022

INDEPENDENT ASSESSMENT OF THE PUBLIC SPACE NETWORKED SYSTEMS INDUSTRY IN MALAYSIA

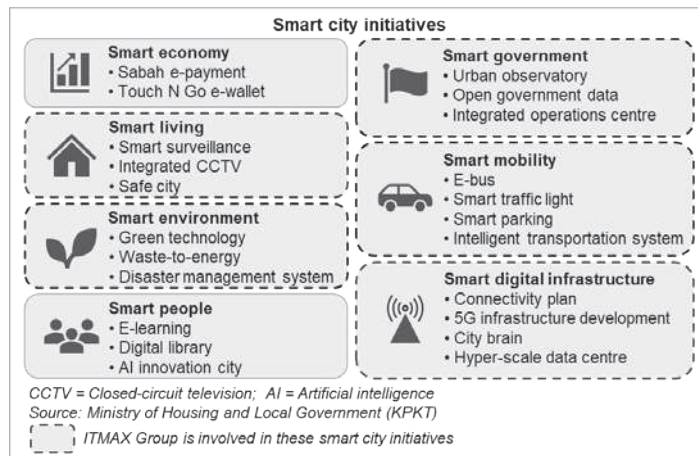
1. INTRODUCTION

- ITMAX System Berhad together with its subsidiary, (ITMAX Group) is primarily involved in public space networked systems focusing on lighting, traffic management and video surveillance, as well as communications network services, which may be part of a smart city's infrastructure. Public space mainly refers to the space that is generally accessible to the public such as roads and parks, and is mostly under the jurisdiction of federal, state, federal territory or local governments (also referred to as local authorities). ITMAX Group is involved in some of Kuala Lumpur's smart city initiatives. As such, this report will focus on public space networked systems as well as smart cities.

2. SMART CITY

- In 2020, around 75.1% of the Malaysian population live in urban areas such as Kuala Lumpur, Putrajaya, Selangor, Penang and Malacca (*Latest available data. Source: Department of Statistics Malaysia (DOSM)*). The high urbanisation rate has led to urban challenges such as traffic congestion, pollution and inefficient deployment of urban services.
- A smart city refers to an urbanised area that uses information and communications technology (ICT) and technological advancement to address urban issues including improving quality of life, promoting economic growth, developing a sustainable and safe environment, and encouraging efficient urban management practices. In 2019, Kementerian Perumahan dan Kerajaan Tempatan (KPKT) or Ministry of Housing and Local Government has launched the Malaysia Smart City Framework (MSCF) as a guide and reference for local governments to streamline and coordinate the development of smart cities in Malaysia. There are 155 local governments across 13 states and three federal territories in Malaysia.

- Smart city initiatives or blueprints are introduced by the state, federal territory and local governments including Selangor, Penang, Sarawak, Malacca, Kuala Lumpur, Putrajaya, Ipoh, Cyberjaya Iskandar region (Johor) and Kuching. The components of Malaysia's smart cities, along with some projects under the specific component are depicted in the diagram provided.



- Smart city anchors on the primary and basic infrastructures, as well as connected to modern digital infrastructures that correlate data from multiple sources to generate new values and efficiencies.
- ITMAX Group is involved in **Smart Living** with its networked video surveillance facilities under smart surveillance and integrated closed-circuit television (CCTV) projects, **Smart Environment** with its networked lighting system with the incorporation of light-emitting diode (LED) street lights under the green technology projects, **Smart Government** with its integrated networked systems and platform under the integrated operations centre projects, **Smart Mobility** with its networked traffic management system under the smart traffic light projects and **Smart Digital Infrastructure** with its fibre optic network in Kuala Lumpur under the connectivity plan projects.

8. INDUSTRY OVERVIEW (Cont'd)



3. SMART CITY PROJECTS

- As of June 2021, there are approximately 100 smart city projects implemented or are in progress across Malaysia (*Source: KPKT*). Some projects include:
 - The Jalanan Digital Negara (JENDELA), or National Digital Network (2021-2025) project, is a national level initiative designed to improve Malaysia's digital connectivity by boosting the efficiency of the national infrastructure, optimising spectrum usage, and setting the foundation for the roll-out of fifth-generation (5G) wireless technology. From September 2020 to September 2022, some of the digital infrastructure performance under the JENDELA project is as follows:

	Sept – Dec 2020	Jan – Dec 2021	Jan – Jun 2022	Jul – Sep 2022	Total
New 4G towers	944	263	120	89	1,416

Following are the targets for the JENDELA Phase 1 by the end of 2022, as well as achievements as of 30 September 2022:

	Premises passed with fibre connectivity	Mobile broadband speed	4G coverage
Target	7.5 million	35 Mbps (mean)	96.9%
Achievement	7.4 million	52.5 Mbps (mean)	95.8%*

* As of 30 June 2022 (latest available data); Mbps = Megabits per second
(*Source: Malaysian Communications and Multimedia Commission*)

- Smart Selangor (2020-2025) project is a state-level initiative designed to improve economic productivity and state's liveability, as well as to implement sustainability measures that promote environmentally conscious communities. There are over 60 initiatives identified in the Smart Selangor Action Plan 2025, which are framed around four components of a smart city, namely smart digital infrastructures, smart economy, smart government and smart communities to foster innovation and digitalisation, as well as to build capacity of its communities. (*Source: KPKT*)
- Kuala Lumpur Smart City Master Plan (2021-2025), a city-level initiative to develop Kuala Lumpur Intelligent City (KLIC), to allow Dewan Bandaraya Kuala Lumpur (DBKL), or Kuala Lumpur City Hall and Kuala Lumpur's citizens to access city data and services. KLIC will integrate all internal systems and data to efficiently manage city services. (*Source: DBKL*)
- Kuala Lumpur Safe City (2004-2024) project, a city-level initiative designed to provide a safe and efficient environment for enforcement personnel to work and quickly respond to incidents and emergencies, as well as efficient monitoring and analytics using artificial intelligence and other predictive systems. The focus of the plan is to make use of interconnected web devices, software and cloud storage systems to improve security and surveillance in hotspot areas. (*Source: KPKT*)

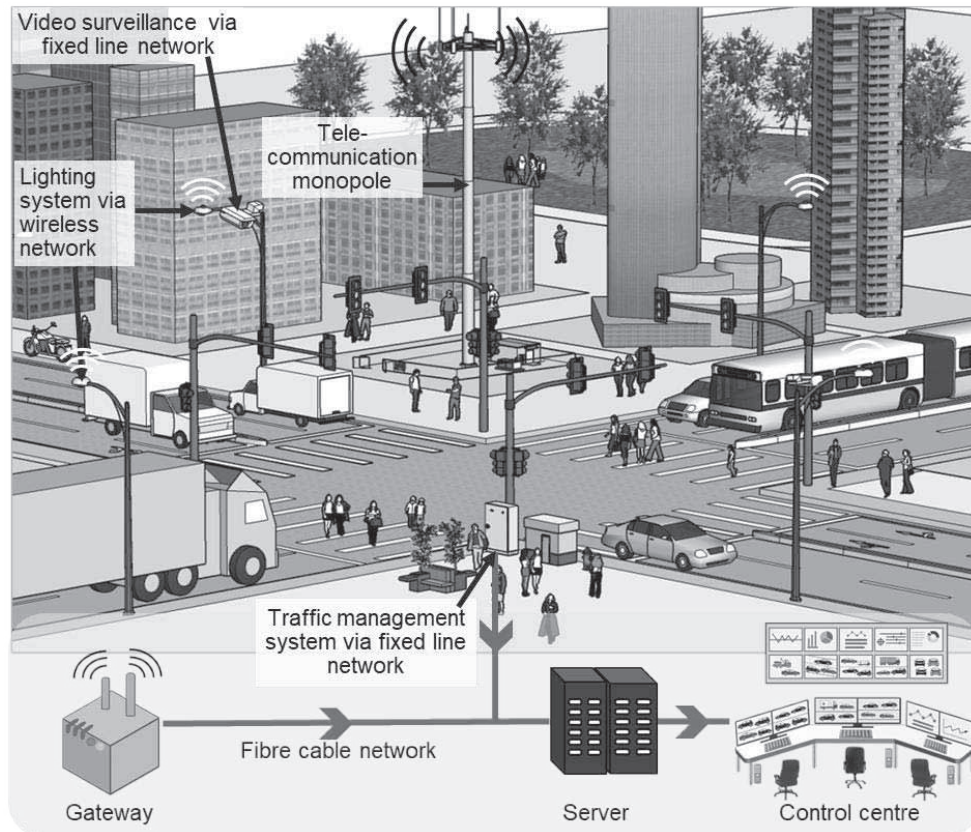
4. NETWORKED SYSTEMS IN PUBLIC SPACE

- A network allows devices to connect and communicate with multiple devices via any medium, which could be fixed, wireless or fixed wireless depending on the type of network. Some common types of network include local area network, metropolitan area network, wide area network and the Internet.

8. INDUSTRY OVERVIEW (Cont'd)



- Networked systems are built from multiple computing components, connected through a range of transmission systems over a wired or wireless network, to perform an application goal. The following diagram depicts some public space networked systems:



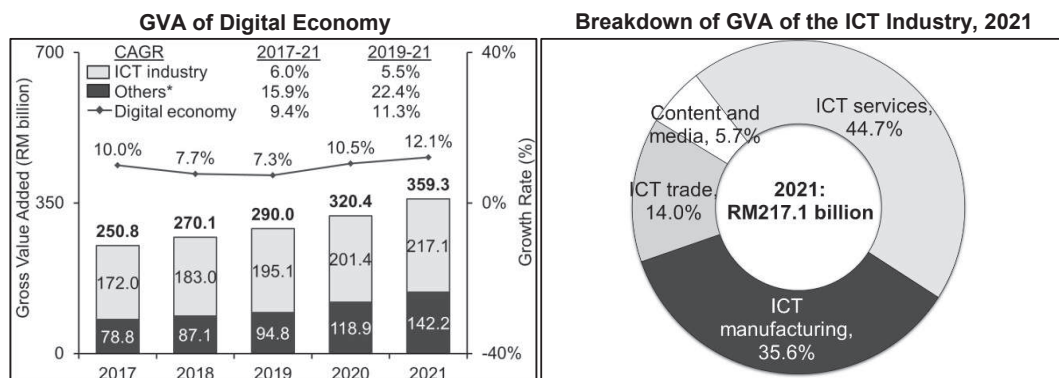
- **Networked lighting system**, where the system is used by city planners to configure and schedule lights at a specific timeframe by dimming, on or off, as well as monitoring the performance of the lighting system remotely at a control centre.
- **Networked traffic management system**, where the system is used to manage traffic behaviour in real-time by utilising various optimising and queuing routines as well as technologies, to facilitate efficient and safe traffic and pedestrian flow.
- **Networked video surveillance system**, which involves recording, identifying and monitoring a scene in real-time which may include looking for specified behaviours of people and vehicles that may be improper or for identification purposes.
- **Telecommunication towers and monopoles** to hold wireless telecommunication equipment at vantage points for receiving and transmitting signals.
- **Telecommunication networks** to provide connectivity among devices, where the network may be wired or wireless.
- ITMAX Group is involved in networked lighting, traffic management and video surveillance systems and owns a telecommunication fibre optic network as well as several telecommunication towers and monopoles.

8. INDUSTRY OVERVIEW (Cont'd)



5. MALAYSIA'S DIGITAL ECONOMY

- On 19 February 2021, the Government launched the Malaysia Digital Economy Blueprint (MyDIGITAL) to transform Malaysia into a digitally-driven, high-income nation and a regional leader in the digital economy. MyDIGITAL is designed to complement national development policies such as the 12th Malaysia Plan and Shared Prosperity Vision 2030, with the expectation to attract RM70 billion investment in digitalisation and to create 500,000 jobs by 2025.
- Moving forward from the launch of MyDIGITAL, the development of the digital infrastructures will be supported by some of the following initiatives:
 - allocation of RM21 billion over the next five years to strengthen the existing connectivity via the JENDELA project, where the fixed-line optical fibre network is expected to cover 7.5 million premises by the end of 2022 and 9 million premises by the end of 2025;
 - a total of RM1.65 billion to be invested by several telecommunication companies to strengthen connectivity to the international submarine cable network until 2023; and
 - allocation of RM15 billion over ten years for the implementation of 5G wireless technology nationwide.
- Expansion of fibre networks will provide high-speed and reliable broadband services, thereby enhancing the electronic communications and applications that are crucial for transmitting data. The expansion of fibre networks is essential to support the growing demand for digital technology amid greater digitalisation in the economy.
- The contribution of the digital economy is measured by the total gross value added (GVA) of the ICT industry and e-commerce of other industries. GVA measures the value of output produced by ICT economic activities excluding the value of intermediate input.
- Between 2017 and 2021, the contribution of the digital economy to Malaysia's economy grew at a CAGR of 9.4%. In 2021, the contribution of the digital economy to Malaysia's economy grew by 12.1%, representing 23.2% of the total Gross Domestic Product (GDP) of Malaysia, of which 60.4% was contributed by the ICT industry, while 39.6% was accounted for by e-commerce from other industries.

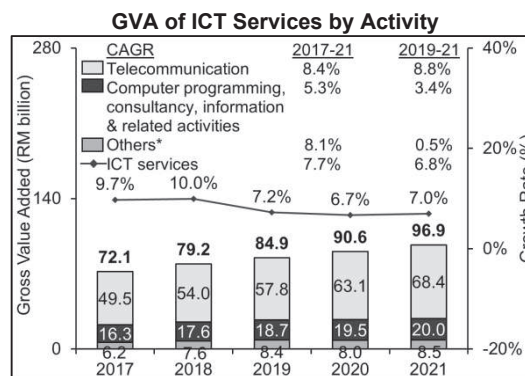


- The ICT industry is divided into ICT manufacturing, ICT trade, ICT services, and content and media products. In 2021, ICT services represented 44.7% of the total GVA of ICT industry, followed by ICT manufacturing, ICT trade as well as content and media products with 35.6%, 14.0% and 5.7% respectively. (Source: DOSM)

8. INDUSTRY OVERVIEW (Cont'd)



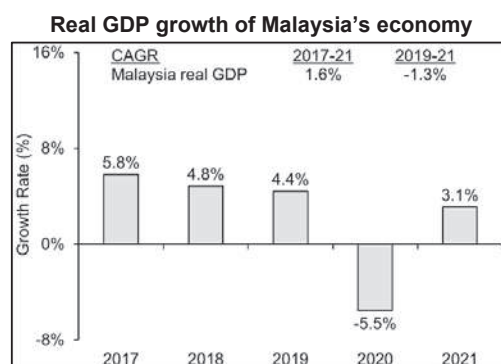
- Overall, the GVA of ICT services grew at a CAGR of 7.7% between 2017 and 2021. Under the ICT services segment, telecommunication services was the main segment representing 70.6% of the GVA of ICT services, followed by computer programming, consultancy, information and related activities, and others with 20.7% and 8.8% respectively. ITMAX Group is mainly involved in providing networked systems which fall within ICT services, particularly in the computer programming, consultancy, information and related activities segment.



* Others include publishing, motion picture, video and television programme production, sound recording and music publishing, programming and broadcasting (Source: DOSM)

6. MALAYSIA'S ECONOMY

- The establishment and implementation of networked systems in public spaces involve substantial investments and resources from the local government, where its revenue is dependent on the general well-being of the economy. Real GDP indicates the value of all finished goods and services made within a country or sector without the impact of price inflation or deflation. In 2020, the real GDP of Malaysia's economy declined by 5.5% as a result of the containment measures following the COVID-19 pandemic.



(Source: DOSM)

Overall, the real GDP of Malaysia's economy is expected to grow between 6.5% and 7.0% in 2022, and forecasted to grow between 4.0% and 5.0% in 2023 (Source: Ministry of Finance (MOF)).

7. GOVERNMENT EXPENSES AND BUDGETS

7.1 Public infrastructures

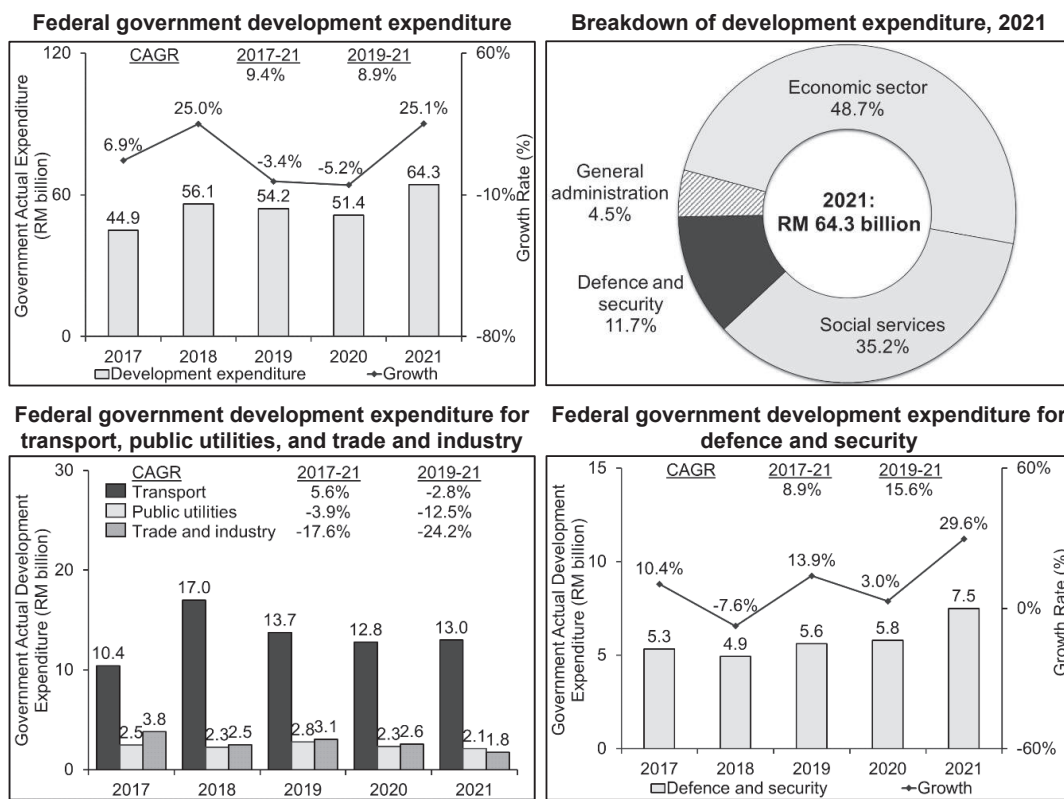
- The installation of public infrastructures such as street lighting, traffic management and video surveillance systems is dependent mainly on road networks, particularly paved roads and highways, as well as expense allocation from relevant authorities. In 2020, Malaysia's road network covers approximately 198,400km of paved roads and recorded a growth of 4.3% from 2019 (Latest available data. Source: DOSM). In 2020, the length of tolled highways amounted to approximately 2,000km, recording a marginal decline of 0.1% from 2019 (Latest available data. Source: Malaysian Highway Authority).
- Between 2014 and 2018, electricity sales for public lighting grew at a CAGR of 2.4%, indicating a positive trend for street lighting systems in Malaysia (Latest available data. Source: Energy Commission). Additionally, in 2020, 157,723 units of LED lights were installed by Tenaga Nasional Berhad (TNB) under the streetlight re-lamping project, bringing the cumulative total at year-end to 483,776 units across Peninsular Malaysia. In 2021, a total of 579,080 units of LED lightings were installed under the streetlight re-lamping project at all the 41 approved cities, as well as 25,000 units through the Lampu Jalan Kampung programme. (Source: TNB).

8. INDUSTRY OVERVIEW (Cont'd)



7.2 Federal level expenses

- The federal government is accountable for managing a nation's annual budget, public finance management and many other responsibilities that govern the social and economic development of the nation. In 2021, the federal government's total expenditure was RM295.8 billion, where operating and development expenditures accounted for 78.3% and 21.7% of the total expenditure respectively. The development expenditure at the federal level would indicate the future plan of Malaysia, thereby influencing the implementation of policies at the state level.
- As the year 2021 marked the first year of the 12th Malaysia Plan, development expenditure grew by 25.1% amounting to RM64.3 billion to fund new and ongoing projects and programmes planned under the economic, social, security and general administration sectors.



(Source: Bank Negara Malaysia (BNM))

- In 2021, the federal government continued to focus on the economic sector which accounted for 48.7% of the development expenditure. The expenses were mainly spent on enhancing public transportation and communication network infrastructure, developing public utilities, escalating trade and industrial activities as well as boosting agriculture. Among the economic sector, transport, public utilities, as well as trade and industry subsectors accounted for 41.5%, 6.8% and 5.6% of the development expenditure for the economic sector in 2021 respectively.
- The expenditure for the transport sector is mainly to finance major ongoing projects such as the Electrified Double Track Gemas-Johor Bahru and Pan Borneo Highway projects, as well as upgrading federal roads throughout Malaysia. The expenditure for public utilities, and trade and industry subsectors are mainly for upgrading works and construction of sewage treatment plants, providing and improving electricity and water supply, as well as encouraging and enhancing technological adoption among businesses. (Source: MOF).

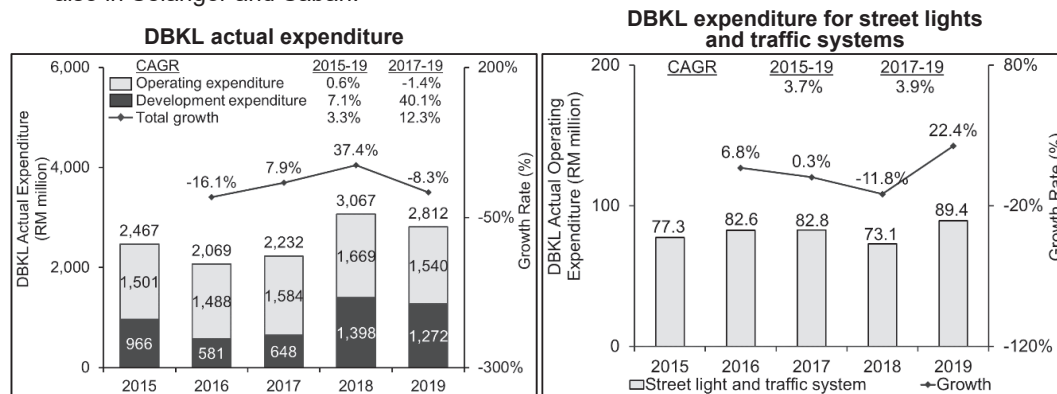
8. INDUSTRY OVERVIEW (Cont'd)



- In 2021, the federal government increased the expense incurred for the defence and security sector by 29.6% to RM7.5 billion. The bulk of the expenses is used for upgrading military and security equipment, as well as maintaining and upgrading the security integrated network system. The expense incurred for the general administration sector amounted to RM2.9 billion, mainly to empower digitalisation in the public sector, as well as enhancement and maintenance of government buildings, infrastructure and facilities. (Source: MOF).
- Under Budget 2022, RM75.6 billion will be allocated for development expenses, while the economic sector remains the largest recipient at 53.2% of development expenditure. The focus continues to be on projects related to transport, trade and industry, as well as public utility subsectors. A sum of RM15.5 billion will be allocated for the transport subsector to construct, refurbish and maintain key infrastructures such as highways, roads, railways, bridges, ports and airports. A sum of RM3.2 billion will be allocated to the public utility subsector to improve the telecommunication access, as well as the supply of electricity and water. A sum of RM9.0 billion will be allocated to the security sector to enhance the network systems and services, as well as upgrade of military assets and security equipment. (Source: MOF).
- In H1 2022, the federal government has incurred RM30.5 million of development expenditure, which increased by 7.4% compared to H1 2021. The expenditure for transport, public utilities, as well as trade and industry recorded 17.5%, -29.9% and -17.6% of growth/decline respectively. (Source: BNM).

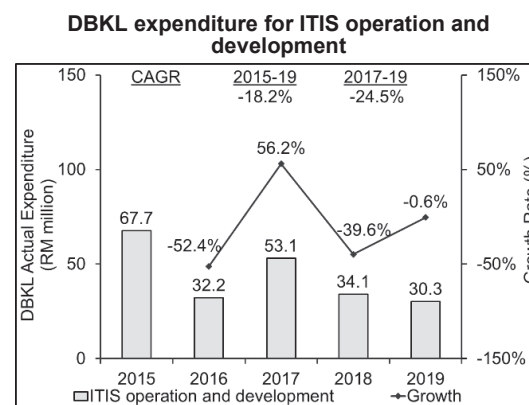
7.3 State and territory level expenses and budgets

- ITMAX Group's public space networked systems are mainly in Kuala Lumpur while some are also in Selangor and Sabah.



Note: Latest available data (Source: DBKL)

- The local governments are responsible for among others, providing basic infrastructure and public utilities, urban planning, public health and waste management. In 2019, DBKL's total expenditure was RM2.8 billion, where operating expenditure and development expenditure accounted for 54.8% and 45.2% of the total expenditure respectively. Between 2015 and 2019, DBKL's expenditure for street lights and traffic systems grew at a CAGR of 3.7%, which indicated the constant effort of DBKL to operate street lights and traffic systems.

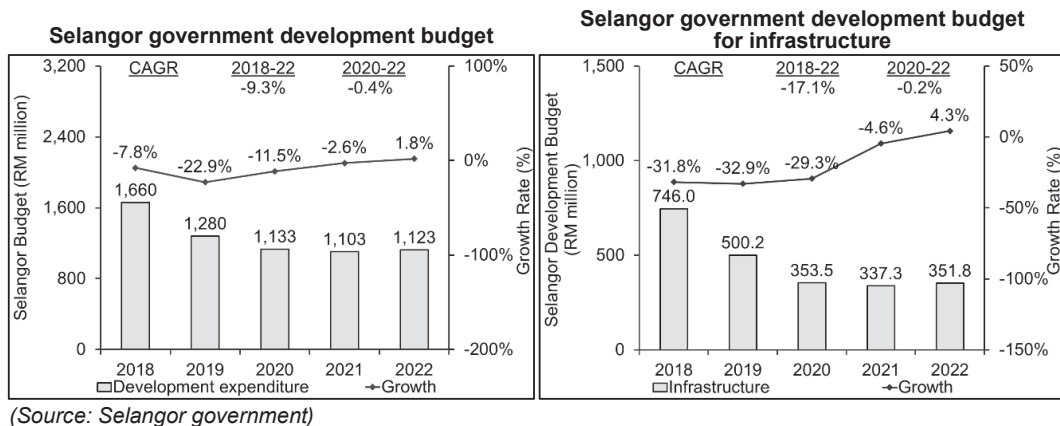


Note: Latest available data (Source: DBKL)

8. INDUSTRY OVERVIEW (Cont'd)

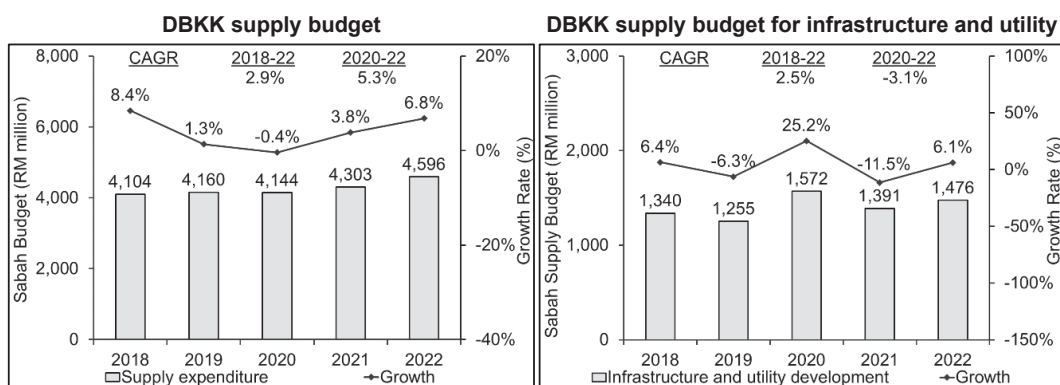


- Integrated Transport Information System (ITIS) is a traffic information system to monitor real-time traffic flow using various equipment including detectors, CCTV cameras and communication systems, and analysis of data to provide useful traffic information to road users. Between 2015 and 2019, DBKL's expenditure for ITIS declined at an average annual rate of 18.2%.
- Additionally, under Kuala Lumpur Safe City initiative, DBKL has initiated coverage to over 5,000 CCTV and integrated them with a centralised observatory for crime prevention, as well as traffic and flash flood monitoring through a control centre by June 2021 (Source: KPKT).



(Source: Selangor government)

- In 2022, the Selangor government has announced its budget of RM2.3 billion, where 52.1% and 47.9% of the total budget will be allocated to operating expenditure and development expenditure respectively. Particularly, infrastructure development remained the priority for social development, which accounted for 31.3% of the development expenditure amounting to RM351.8 million. (Source: Selangor government).
- Additionally, under the Smart Selangor initiative, the Selangor government planned to install an additional 2,000 units of smart CCTV in Selangor by 2025 to provide quality security services and secure public facilities. As of November 2021, a cumulative of 414 units of smart CCTV have been installed. In 2022, an additional 200 units are expected to be installed with a total cost of RM5 million, including the operating costs. (Source: Selangor government).



(Source: Dewan Bandaraya Kota Kinabalu (DBKK), or Kota Kinabalu City Hall)

- In 2022, DBKK tabled an estimated supply expenditure of RM4.6 billion and an estimated revenue collection of RM4.7 billion, thereby enabling a surplus budget of RM 110.7 million in 2022. Out of the estimated supply expenditure, a total of RM 1.5 billion was allocated for infrastructure and utility development, which accounted for 32.1% of the estimated supply expenditure. Some of the development projects include the implementation of a treated water supply development project, a main pipe upgrading programme, as well as water tank upgrading programme. (Source: DBKK).

8. INDUSTRY OVERVIEW (Cont'd)



- Additionally, following the launch of MSCF in 2019, DBKK will establish smart city solutions to create a digital economy ecosystem and promote digital culture, which is in line with the principles of the Sabah Maju Jaya Roadmap. (Source: DBKK).

8. COMPETITIVE LANDSCAPE

- As of 7 November 2022, there were 30 ordinary members registered with the Malaysia Smart Cities Alliance Association (MSCA). MSCA members comprise academicians, governments and industry players. MSCA is a platform established for the council members to deliberate on Smart City issues and challenges and creates opportunities for networking among the stakeholders. Not all operators involved in smart city projects are registered with MSCA.
- Below is a list of the public space networked system providers in Malaysia, listed in descending order of revenue. This list is used to provide an indication and is not exhaustive.

Company name	⁽¹⁾ FYE	⁽²⁾ Revenue (RM '000)	⁽²⁾ GP (RM '000)	⁽²⁾ GP Margin	⁽²⁾ NP/(NL) (RM '000)	⁽²⁾ NP/(NL) Margin
EV-Dynamic S/B ⁽³⁾	Dec-21	177,900	22,974	12.9%	3,033	1.7%
Signify Malaysia S/B ⁽⁴⁾	Dec-21	151,901	31,382	20.7%	2,455	1.6%
TNB Research S/B ⁽⁵⁾	Dec-21	93,369	24,996	26.8%	3,255	3.5%
ITMAX Group	Dec-21	79,759	53,359	66.9%	29,237	36.7%
ITRAMAS Corporation S/B ⁽⁶⁾	Dec-20*	63,083	12,221	19.4%	1,232	2.0%
Industronics Bhd ⁽⁷⁾	Dec-21	40,368	4,211	10.4%	(4,771)	(11.8%)
Turbine Technique (M) S/B ⁽⁸⁾	Mar-20*	29,020	11,132	38.4%	2,886	9.9%
Norangkasa Enterprise S/B ⁽⁹⁾	Jul-20*	25,864	2,054	7.9%	263	1.0%
VADS Lyfe S/B ⁽¹⁰⁾	Dec-21	19,673	9,558	48.6%	7,941	40.4%

* latest available information from SSM; FYE = financial year ended; GP = gross profit; NP = net profit after tax; NL = net loss after tax; S/B = Sdn Bhd; Bhd = Berhad.

(1) Latest available information from annual report, Companies Commission of Malaysia (SSM) and ITMAX Group.

(2) At the Group or company level, which may include other business activities, products and services.

(3) A subsidiary of EVD Bhd, a listed entity on Bursa Securities. Involved in the provision of ICT system solutions for transportation infrastructures, integrated security systems and engineering services.

(4) A subsidiary of Signify N.V., a listed entity on Euronext Amsterdam. Involved in trading and servicing of lighting products, sales and trading of components, parts, accessories and raw materials for lighting products and sales and trading of accessories used in conjunction with electric lamps or lighting products.

(5) A subsidiary of Tenaga Nasional Berhad, a listed entity on Bursa Securities. Involved in research and development, consultancy and other services.

(6) Holding company of ITRAMAS Technology S/B and ITRAMAS International S/B, which are involved in designing, developing, installing and servicing of intelligent transportation systems, trading in related products and all types of businesses and activities related to renewable energy and energy efficiency.

(7) Listed on Bursa Securities. Involved in designing, manufacturing and installation of electronics and microprocessor-controlled products, telecommunication systems, audio-video multimedia systems, intelligent transportation systems and ICT related systems.

(8) Involved in the business of tender, contractor, buying and selling of electrical and mechanical engineering products and parts and also trading in such parts.

(9) Involved in the business of maintenance contractor and other related activities. (2021 information is not available in SSM as Norangkasa is an exempted private company since 21 July 2021)

(10) A subsidiary of Telekom Malaysia Berhad, a listed entity on Bursa Securities. Involved in the provision of ICT, system security services, integrated security management system, and build, provide and manage the smart building services including smart tenant services for building owners, operators, residents and visitors.

- Apart from ITMAX Group, the companies above were selected based on the following criteria:
 - (a) provider of at least one public space networked lighting, traffic management and/or video surveillance systems in Malaysia; and
 - (b) revenue of at least RM19.0 million for their latest available financial year.

8. INDUSTRY OVERVIEW (Cont'd)



9. MARKET SIZE AND SHARE

Gross value added - 2021	Market size in Malaysia ^(a)	ITMAX Group's revenue ^{(b) (1)}	Market share of ITMAX Group ^(c)
Digital economy ⁽²⁾	RM359.3 billion	RM80 million	Less than 1%
ICT services ⁽³⁾	RM96.9 billion	RM80 million	Less than 1%
Computer programming, consultancy, information and related activities ⁽⁴⁾	RM20.0 billion	RM80 million	Less than 1%

Sources: (a) DOSM; (b) ITMAX Group; (c) Vital Factor analysis

(1) Based on ITMAX Group's revenue for FYE 31 December 2021. (2) ITMAX Group is involved in smart city initiatives, which is part of the digital economy. (3) ITMAX Group is involved in ICT through its networked systems and communications network services, which is part of ICT services. (4) ITMAX Group develops their software in-house for lighting and traffic management controllers, command centre, and the integration of their lighting, traffic management and video surveillance systems, which is part of computer programming, consultancy information and related services.

10. INDUSTRY CONSIDERATION FACTORS

- One of the factors for the implementation of public space networked systems includes the emergence of smart cities in the national development agenda that affects the urban development policy and planning at state and local levels. In Malaysia, several states such as Selangor, Penang, Sarawak and Malacca have introduced their own local smart city blueprints after the launch of the MSCF in 2019. In 2021, the contribution of the digital economy to Malaysia's economy grew by 12.1%, representing 23.2% of the total GDP of Malaysia.
- The development of smart cities anchors on the primary and basic infrastructures, as well as connected and modern digital infrastructures. The performance of the public space networked systems industry is dependent upon the general well-being of the economy, the performance of the construction of infrastructures, as well as government allocation of the expenses relating to infrastructures at federal and state levels.
- In 2021, the real GDP of Malaysia's economy recovered and grew by 3.1% despite the reimposition of containment measures. In H1 2022, Malaysia's real GDP grew by 6.9% compared to H1 2021, underpinned by favourable momentum in the domestic economy, steady expansion in external sector activities and continued improvement in the labour market conditions. Overall, in 2022, the real GDP of Malaysia's economy is expected to grow between 6.5% and 7.0%, and forecasted to grow between 4.0% and 5.0% in 2023 (Source: MOF).
- The performance of the construction of infrastructures would impact the progress of installing public space networked systems. Moving forward, the development of digital infrastructures will be supported by MyDIGITAL's initiatives to expand the fibre networks that provide high-speed and reliable broadband services, thereby enhancing electronic communications and applications that are crucial for transmitting data. This includes a digitally-enabled government and some of the targets are 80% end-to-end online government services, 80% usage of cloud storage across government and all ministries and agencies to provide cashless payment option in 2022. Additionally, under Budget 2022, the 5G services will be expanded to 36% of high-density areas including in major cities in Johor, Selangor, Penang, Sabah and Sarawak.
- The establishment and implementation of networked systems in public spaces involve substantial investments and resources from local governments, which are largely based on the government allocation of the expenses relating to infrastructures at federal and state levels. As Malaysia enters the second year of the 12th Malaysian Plan, development expenditure for 2022 will continue to be distributed to projects with high impact to promote economic growth, create a conducive investment climate and safeguard the wellbeing of the people. The focus of the Budget 2022 remains to be on projects related to transport, trade and industry, as well as energy and public utility subsectors.

9. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we and to a large extent, our business and operations are subject to the regulatory, industry and business risks. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations set out below.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Our business, results of operations and financial condition are dependent on contracts with Datuk Bandar Kuala Lumpur for provision of works and services to DBKL

Our Group's revenue is substantially derived from the works and services provided to DBKL in connection with contracts with Datuk Bandar Kuala Lumpur, the details of which are set out in Section 7.20 of this Prospectus. The revenue from the works and services provided to DBKL accounted for RM23.1 million (62.2%), RM28.9 million (60.7%), RM58.4 million (73.2%) and RM38.5 million (94.5%) of our revenue for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022, respectively.

As at the LPD, our Group has entered into three (3) contracts with Datuk Bandar Kuala Lumpur to provide works and services to DBKL. See Section 7.20 of this Prospectus for the salient terms of these three (3) contracts.

The loss of DBKL as our customer may adversely affect our business, results of operations and financial condition. However, our Group and DBKL are, to a certain extent mutually dependent on each other. In addition, we have subsisting contracts, long term relationship with DBKL and track record of meeting DBKL's requirements and quality standards. See Section 7.17 of this Prospectus for further details relating to the mutual dependency, relationship and our track record with DBKL.

There can be no assurance that DBKL will continue to extend the contracts or enter into new contracts with us upon their expiry in the future. Should this occur, we will need to source for new contracts with our other existing customers and/or new customers to substitute the loss of revenue from DBKL in a timely manner.

9.1.2 We may be exposed to risk of security breaches

Our public space networked system collects traffic and public surveillance camera data, and stores such data in our storage servers set up for our customers. The data is collected on behalf of our customers such data is owned by our customers who are required to comply with applicable legal requirements relating to the collection and use of such data, and we do not collect any third party traffic or surveillance data for our own use or purposes. Nevertheless, storage of such data electronically may be exposed to risks of security breaches, including computer viruses, malware attacks, espionage, hacking, cyber intrusions and unauthorised access to restricted information by our employees. Security breaches on our public space networked systems may lead to unexpected capital expenditure and cause a loss in our revenue and reputation. Additionally, we may be subject to lawsuits if the security breaches are caused by our own negligence.

We do however implement appropriate measures to minimise the risk of potential security breaches such as the use of system and data security protocols as well as firewalls and other data security equipment. In addition, we locate our storage servers at the premises of our customers. Such servers are only physically accessible by our customers and a limited number of our employees, each of whom have entered into non-disclosure agreements with us. Nevertheless, there can be no assurance that there will be no security breaches in the future which could potentially lead to an adverse impact on our Group as described above.

9. RISK FACTORS (Cont'd)

Our network facilities comprise physical equipment and devices such as video cameras, large wall display panels and network infrastructure including our fibre optic cables and network devices such as switches, routers, firewalls, transmitters, repeaters and data storage servers that receive, process, store and transmit data are potentially vulnerable to physical and electronic intrusions, eavesdropping, cyber-attacks or other destructive or disruptive actions. In the event of any one or combination of these occurrences, we may be subject to legal actions, liabilities, losses and/or could also harm our reputation which may negatively affect our financial performance.

Since the commencement of our business and up to the LPD, to the best of our knowledge, there has been no occurrence of any security breach attributable to us which has led to leakage of data collected by our networked system or interrupted provision of services.

9.1.3 We may be exposed to possible intellectual property infringement

We face the risk of intellectual property infringement to our networked traffic management system. We rely on patents, trademark and copyright to protect the intellectual property rights in our systems.

As at the LPD, we own the patents with the title of “a system for intelligent traffic control” and “a system for controlling traffic signals”, the details of which are set out in Section 7.22 of this Prospectus. We have also applied for various patent applications relating to traffic control and lighting control system as set out in Section 7.22 of this Prospectus.

Our trademark “TrafficSens” has been registered with MyIPO under class 9 and class 42, and is protected under the Trade Marks Act, 1976. As at the LPD, we have also submitted various trademark applications to MYIPO, the details of which are set out in Section 7.22 of this Prospectus. Further, we enjoy copyright protection for our systems under the general category of literary work pursuant to the Copyright Act, 1987.

However, there can be no assurance that we will be able to protect or effectively enforce our proprietary rights against unauthorised use of our intellectual property. There is also no assurance that our ongoing patents and trademarks application will be successful. Our trademark application in respect of “City Crew” has received a provisional refusal on 7 November 2022 and we are intending to submit an appeal to MyIPO in respect of such provisional refusal by 7 January 2023. Further, if any third party uses our trademarks or registers identical trademarks to conduct activities in competition with our business, this may confuse our customers and negatively affect our reputation and brands resulting in an adverse impact on our business and financial performance.

Since the commencement of our business and up to the LPD, to the best of our knowledge, there has been no occurrence of any intellectual property infringement to our networked traffic management system.

9.1.4 Our profitability is dependent on project-based contracts which are not recurrent in nature

Our revenue increased at a CAGR of 46.4% from RM37.2 million for the FYE 31 December 2019 to RM79.8 million for the FYE 31 December 2021, while our GP margin increased from 18.4% in the FYE 31 December 2019 to 52.9% and 66.9% for the FYEs 31 December 2020 and 2021 respectively. There can be no assurance that we will be able to continue to sustain these growth trends.

Some of our projects are non-recurrent in nature and are secured on a project-by-project basis. Our Group's ability to compete for and secure sizeable contracts is one of our main contributors to our success as well as ongoing growth and future profitability.

9. RISK FACTORS *(Cont'd)*

We cannot guarantee that we will be able to continue to secure new contracts after the completion of the existing awarded contracts and that we will always be able to maintain similar levels of profitability every year. In addition, the number and scale of projects and the amount of revenue that we are able to derive therefrom are affected by a series of factors, including but not limited to changes in our customers' businesses, economic downturn and lack of funds on the part of project owners. Consequentially, our revenue may vary significantly from period to period depending on the actual volume of our business, variation orders for additional and/or reduction of works or unexpected project cancellations, delays or postponement of projects.

It is critical for our Group to secure new contracts of similar or large value or similar number of projects on a continuous basis to maintain competitiveness in our industry. In the event that we are unable to secure new contracts or obtain contract values or sizes comparable to existing ones, our financial performance and results of operations will be materially impacted. Therefore, the historical financial performance and financial condition of our Group may not be indicative of our future financial performance.

9.1.5 **Our asset ownership operating model for the provision of networked facilities requires high investment cost and continuing operating costs during the contract period**

Our operating model for the provision of networked facilities is based on asset ownership where we charge a fee for the usage of our facilities and value-added features. Under our asset ownership operating model, in addition to providing physical facilities, we are responsible for providing technical support and maintaining the facilities to ensure availability and minimum downtime of the facilities in accordance with the SLA. In this respect, we bear the continuing operating costs comprising 24 hours a day seven (7) days a week technical support and maintenance costs during the contract period. The operating costs incurred in relating the provision of networked facilities was RM0.9 million, RM4.7 million, RM7.9 million and RM4.3 million for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022, respectively. As at 30 June 2022, we have invested RM117.5 million in our networked facilities comprising physical assets such as video surveillance facilities including approximately 8,600 video cameras, large wall display panels and network devices such as switches, routers, splitters, firewalls, transmitters, repeaters and storage arrays while infrastructure includes fibre optic networks, towers and poles, and ducts, data storage servers, as well as system and application software and integrated platform management solutions.

In the event that we are unsuccessful in commercialising our services or securing new customers for the assets invested or fail to meet our SLA, we would not be able to meet the minimum returns on investment to cover our capital expenditure. For further details, see Sections 4.6.4 and 7.19.2 of this Prospectus.

9.1.6 **We are subject to LAD claims if we fail to complete our projects within the stipulated contract period**

We are subject to certain agreed timeliness and budgets for our projects. However, the timely completion of our projects including supply and installation works are dependent on many external factors including, among others, the timing for site possession, obtaining permits or approvals from regulatory authorities, delivery of equipment and materials, workplace hazards and accidents, weather conditions, outbreaks, epidemics or pandemics. Any adverse developments in respect of these factors or a combination of these factors can potentially lead to interruptions on our on-site operations or delays in completing a project, our customers may impose LAD on us which in turn would have a material impact on our reputation, business operations, results of operations and financial condition.

As at the LPD, we have not experienced any LAD claims from our customers. We have applied and obtained approvals for extension of time from our customers for the completion of our on-going projects without impositions of LAD due to lockdowns imposed by the Malaysian Government to curb the spread of the COVID-19 pandemic. See Section 7.20 for further details on the projects that were granted extension of time to complete.

9. RISK FACTORS (Cont'd)

Notwithstanding the above, there can be no assurance that we will be able to continuously complete our projects on time and there is no guarantee that our business operations and financial performance will not be affected by such delay in project completion.

9.1.7 We are dependent on our Executive Directors, Key Senior Management and Key Technical Personnel for the continuing success of our Group

Our growth and success depend, to a significant extent, on the experience, business relationship, expertise and industry know-how expertise of our Executive Directors, Key Senior Management and Key Technical Personnel.

Our Group is led by our Executive Directors who are assisted by our Key Senior Management and Key Technical Personnel who have extensive knowledge and experience in our industry. Our Executive Directors are responsible for providing strategic direction and oversight over our Group's business growth. Our Key Senior Management and Key Technical Personnel are responsible in the day-to-day operations as well as executing and implementing our Group's business strategies and plans to drive future growth. See Sections 5.2.2, 5.4.2 and 5.5.2 of this Prospectus for the profiles of our Executive Directors, Key Senior Management and Key Technical Personnel.

The loss of any of our Executive Directors, Key Senior Management and Key Technical Personnel without suitable and timely replacement or our inability to attract, hire and retain suitable candidates as replacement for positions within our Key Senior Management and Key Technical Personnel may adversely affect our continued ability to compete effectively against other industry players as well as implement our business strategies and plans which could have a material adverse effect on our business, results of operations, financial condition and prospects.

There has been no incident of departure on any of our Executive Directors, Key Senior Management and/or Key Technical Personnel which has adversely affected our business operations in the past.

9.1.8 We are generally dependent on subcontractors to carry out certain works for our projects

We generally depend on our subcontractors for civil and infrastructural works and installation and construction works such as M&E works. While we are generally dependent on subcontractors to carry out certain works, we are not dependent on any single subcontractor.

For the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022, our subcontracting services costs represented approximately 49.5%, 32.0%, 27.5% and 39.8% of our purchases, respectively. However, such costs may vary significantly from year-to-year due to the volume of projects on hand as well as the demand for such services to complement our project capabilities.

Our subcontractors are appointed based on the project requirements as well as our past working experience and business relationship with them.

While we have a number of subcontractors and have established a selection process, we may not be able to monitor their performance directly or closely. However, we have implemented a set of quality control assurance and procedures to supervise and monitor the works performed by our subcontractors. Nonetheless, the engagement of subcontractors may expose us to certain risks, including but not limited to, difficulties in overseeing the performance of subcontractors effectively, possibilities of subcontractors failing to complete their contracted scope of works or inability to hire suitable subcontractors in a timely manner and within our budget. All these risks may impact on our profitability, financial performance and may result in disputes and litigation.

9. RISK FACTORS *(Cont'd)*

As our subcontractors do not have direct contractual relationships with our customers, we are liable for the risks of our subcontractors' non-performance, poor quality of works, defects or delays caused by them. In addition, if the costs required to rectify the defects caused by our subcontractors are significant, it may have an impact on our financial performance. We may be liable for the costs of remedial works which in turn would increase our costs for the projects as well as delay in our project delivery.

As at the LPD, we have not encountered any claims from our customers due to non-performance or defects of works by our subcontractors. Although we endeavour to maintain the quality of our works including our subcontractors works, there can be no assurance that our works will always be satisfactory in accordance to our customers' expectations and requirements.

9.1.9 We are exposed to interest rate fluctuations

All our borrowings are interest-bearing obligations. As a result, any hike in interest rates would affect our financial results. Our finance cost primarily comprises of interest charges on banking facilities, mainly term loans and revolving credit. As at 30 June 2022, our Group's total borrowings was RM94.0 million, of which all are interest-bearing, comprising RM93.2 million (99.1%) was based on floating interest rates and the remaining RM0.8 million (0.9%) was based on fixed rates.

Our finance cost had increased from approximately RM97,000 for the FYE 31 December 2019 to RM1.1 million for the FYE 31 December 2021 mainly attributed to the increase in interest expense on our term loans by RM0.8 million due to the drawdowns of our term loans for the purchase and installation of networked video surveillance facilities. In other words, any drawdown for new borrowings, increase in draw down of the existing borrowings and/or increase in interest rates may impact our financial performance. For further details on our borrowings and finance cost, see Sections 12.2.10 and 12.2.12 of this Prospectus, respectively.

9.1.10 We are exposed to foreign currency exchange fluctuations

We have purchased materials and services including subcontractors' costs in USD and SGD during the Financial Years Under Review and FPE 30 June 2022. Our business is exposed to the risk of foreign exchange fluctuations since 22.7% (RM7.7 million), 25.1% (RM14.9 million), 13.6% (RM8.9 million) and 9.2% (RM2.8 million) of our purchases of materials and services including subcontractors' costs for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPE 30 June 2022, respectively were transacted mainly in USD. Any adverse movements in exchange rates between RM and USD would adversely affect our results of operation.

As at the LPD, we do not have any foreign currency forward hedging contracts. See Section 12.2.21 of this Prospectus for further information on the impact of foreign currency exchange during the Financial Years Under Review.

9.1.11 We are relying on certain registration, approvals, licences and permits

We require various licences, permits and approvals including registration with the CIDB, the MOF and licences issued by the Energy Commission and MCMC for our business operations. These licences, permits and approvals are subject to periodic renewal. See Section 7.24 of this Prospectus for further details of our major licences, permits and approvals, including the respective issuing authorities, expiration dates and status of compliance.

9. RISK FACTORS *(Cont'd)*

We leverage on existing registrations, approvals, licences and permits to continue our core business operations. We must comply with the restrictions and conditions imposed by the relevant authorities for us to maintain the validity of such approvals, permits and licences. In the event we fail to comply with the applicable requirements or any required conditions, our registration, approvals, licences and permits may be cancelled or suspended or subject to penalties. Delay in renewing such registrations, approvals, licences and permits upon expiry may also result in temporary suspension or restriction of our business operations. Therefore, any revocation and/or failure to obtain renewals for such registrations, approvals, licences and permits which are required for our business activities will have a material impact on our ability to continue business operations.

Further, as disclosed in Section 7.24 of this Prospectus, both the NSP and NFP individual licences issued by the MCMC to our Company contain an express condition that the foreign shareholding, if any, in our Company shall not be more than 49% ("**Foreign Shareholding Condition**"). Such Foreign Shareholding Condition will continue to apply following the listing of our Company on Bursa Securities. Prior to our Listing, all our Shares are held by local Malaysian shareholders and upon our Listing, our Promoters and substantial shareholders (who are Malaysians) will collectively hold more than 51% of our issued Shares. However, as we are a public company whose Shares will be traded on Bursa Securities following our Listing, we will have limited control over the level of foreign shareholding in our Company, save for potential specific share placements to local investors to address the condition (which may require an extended period time to complete due to regulatory approvals and market conditions for our Shares). There is a risk that we may not be in a position to ensure continued compliance with the Foreign Shareholding Condition at all times, which could result in our licences issued by the MCMC being revoked or suspended.

As at the LPD, we have not experienced any instance in the past where our registrations, approvals, licences and permits have been revoked or suspended prior to their expiration or where renewals of such registrations, approvals, licences and permits were unsuccessful.

9.1.12 **Our insurance coverage may not be adequate to cover all losses or cover liabilities arising from potential claims and litigations**

We are aware of the adverse consequences arising from inadequate insurance coverage that could potentially affect our business operations and financial performance. The operation of our projects involves risks and hazards, including equipment failures, natural disasters and environmental hazards. These hazards can cause significant personal injury or death, severe damage to and destruction to property, plant and equipment and damage to environment and suspension of operations. Therefore, we may face liabilities or fines as a result of damages suffered by third-parties.

We maintain insurance to cover a variety of risks associated with our business needs and operations. While we believe that our insurance coverage commensurate with our business nature and risk profile, there can be no assurance that our insurance coverage may be adequate to cover all losses or liabilities that might arise in our business operations.

In addition, some of our insurance policies are subject to periodic review by our insurers. Thus, there can be no assurance that we are able to renew these policies on similar terms and amount desired at reasonable rates. The outcome of any claim is subject to negotiations among the relevant parties and the result of claims may be unfavourable to us. If we are held liable for uninsured losses or the amount of claims for insured losses exceeds the limit of our insurance coverage, our business and financial condition will be affected. In other words, there can be no assurance that our insurance coverage will sufficiently protect against all potential claims and liabilities.

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

9. RISK FACTORS (Cont'd)**9.1.13 Impact of the prolonged COVID-19 pandemic and possible similar future outbreaks on our business operations and results of operations**

In December 2019, an outbreak of COVID-19 occurred in China and spread to other nations globally. The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The COVID-19 pandemic has resulted in, among others, travel and transportation restrictions, prolonged closures of work places, businesses and lockdowns in certain countries.

During the first phase of MCO, our business operations was temporarily suspended for 37 days from 18 March 2020 to 23 April 2020. STS resumed operations from 24 April 2020 while we resumed operations from 29 April 2020 according to the specified guidelines and SOP based on the letter of approval from the MITI dated 23 April 2020 and 28 April 2020 respectively.

The temporary suspension resulted in a delay in onsite installation works which impacted the timing of submission of progress billings on work done. In addition, this also affected our assembly operations of controllers due to the temporary closure during the MCO. Nonetheless, there was no material impact on our results of operations and financial condition.

Any prolonged crisis or similar future outbreaks with restrictive measures such as the MCO affecting a significantly large population may result in similar interruptions to our Group's business operations, which could adversely affect our business operations, results of operations, financial performance as well as implementation of our business strategies and plans.

9.1.14 The Promoters will be able to exert significant influence over our Company

Our Selling Shareholder, Sena Holdings which is owned by our Promoters i.e. Tan Sri Tan and TWL, will hold 51.3% of our enlarged issued Shares upon our Listing. As a result, Tan Sri Tan and TWL will be able to control our business direction and management. Tan Sri Tan and TWL via their interests in Sena Holdings may have significant influence over, among others, the election of our Directors, the timing and payment of dividends as well as having voting control over our Group. As such, they will likely influence the outcome of certain matters requiring the vote of our shareholders except where they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. We cannot assure you that the interests of these Promoters will be aligned with those of our other shareholders.

9. RISK FACTORS *(Cont'd)*

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to competition from other public space networked system providers

We compete with other public space networked system providers that may be able to offer similar facilities. Some competitors may compete with us based on, among others, better or more innovative technologies, more value added services and/or lower pricing.

Competitive bidding from our competitors may result in us losing the tenders against our competitors. We may also have to lower our prices to match our competitors in order to retain our existing contracts.

We are confident that we will be able to maintain our competitive advantage by focusing on providing high value-added services and continuous system development and improvement. Nevertheless, there can be no assurance that we will be able to compete effectively with current and new entrants into our industry in the future and that the level of competition will not intensify in the future.

9.2.2 We are subject to political, economic, social and regulatory changes

Our business may be affected by political, economic, social and regulatory changes. Such developments include, but are not limited to, changes in interest rates, fluctuation in exchange rates, political leadership, geopolitical events such as the Russian-Ukraine conflict, global economic downturn, expropriation, nationalisation, and unfavourable change in Government policy and regulations. Any adverse developments of such nature could materially and adversely affect our business, results of operations and financial condition.

Our business is also vulnerable to certain risks inherent in our industry. We may be affected by the entry of new players, constraints in skilled labour supply and increase in labour costs, changes in law and tax legislation affecting our projects and changes in business and credit conditions. Our business may also be affected by epidemics or pandemics, such as COVID-19, which may interrupt our business operations.

We seek to mitigate these risks through prudent management policies, active R&D, securing and maintaining good business relationships with our customers and suppliers, and effective human resource management. However, there can be no assurance that our business, results of operations and financial condition will not be adversely affected by any change in any of these environments.

9.2.3 We may not be able to adapt to technological developments in our industry

Our industry is subject to rapid technological changes such as, among others, introduction of fifth generation wireless telecommunications, low-power wireless data networks, artificial intelligence applications and sensors such as those used in traffic management systems. Our ability to keep pace with these technological changes and remain technologically competitive will influence our revenue and profits. Our future success is dependent on our ability to enhance our products and systems in a timely manner, responding to changing customer needs brought about by technological changes.

There can be no assurance that our adoption of new and relevant technologies, as well as our R&D can be successfully completed on time to adapt to technological developments to meet our customers' expectation.

9. RISK FACTORS (Cont'd)

9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

9.3.1 Our Listing may not result in an active liquid market for our Shares

There can be no assurance as to the liquidity of the market will develop upon our Listing or, if developed, that such market will be sustained. There can be no assurance that our IPO Price will correspond to the price in which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

In addition, there can be no assurance that the market price of our Shares will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate in.

9.3.2 Our Share price and trading volume may be volatile

The market price and trading volume of our Shares could be affected by numerous factors, including the following:

- general market, political and economic conditions;
- trading liquidity of our Shares;
- differences in our actual financial and operating results and those expected by investors and analysts;
- changes in market valuations of listed shares in general or shares of comparable companies to ours;
- perceived prospects of our business and the industry in which we operate;
- adverse media reports regarding us or our shareholders;
- changes in government policy, legislation or regulation; and
- general operational and business risks.

In addition, many of the risks described in this Prospectus could materially and adversely affect the market price of our Shares. If we are not able to declare or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced. Furthermore, if the trading volume of our Shares is low, price fluctuation may be exacerbated.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that has affected the share price of many companies where the share price of many companies have experienced wide fluctuations which were not always related to the operating performance of these companies, including fluctuations as a result of developments in other markets. There can be no assurance that the price and trading of our Shares will not be subject to similar fluctuations.

9.3.3 The sale of a substantial number of our Shares in the public market following our Listing could materially affects the price of our Shares

Following our Listing, we have an issue of 1,028,000,000 Shares, of which up to 320,000,000 Shares, representing 31.1% of the issued Shares, will be held by investors participating in our Listing and not less than 708,000,000 Shares, representing 68.9% of the issued Shares will be held by our Promoters. Save for the restrictions pursuant to the moratorium and lock-up

9. RISK FACTORS *(Cont'd)*

arrangements as set out in Sections 2.2 and 4.8.3 of this Prospectus respectively, our Shares sold in our IPO will be traded on the Main Market of Bursa Securities without restriction following our Listing.

Our Promoters and other shareholders, including the Selling Shareholder, could dispose of some or all of our Shares that they hold after the moratorium period pursuant to their own investment objectives. If our shareholders sell or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

9.3.4 There can be no assurance that we will declare and pay dividends in the future

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

The payment of our dividends and the receipt of dividends from our subsidiary may also be affected by the passing of new laws, adoption of new regulations and other events outside our control, and we or our subsidiary may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. In addition, changes in accounting standards may also affect our ability to pay dividends.

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

For a description of our dividend policy, see Section 12.5 of this Prospectus.

9.3.5 Delay in, or termination of, our Listing

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

- the Joint Underwriters' exercise of their rights under the Retail Underwriting Agreement, or the Joint Bookrunners' exercise of their rights under the Placement Agreement, to discharge themselves of their obligations under such agreements;
- our inability to meet the minimum public shareholding spread requirement under the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing; or
- the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment/transfer of the IPO Shares:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we and the Selling Shareholder shall repay all monies paid in respect of the applications for the IPO Shares within 14 days of the date of service of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

9. RISK FACTORS (Cont'd)

- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any IPO Shares, and all monies paid in respect of all applications for the IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment/transfer of the IPO Shares and the proceeds from the Public Issue form part of our share capital:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, any issue of the IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) a solvency statement from our Directors.

9.3.6 Forward-looking statements in this Prospectus are subject to uncertainties and contingencies

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, prospects, plans and objectives of our Group for future operations are 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 factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and government initiatives. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements of our Group, or industry results, to be materially different from any future results, performance, achievements or industry results expressed or implied by such forward-looking statements.

The inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

10. RELATED PARTY TRANSACTIONS**10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS****10.1.1 Material related party transactions**

Save as disclosed below, there are no other material related party transactions entered into by our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the Financial Years Under Review, the FPE 30 June 2022 and up to the LPD:

Transacting party	Nature of relationship	Nature of transaction	Transaction value				
			FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021	FPE 30 June 2022	From 1 July 2022 up to the LPD
			RM'000	RM'000	RM'000	RM'000	RM'000
Our Company (purchaser) and Tan Sri Lim Puan Sri Lim (vendors)	<u>Interested Director and substantial shareholder</u> <ul style="list-style-type: none"> Tan Sri Tan Tan Sri Tan is also a director and substantial shareholder of STS.	Acquisition of the entire equity interest in STS, comprising 3,000,000 STS Shares, by our Company from the Sellers for a purchase consideration of RM59,357,908 which was satisfied by the issuance of 388,800 new Shares at an issue price of RM152.67 per Share to Sena Holdings, being the company jointly nominated by the Sellers to receive and hold the consideration shares, in accordance with the terms of the share sale agreement dated 22 June 2022 between our Company and the Sellers.	-	-	-	-	59,358

10. RELATED PARTY TRANSACTIONS (Cont'd)

Transacting party	Nature of relationship	Nature of transaction	Transaction value				
			FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021	FPE 30 June 2022	From 1 July 2022 up to the LPD
			RM'000	RM'000	RM'000	RM'000	RM'000
Our Company (purchaser) and Tan Sri Tan and Puan Sri Lim (vendors) (Cont'd)		The purchase consideration represents a PB Multiple of approximately one (1) time of the latest audited NA of STS as at 31 December 2021.					
		See Section 6.1.2 of this Prospectus for further details on the Pre-IPO Restructuring.					
Sena Letrik	<u>Interested Director and/or substantial shareholder</u>	During the FYE 31 December 2020, Sena Letrik utilised its letter of credit facility amounting to approximately RM4.0 million for the purchase and importation of the UPS on behalf of our Company. We have subsequently obtained our letter of credit facility on 26 July 2021.	64	4,290	789	268	217
	<ul style="list-style-type: none"> Tan Sri Tan TSC <p>Tan Sri Tan is also a director and substantial shareholder of Sena Letrik while TSC is the alternate director to Tan Sri Tan in Sena Letrik.</p>	<p>(representing 4.1% of our Group's PAT)</p> <p>(representing 33.9% of our Group's PAT)</p> <p>(representing 2.7% of our Group's PAT)</p> <p>(representing 1.7% of our Group's PAT)</p>					

10. RELATED PARTY TRANSACTIONS (Cont'd)

Transacting party	Nature of relationship	Nature of transaction	Transaction value				
			FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021	FPE 30 June 2022	From 1 July 2022 up to the LPD
			RM'000	RM'000	RM'000	RM'000	RM'000
Sena Letrik (Cont'd)		In addition, there were also general administrative expenses paid by Sena Letrik on behalf of our Group during the Financial Years Under Review, the FPE 30 June 2022 and up to the LPD, which are not material and recurrent in nature.					

10. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors confirm that all the above material related party transactions were carried out on arm's length basis as the respective considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to our non-interested shareholders.

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them but not yet affected up to the date of this Prospectus.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if such related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

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 recurrent related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosure in our annual report with regard to any recurrent related party transaction entered into by us.

10.1.2 Transactions entered into that are unusual in their nature or conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for the Financial Years Under Review, the FPE 30 June 2022 and up to the LPD.

10. RELATED PARTY TRANSACTIONS (Cont'd)**10.1.3 Material loans and financial assistance (including guarantees of any kind) made to or for the benefit of related parties**

Save as disclosed below, our Group has not granted any loans or financial assistance (including guarantees of any kind) to or for the benefit of our related parties for the Financial Years Under Review, the FPE 30 June 2022 and up to the LPD:

Transacting party	Nature of relationship	Nature of transaction	Outstanding balances			
			As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 30 June 2022
			RM'000	RM'000	RM'000	RM'000
ARSB	<u>Interested Director and/or substantial shareholder</u>	Settlement of the purchase consideration under the Disposal Agreement via the assumption by ARSB of the amount owing by Datin Afinaliza to our Company such that the amount owing by Datin Afinaliza became an amount owing by ARSB to our Company instead.	2,250	2,250	-	-
	<ul style="list-style-type: none"> • Tan Sri Tan • TWL • TSC <p>Tan Sri Tan and TWL are also directors and shareholders of ARSB while TSC is a director of ARSB.</p>	ARSB had fully settled this amount on 27 December 2021.				

10. RELATED PARTY TRANSACTIONS (Cont'd)**10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS****10.2.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee reviews related party transactions and conflicts of interest situations that may arise within our Company or Group. Our Audit and Risk Management Committee reviews the procedures set by our Company to monitor related party transactions to ensure the integrity of these transactions, procedures or course of conducts. In reviewing the related party transactions, the following, among others, will be considered:

- (a) the rationale and the cost/benefit to our Company is first considered;
- (b) where possible, comparative quotes will be taken into consideration;
- (c) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (d) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing on an arm's length basis with our Group and are not detrimental to our Company's non-interested shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and MCGG upon our Listing. The procedures which may form part of the framework including, among others, the following:

- (i) our Board shall ensure that majority of our Board members are Independent Directors and will undertake an annual assessment of our Independent Directors;
- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would, in turn, make a recommendation to our Board.

11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES CARRYING ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

11.1.1 Involvement of our Directors and substantial shareholders in entities which carry on a similar trade as our Group

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are carrying on a similar trade as our Group:

<u>Name of company</u>	<u>Nature of trade</u>	<u>Principal activities</u>	<u>Nature of interest</u>
Sena Letrik	Our Group and Sena Letrik are both registered contractors with the CIDB	Electrical works contractors and general trading	<p><u>Interested and/or substantial shareholder</u></p> <ul style="list-style-type: none"> • Tan Sri Tan • TSC <p>Tan Sri Tan is our Director and substantial shareholder. He is also a director and shareholder of Sena Letrik.</p> <p>TSC is our Director. She is also an alternate director to Tan Sri Tan in Sena Letrik.</p>

Our Board is of the view that any potential conflict of interest situation which may arise through the interests of Tan Sri Tan and TSC in Sena Letrik is mitigated due to the following:

- (i) our Company and Sena Letrik focus on different areas of contracting works and the licences and approvals obtained differ in scope of approved works. Sena Letrik is a general electrical works contractor whereas our Group focuses on contracting works relating to provision of public space network system;
- (ii) the involvement of TSC in Sena Letrik will not affect her commitment and responsibilities to our Group as she is not involved in the day-to-day management of Sena Letrik and Sena Letrik has its own independent and standalone management team to undertake its day-to-day management and operations;
- (iii) Tan Sri Tan, being a Non-Executive Director, is not involved in the day-to-day management and operation of our Group which may include any deliberation in relation to the transactions with Sena Letrik; and
- (iv) both Tan Sri Tan and TSC will abstain from deliberation and voting at our Board meetings in relation to transactions with Sena Letrik.

11. CONFLICT OF INTEREST (Cont'd)**11.1.2 Involvement of our Directors and substantial shareholders in entities which are our customers or suppliers**

As at the LPD, save as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in any entities which are our customers and/or suppliers:

No.	Name of company	Nature of transaction	Principal activities	Nature of interest
1.	Epeteknik Sdn Bhd	Supplier of helipad lighting controller and accessories	Trading and fabrication of information technology products and services	<p><u>Interested Director and/or substantial shareholder</u></p> <p>Tan Sri Tan is our Director and substantial shareholder. He is also a director and shareholder of Epeteknik Sdn Bhd.</p>
2.	RR Precision Machining Sdn Bhd ("RRPM")	Supplier of LED lights	Manufacturing, assembling, supplying and installing of LED lighting fixtures	<p><u>Interested Director and/or substantial shareholder</u></p> <p>Tan Sri Tan is our Director and substantial shareholder. He is also a director and shareholder of RRPM through his interest in Sena Diecasting Industries Sdn Bhd.</p> <p>TWL is our Director and substantial shareholder. He is also a director of RRPM.</p> <p>TSC is our Director. She is also a director of RRPM.</p>

Our Board is of the view that any potential conflict of interest situation which may arise through the interests of Tan Sri Tan, TWL and TSC in Epeteknik Sdn Bhd and RRPM respectively which are our suppliers during the Financial Years Under Review and the FPE 30 June 2022 ("**Related Suppliers**") is mitigated due to the following:

11. CONFLICT OF INTEREST (Cont'd)

- (i) the Related Suppliers are not our Group's major supplier and the Group is not dependent on purchases from the Related Suppliers as there are other suppliers of such items in the market. Our Group's total purchases during the Financial Years Under Review and the FPE 30 June 2022 from Epeteknik Sdn Bhd and RRPM are as follows:

	Transaction value			
	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	FYE 31 December 2021 RM'000	FPE 30 June 2022 RM'000
Epeteknik Sdn Bhd ⁽¹⁾	13.8 (representing * of our Group's purchases)	65.7 (representing 0.1% of our Group's purchases)	-	-
RRPM ⁽²⁾	129.6 (representing 0.4% of our Group's purchases)	64.5 (representing 0.1% of our Group's purchases)	-	-

Notes:

* Negligible, less than 0.1%

- (1) Relates to the supply and installation of helicopter hangar equipment, which was a one-off project undertaken by our Company, and is not under the main business segments of our Company. The said project has been completed in the FYE 31 December 2020. Following the completion, there has been no other purchases from Epeteknik Sdn Bhd, save for a one-off purchase by STS of supply and installation of helicopter hangar equipment from Epeteknik Sdn Bhd for an amount of RM5,371 in August 2022.
- (2) Relates to the repair and assembly of LED lights for a project which was completed in the FYE 31 December 2020. Following the completion, there has been no other purchases from RRPM.

The transactions with the Related Suppliers are non-recurrent in nature;

- (ii) all purchases from the Related Suppliers were carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group but comparable to other third party suppliers;
- (iii) RRPM is not competing with our Group as it only supplies one of the components for networked lighting system;
- (iv) the involvement of TWL and TSC in RRPM will not affect their commitment and responsibilities to our Group as they are not involved in the day-to-day management of RRPM and RRPM has its own independent and standalone management team to undertake its day-to-day management and operations;
- (v) Tan Sri Tan, being a Non-Executive Director, is not involved in the day-to-day management and operation of our Group which may include any deliberation in relation to the transactions with Epeteknik Sdn Bhd and RRPM; and
- (vi) Tan Sri Tan, TWL and TSC will abstain from deliberation and voting at our Board meetings in relation to transactions with the Related Suppliers.

11. CONFLICT OF INTEREST (Cont'd)

As set out in Section 10.2.1 of this Prospectus, our Audit and Risk Management Committee will review such conflict of interest that may arise within our Company or our Group including such transaction, procedure or course that raises questions on management integrity. Our Audit and Risk Management Committee will also ensure that any such transactions are carried out on terms that are not detrimental to our Group.

Notwithstanding, the interests that are held by our Directors and substantial shareholders and the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which are carrying on a similar trade as our Group and/or our customers or suppliers may give rise to a conflict of interest situation with our business. Where such interests give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interest. Such transactions will be carried out on arm's length basis and on normal commercial terms.

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Maybank IB

Maybank IB, being the Principal Adviser, Joint Bookrunner for the Institutional Offering and Managing Underwriter and Joint Underwriter for the Retail Offering, and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses.

The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates.

This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, Malayan Banking Berhad has extended credit facilities to our Group in its ordinary course of business but none of the proceeds from the Public Issue will be used to repay these credit facilities.

Notwithstanding, Maybank IB is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as Principal Adviser, Joint Bookrunner for the Institutional Offering and Managing Underwriter and Joint Underwriter for the Retail Offering due to the following:

- (a) Malayan Banking Berhad is a licensed commercial bank and the extension of credit facilities to our Group arose in its ordinary course of business;

11. CONFLICT OF INTEREST (Cont'd)

- (b) the conduct of Malayan Banking Berhad in its banking business is strictly regulated by, among others, Financial Services Act, 2013, Islamic Financial Services Act, 2013 and its own internal control and checks; and
- (c) the total aggregate outstanding amount owed by our Group to Malayan Banking Berhad of about RM75.6 million as at the LPD is not material when compared to the audited consolidated NA of Maybank as at 31 December 2021 of RM85.8 billion.

Maybank IB confirms that there is no conflict of interest situation in its capacity as Principal Adviser, Joint Bookrunner for the Institutional Offering and Managing Underwriter and Joint Underwriter for the Retail Offering.

11.2.2 CIMB IB

CIMB IB confirms that there is no existing or potential conflict of interest situation in its capacity as Joint Bookrunner and Joint Underwriter for our IPO.

11.2.3 Am IB

Am IB is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, **AmBank Group**) forms a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transactions services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In ordinary course of its businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the accounts of its other client, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in future, may have interests or take actions that may conflict with the interest of our Group.

As at the LPD, AmBank Group has extended and may in future extend further loan facilities to our Group.

Notwithstanding the above, Am IB is of the opinion that its role as the Joint Underwriter for the IPO is not likely to result in a conflict of interest or potential conflict of interest situation in view that:

- (i) AmBank Group form a diversified financial group and are engaged in a wide range of transactions as highlighted above. Am IB is a licensed investment bank and its appointment as the Joint Underwriter for the IPO is in the ordinary course of its business; and
- (ii) Each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entity within AmBank Group have separate and distinct operations and decisions are made independent of each other. In addition, the conduct of Am IB is also regulated by Bank Negara Malaysia.

11. CONFLICT OF INTEREST (Cont'd)

Premised on the above, Am IB confirms that there is no conflict of interest which exists or likely to exist in its capacity as the Joint Underwriter for the IPO.

11.2.4 KPMG PLT

KPMG PLT confirms that there is no existing or potential conflict of interest situation in its capacity as Auditors and Reporting Accountants for our Company in relation to our IPO.

11.2.5 Mah-Kamariyah & Philip Koh

Mah-Kamariyah & Philip Koh confirms that there is no existing or potential conflict of interest situation in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

11.2.6 Albar & Partners

Albar & Partners confirms that there is no existing or potential conflict of interest situation in its capacity as the legal adviser to the Joint Bookrunners, Managing Underwriter and Joint Underwriters as to Malaysian law in relation to our IPO.

11.2.7 Vital Factor

Vital Factor confirms that there is no existing or potential conflict of interest situation in its capacity as the Independent Business and Market Research Consultants in relation to our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information for the FYEs 31 December 2019, 31 December 2020, 31 December 2021 and FPEs 30 June 2021 and 30 June 2022 presented below have been extracted from the combined financial statements contained in the Accountants' Report included in Section 13 of this Prospectus ("**Combined Financial Statements**"). Our Combined Financial Statements are prepared in accordance with MFRS and IFRS.

The following selected historical combined financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 12.2 of this Prospectus together with the Accountants' Report set out in Section 13 of this Prospectus.

Selected financial information from the historical combined statements of profit or loss and other comprehensive income

	FYE 31 December			FPE 30 June	
	Audited			Unaudited	Audited
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	37,212	47,538	79,759	33,992	40,740
Cost of sales	(30,378)	(22,378)	(26,400)	(9,327)	(11,780)
GP	6,834	25,160	53,359	24,665	28,960
Other income	268	1,087	537	146	347
Administrative expenses	(4,979)	(8,531)	(10,979)	(4,742)	(7,802)
Net reversal/(loss) on impairment of financial instruments and contract assets	(3)	(156)	(1,123)	(22)	398
Results from operating activities	2,120	17,560	41,794	20,047	21,903
Finance income	163	264	205	14	78
Finance costs	(97)	(203)	(1,063)	(132)	(1,133)
PBT	2,186	17,621	40,936	19,929	20,848
Tax expense	(616)	(4,952)	(11,699)	(4,912)	(5,394)
PAT and total comprehensive income for the year attributable to owners of our Company	1,570	12,669	29,237	15,017	15,454

12. FINANCIAL INFORMATION (Cont'd)

	FYE 31 December			FPE 30 June	
	2019	2020	2021	2021	2022
Supplementary financial information					
EBITDA ⁽¹⁾ (RM '000)	2,821	19,681	47,847	22,282	26,119
GP margin ⁽²⁾ (%)	18.4	52.9	66.9	72.6	71.1
EBITDA margin ⁽³⁾ (%)	7.6	41.4	60.0	65.6	64.1
PBT margin ⁽⁴⁾ (%)	5.9	37.1	51.3	58.6	51.2
PAT margin ⁽⁵⁾ (%)	4.2	26.7	36.7	44.2	37.9
Basic/Diluted EPS ⁽⁶⁾ (sen)	0.153	1.232	2.844	1.461	1.503
Effective tax rate (%)	28.2	28.1	28.6	24.6	25.9

Notes:

- (1) EBITDA is calculated as PAT plus: (i) tax expense; (ii) finance costs; and (iii) depreciation and amortisation, less (iv) finance income.

The following table reconciles our PAT to EBITDA for the financial years/periods indicated:

	FYE 31 December			FPE 30 June	
	2019	2020	2021	2021	2022
	RM'000	RM'000	RM'000		
PAT	1,570	12,669	29,237	15,017	15,454
Add/(Less):					
Tax expense	616	4,952	11,699	4,912	5,394
Finance costs	97	203	1,063	132	1,133
Finance income	(163)	(264)	(205)	(14)	(78)
Depreciation and amortisation*	701	2,121	6,053	2,235	4,216
EBITDA	2,821	19,681	47,847	22,282	26,119

* includes depreciation of PPE and right-of-use assets and amortisation of intangible assets

- (2) Computed based on GP divided by revenue.
 (3) Computed based on EBITDA divided by revenue.
 (4) Computed based on PBT divided by revenue.
 (5) Computed based on PAT divided by revenue.
 (6) Computed based on PAT divided by our enlarged issued Shares of 1,028,000,000 upon our Listing in each of the respective financial year/periods.

12. FINANCIAL INFORMATION (Cont'd)**Selected financial information from the historical combined statements of financial position**

	As at 31 December			As at 30 June
	Audited			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Total non-current assets	21,808	52,599	99,411	119,718
Total current assets	49,186	56,829	63,707	64,841
Total assets	70,994	109,428	163,118	184,559
Total non-current liabilities	14,421	35,078	60,519	71,737
Total current liabilities	38,809	43,667	48,679	51,448
Total liabilities	53,230	78,745	109,198	123,185
NA	17,764	30,683	53,920	61,374
Net current assets	10,377	13,162	15,028	13,393
Invested equity	3,750	4,000	4,000	4,000
Retained earnings	14,014	26,683	49,920	57,374
Total equity	17,764	30,683	53,920	61,374

Supplementary financial information

Total borrowings	13,975	37,538	75,053	94,048
Net borrowings ⁽¹⁾	3,495	25,218	51,908	83,491
Gearing ratio ⁽²⁾ (times)	0.8	1.2	1.4	1.5
Net gearing ratio ⁽³⁾ (times)	0.2	0.8	1.0	1.4

Notes:

- (1) Computed based on total borrowings less cash and cash equivalents as at the end of the year/period.
- (2) Computed based on total borrowings divided by total equity as at the end of the year/period.
- (3) Computed based on net borrowings divided by total equity as at the end of the year/period.

12. FINANCIAL INFORMATION (Cont'd)**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations is based on our combined financial information with respect to the FYEs 31 December 2019, 31 December 2020 and 31 December 2021, which have been derived from the Accountants' Report as set out in Section 13 of this Prospectus.

The combined financial statements of our Group for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021, and FPE 30 June 2022 consist of the financial statements of ITMAX System for the three (3) year and 6-month period from 1 January 2019 to 30 June 2022, and its combining entity, STS for the period from 1 October 2019 to 30 June 2022 pursuant to the establishment of common control following the acquisition of ITMAX System by ARSB on 1 October 2019.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, see Note 2 of the Accountants' Report as set out in Section 13 of this Prospectus.

12.2.1 Overview of our business

We are a provider of public space networked systems focusing on lighting, video surveillance and traffic management, as well as communications network services. Public space mainly refers to the space that is generally accessible to the public such as roads and parks. Public space is mostly under the jurisdiction of Federal, State or local governments.

Our public space networked systems are in line with the Malaysian Government's Smart City Initiatives such as Smart Living with our smart surveillance system incorporating integrated CCTV, Smart Environment with our LED lighting for green technology, Smart Mobility with our traffic management system, Smart Digital Infrastructure with our fibre optic metropolitan area network in Kuala Lumpur for connectivity and our planned data lake as part of hyper-scale data centre, and Smart Government with our integrated system platform for integrated operations centre.

Within the public space networked systems, we are involved in the supply and installation of networked lighting system and networked traffic management system where our operating model is mainly based on a lump sum contract.

We also own assets including video surveillance facilities and fibre optic communications network as well as telecommunication towers and monopoles, and our operating model is based on leasing of these respective facilities and network. We charge a fee for the usage of our facilities and value-added features. For further information on our business, see Section 7.3 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**12.2.2 Significant factors affecting our financial conditions and results of operations**

Significant factors that had affected and are expected to continue to affect our financial condition and results of operations are as follows:

(a) Our revenue contribution and profitability performance could vary from year to year which is attributed to our ability to secure new contracts and continuing operating costs incurred to support and maintain our facilities

Between the FYEs 31 December 2019 and 31 December 2021, our revenue increased at a CAGR of 46.4% from RM37.2 million for the FYE 31 December 2019 to RM79.8 million for the FYE 31 December 2021. Withing the same period, our GP margin increased from 18.4% for the FYE 31 December 2019 to 52.9% and 66.9% for the FYEs 31 December 2020 and 31 December 2021 respectively. There can be no assurance that we will be able to continue to sustain these growth trends.

Our revenue contribution and profitability performance could vary from year to year. As a provider of public space networked systems, we are involved in the supply and installation of networked systems which is mainly based on a lump sum contract. As such, we are dependent on our ability to secure new projects to expand our order book.

For the provision of networked facilities, we are required to ensure our facilities are available for the use by our customers based on leasing arrangements. There will be continuing operating costs to be incurred in providing technical support and maintenance of the facilities to ensure availability and minimum downtime of the facilities. In the event of increases in operating costs such as increased technical resources costs and material costs for maintenance works, this would affect our profitability and financial performance.

(b) Delays in the completion of projects or slowdown in the site progress or suspension or termination of contracts may affect our business, results of operations and financial performance

Our business is subject to the risk of delays in the completion of our projects which may give rise to LAD claims from our customers. The timely completion of our projects including supply and installation works are dependent on among others, delays in site possession, obtaining permits or approvals from regulatory authorities, delays in the delivery of equipment and materials, workplace hazards and accidents, weather conditions, outbreaks, epidemics or pandemics, where any one or a combination of these factors may interrupt our on-site operations. For the Financial Years Under Review, FPE 30 June 2022 and up to the LPD, we have not experienced any LAD claims from our customers. For further details, see Section 9.1.6 of this Prospectus.

Furthermore, our business may also face the risk of suspension or termination of our subsisting contracts by our customers, all of which may adversely affect our financial performance. For the Financial Years Under Review, FPE 30 June 2022 and up to the LPD, we have not experienced any suspension or termination of contracts from our customers.

12. FINANCIAL INFORMATION (Cont'd)**(c) Ability to secure new projects to ensure continuity of our order book**

Our principal business is in the provision of public space networked systems. As such, our business and financial performance are dependent on our ability to continually secure new projects of similar or large value or similar number of projects on a continuous basis to expand our order book and sustain our business. As our public space networked system projects are subject to competitive bidding and tenders, we continue to submit tenders and proposals where we would compete against our peers for new projects.

As at the LPD, we have total unbilled order book of RM598.2 million comprising the provision of networked facilities, mainly the video surveillance facilities for DBKL and PDRM's lockup facilities, leasing of our telecommunication towers and monopoles, as well as supply and installation of public space networked systems. The order book is expected to be recognised progressively between the FYE 31 December 2022 and up to FYE 31 December 2029. Of the total unbilled order book of RM598.2 million, we expect to bill and recognise revenue of approximately RM27.2 million from the LPD to December 2022, RM131.9 million for the FYE 31 December 2023, RM136.5 million for the FYE 31 December 2024, RM107.1 million for the FYE 31 December 2025 and RM195.6 million between the FYEs 31 December 2026 and 31 December 2029.

Our order book is also subject to variation orders for additional works and/or reduction of works or unexpected project cancellations, delays or postponement of projects, any one of these factors would reduce the value of our order books and consequently affect our results of operations and financial condition. For further details, see Section 9.1.4 of this Prospectus.

(d) Reliance on a major customer and our ability to retain our major customers

During the Financial Years Under Review and FPE 30 June 2022, we were dependent on our major customer, DBKL which accounted for RM23.1 million (62.2%), RM28.9 million (60.7%), RM58.4 million (73.2%) and RM38.5 million (94.5%) of our revenue for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021, and FPE 30 June 2022 respectively. As at the LPD, we have three (3) subsisting contracts with DBKL with total unbilled order book of RM510.4 million, comprising supply and installation of public space networked systems and provision of networked facilities. In the event of any reduction of contracts or delays or postponement of these projects, in particular the ITIS Contract, from the said customer and if not replaced in a timely manner, would adversely affect our results of operations and financial condition. For further details, see Section 9.1.1 of this Prospectus.

(e) We incur initial development cost in the systems and software that we design and developed and this may affect our profitability

Our R&D team carries out product and software development including systems and application software development, and integrated platform management solutions development for our networked systems. This requires us to incur initial product and software development costs including design and software engineering costs, hardware and labour costs, and overheads for product testing and system simulation and pilot run. For the FYEs 31 December 2019, 31 December 2020 and 31 December 2021, and FPE 30 June 2022, our R&D cost was approximately RM20,000, RM0.2 million, RM0.7 million and RM0.4 million representing 0.3%, 0.8%, 1.3% and 1.3% of our GP respectively. In the event we are unsuccessful in commercialising our products and system solutions, we would not be able to recover our development costs and this would adversely affect our profitability.

12. FINANCIAL INFORMATION (Cont'd)**(f) Our asset ownership operating model for the provision of networked facilities is exposed to high investment cost and continuing operating cost during the contract period**

Our operating model for the provision of networked facilities is based on asset ownership where we charge a fee for the usage of our facilities and value-added features. Under this asset ownership operating model, in addition to providing physical facilities, we are responsible for providing technical support and maintaining the facilities to ensure availability and minimum downtime of the facilities in accordance with the SLA. We bear the continuing operating costs comprising 24 hours a day 7 days a week technical support and maintenance costs during the contract period. As at 30 June 2022, we have invested RM117.5 million in our networked facilities which comprises physical assets such as video surveillance facilities including approximately 8,600 video cameras, large wall display panels and network devices such as switches, routers, splitters, firewalls, transmitters, repeaters and storage arrays while infrastructure includes fibre optic communications network, towers and poles, and ducts, data storage servers, as well as system and application software and integrated platform management solutions.

Moving forward, part of our strategy is to increase our investment in networked infrastructure and expand our business. In the event that we are not successful in commercialising our services, securing new customers for the assets invested or fail to meet our SLA, we would not be able to meet the minimum returns on investment to cover our capital expenditure. For further details, see Sections 4.6.4 and 7.19.2 of this Prospectus.

(g) Impact of inflation

Our financial performance for the Financial Years Under Review and FPE 30 June 2022 were not materially affected by inflation. However, there can be no assurance that inflation will not have an impact on our business and financial performance in the future.

(h) Government/economic/fiscal/monetary policies

Our business is subject to risks relating to government, economic, fiscal or monetary policies in Malaysia where we operate. Any unfavourable changes in government policies, economic conditions, or fiscal or monetary policies may materially affect our operations in Malaysia. For further details, see Section 9.2.2 of this Prospectus.

12.2.3 Significant accounting estimates and judgements

The preparation of financial statements requires our management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the combined financial statements other than those disclosed in the following notes:

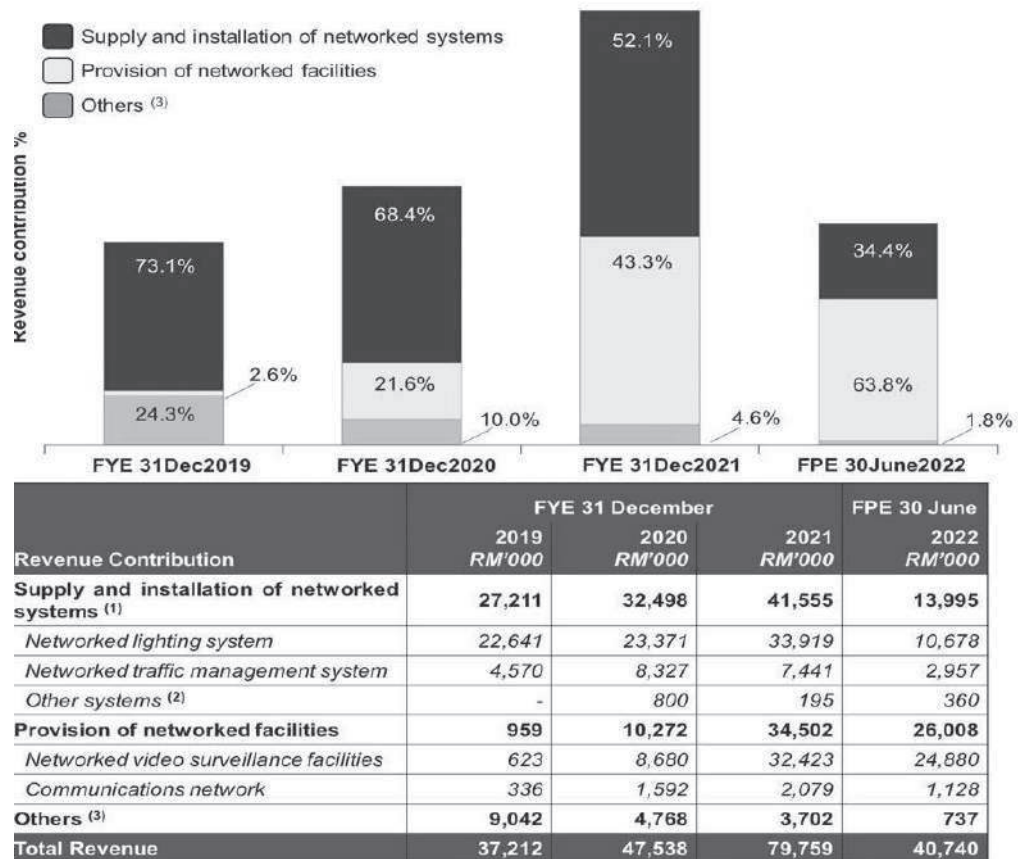
- Note 4 – Extension options and incremental borrowing rate in relation to leases; and
- Note 25.4 – Measurement of expected credit loss.

12. FINANCIAL INFORMATION (Cont'd)

For further details, see Note 1(d) of the Accountants' Report included in Section 13 of this Prospectus.

12.2.4 Overview of our results of operations

Figure 12.1 Revenue by Products and Services



Notes:

(1) Includes commissioning and/or maintenance.

(2) Includes supply and installation of video surveillance system.

(3) Mainly supply of uninterrupted power supply equipment and traffic controllers.

For the Financial Years Under Review and FPE 30 June 2022, our revenue was mainly derived from the provision of public space networked systems. Our business model comprises two (2) main pillars:

- supply and installation of networked systems which is based on lump sum contracts. The revenue for the supply and installation of networked system is recognised over the contract period and based on the proportion of work done and completed. The revenue is recognised based on output method for the supply and installation works completed and certified by our customers towards the complete satisfaction of our performance obligation under the contract.

Due to timing differences, there may be instances where we have to perform supply and installation works under the contract but the billings are submitted and have yet to be certified by our customers. In such event, we will recognise the difference in value as a contract asset which will be reclassified to trade receivables at the point it is certified by our customers. Similarly, if the certified progress billings exceed the revenue recognised, we will recognise a contract liability for the difference.

12. FINANCIAL INFORMATION (Cont'd)

- provision of networked facilities which is based on recurring revenue where we charge a fee for the usage of our facilities and value-added features. The revenue for the provision of networked facilities is recognised based on the agreed fee charge on a monthly basis over the contract period.

For the Financial Years Under Review and FPE 30 June 2022, all of our revenue is transacted in RM.

Between the FYEs 31 December 2019 and 2021, our revenue increased at a CAGR of 46.4% from RM37.2 million for the FYE 31 December 2019 to RM79.8 million for the FYE 31 December 2021.

For the FPE 30 June 2022, revenue from the supply and installation of networked systems represented RM14.0 million (34.4%) of our revenue, mainly comprising the supply and installation of networked lighting systems and networked traffic management systems.

Meanwhile, revenue from the provision of networked facilities accounted for RM26.0 million (63.8%) of our revenue for the FPE 30 June 2022, comprising the provision of networked video surveillance facilities as well as communications network in the form of leasing of telecommunication towers and monopoles.

We also offer other related products to complement our two (2) key business segments in the provision of public space networked systems. This includes sales of our traffic controllers as well as the supply of UPS that are sourced from third parties. For the 30 June 2022, revenue from this segment accounted for RM0.7 million (1.8%) of our revenue.

See Sections 7.3.2 and 12.2.5 of this Prospectus for the analysis of revenue by products and services.

Our revenue is mainly derived from the central region of Peninsular Malaysia covering Kuala Lumpur and Selangor which accounted for 98.4%, 92.6%, 96.9% and 100.0% of our revenue for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021, and FPE 30 June 2022 respectively. The remaining 1.6%, 7.4% and 3.1% of our revenue for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021 respectively were derived from East Malaysia, mainly Sabah as well as other regions of Peninsular Malaysia. See Sections 7.3.3 and 12.2.5 of this Prospectus for the breakdown of our revenue by geographical markets.

12. FINANCIAL INFORMATION (Cont'd)**12.2.5 Revenue****(i) Revenue segmented by products and services**

Revenue	FYE 31 December					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Public space networked systems	28,170	75.7	42,770	90.0	76,057	95.4
- Supply and installation of networked systems ⁽¹⁾	27,211	73.1	32,498	68.4	41,555	52.1
- Provision of networked facilities	959	2.6	10,272	21.6	34,502	43.3
Others⁽²⁾	9,042	24.3	4,768	10.0	3,702	4.6
Total	37,212	100.0	47,538	100.0	79,759	100.0

Revenue	FPE 30 June			
	2021		2022	
	RM'000	%	RM'000	%
Public space networked systems	31,609	93.0	40,003	98.2
- Supply and installation of networked systems ⁽¹⁾	18,656	54.9	13,995	34.4
- Provision of networked facilities	12,953	38.1	26,008	63.8
Others⁽²⁾	2,383	7.0	737	1.8
Total	33,992	100.0	40,740	100.0

Notes:(1) *Includes commissioning and/or maintenance.*(2) *Mainly sales of traffic controllers and supply of UPS equipment.*

12. FINANCIAL INFORMATION (Cont'd)**(ii) Number of video cameras and traffic controllers installed**

	FYE 31 December			FPE 30 June	
	2019	2020	2021	2021	2022
	Units	Units	Units	Units	Units
Video cameras ⁽¹⁾	-	900	2,009	1,500	5,781
Traffic controllers ⁽²⁾	10	13	10	8	1

Notes:

- (1) Pursuant to the contract for the provision of networked facilities with DBKL for the Financial Years Under Review and FPE 30 June 2022. In addition, pursuant to the contracts for the provision of networked facilities for the PDRM lockup facilities, there were 3,607 units of video cameras installed (out of the 5,781 units of video cameras installed in the FPE 30 June 2022) that are still pending certification as at 30 June 2022. As such, there were no revenue recognised for the 3,607 units of video cameras installed in the FPE 30 June 2022. Furthermore, pursuant to the contracts for the provision of networked facilities for Ampwalk video surveillance facilities, there were 83 units of video cameras installed (out of the 5,781 units of video cameras installed in the FPE 30 June 2022). The contract value of RM0.3 million for the provision of networked facilities for Ampwalk video surveillance facilities has been fully recognised in the FYE 31 December 2021 in accordance with the accounting standards as the main performance obligations of the contract have been fulfilled as at 31 December 2021.
- (2) Pursuant to the contract for the supply and installation of networked systems with DBKL.

(iii) Revenue segmented by geographical markets

Revenue	FYE 31 December					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Peninsular Malaysia	36,688	98.6	44,249	93.1	77,331	97.0
Central region	36,631	98.4	44,005	92.6	77,271	96.9
Kuala Lumpur	31,039	83.4	40,771	85.8	68,623	86.0
Selangor	5,592	15.0	3,234	6.8	8,648	10.9
Other regions	57⁽¹⁾	0.2	244⁽²⁾	0.5	60⁽³⁾	0.1
East Malaysia	524	1.4	3,289	6.9	2,428	3.0
Sabah	524	1.4	2,919	6.1	2,428	3.0
Sarawak	-	-	370	0.8	-	-
Total	37,212	100.0	47,538	100.0	79,759	100.0

12. FINANCIAL INFORMATION (Cont'd)

	FPE 30 June			
	2021		2022	
	RM'000	%	RM'000	%
Revenue				
Peninsular Malaysia	32,429	95.4	40,740	100.0
Central region	32,378	95.2	40,628	99.7
Kuala Lumpur	24,010	70.6	40,217	98.5
Selangor	8,368	24.6	411	1.2
Other regions ⁽⁴⁾	51	0.2	112	0.3
East Malaysia	1,563	4.6	-	-
Sabah	1,563	4.6	-	-
Total	33,992	100.0	40,740	100.0

Notes:

- (1) Includes Kedah and Terengganu.
(2) Includes Kedah.
(3) Includes Johor and Perak.
(4) Includes Johor.

(a) FYE 31 December 2020 compared to FYE 31 December 2019

Our revenue increased by RM10.3 million or 27.7% from RM37.2 million for the FYE 31 December 2019 to RM47.5 million for the FYE 31 December 2020. This was mainly attributed to revenue from the provision of the networked facilities which increased by RM9.3 million or 971.1% from RM1.0 million for the FYE 31 December 2019 to RM10.3 million for the FYE 31 December 2020. This was mainly driven by the increase in revenue from the provision of networked video surveillance facilities of RM8.1 million or 1,293.3% from RM0.6 million for the FYE 31 December 2019 to RM8.7 million for the FYE 31 December 2020 resulting from a higher number of video cameras installed within the surrounding designated areas in Kuala Lumpur and connected to the control centre for use by DBKL where we started to charge for the use of 900 video cameras, 5 VMS and related facilities in October 2020 after the completion of the installation and connection of the said facilities in Kuala Lumpur where these facilities became available for use by our customer pursuant to the provision of networked video surveillance facilities contract with DBKL. The said contract commenced in 2018 where we started to carry out the initial preparation and planning works including the sourcing and site preparations for installation works.

Revenue from the supply and installation of networked systems increased by RM5.3 million or 19.4% from RM27.2 million for the FYE 31 December 2019 to RM32.5 million for the FYE 31 December 2020. This was mainly contributed by the increase in revenue from the supply and installation of networked traffic management systems and networked lighting systems, which collectively increased by RM4.5 million or 16.5% for the FYE 31 December 2020, mainly due to higher number of traffic controllers installed within Kuala Lumpur as well as the supply and installation of networked LED lightings for the rail transit system project.

12. FINANCIAL INFORMATION (Cont'd)

The increase was also contributed by revenue of RM0.8 million from the commencement of the supply and installation of a PPR networked video surveillance system project for the FYE 31 December 2020 which was completed in the same year. However, this project is still ongoing as we are providing bandwidth services using our fibre optic communications network up to 2024 namely the provision of communications network for Norangkasa Enterprise Sdn Bhd. For further details on the project, see Section 7.7.2.3 of this Prospectus.

Revenue from other related products decreased by RM4.3 million or 47.3% from RM9.0 million for the FYE 31 December 2019 to RM4.8 million for the FYE 31 December 2020. This was mainly due to the decrease in revenue from the supply of UPS equipment sourced from third parties due to lower supply of UPS equipment for the rail transit system project as the sites were not ready to receive the equipment resulted from the delay in completion of site preparation as notified by the customers.

(b) FYE 31 December 2021 compared to FYE 31 December 2020

Our revenue increased by RM32.2 million or 67.8% from RM47.5 million for the FYE 31 December 2020 to RM79.8 million for the FYE 31 December 2021. This was mainly attributed to the provision of the networked facilities which increased by RM24.2 million or 235.9% from RM10.3 million for the FYE 31 December 2020 to RM34.5 million for the FYE 31 December 2021. This was mainly contributed by the higher number of video cameras (2,909 units) installed and connected to the control centre in the FYE 31 December 2021 for the use by DBKL as compared to the FYE 31 December 2020 (900 units). The increase in number of video cameras installed was based on the installation schedule stipulated in the contract. The charges for the FYE 31 December 2021 were for the entire 2,909 units, comprising 900 units that were completed in the FYE 31 December 2020 and an additional 2,009 units that were completed in the FYE 31 December 2021. We started to charge the customer for the use of the additional cameras installed during the FYE 31 December 2021 as our customers started to use all the facilities.

The revenue growth was also contributed by the supply and installation of networked systems, which increased by RM9.1 million or 27.9% from RM32.5 million for the FYE 31 December 2020 to RM41.6 million for the FYE 31 December 2021. This was mainly contributed by the increase in revenue from the supply and installation of networked lighting systems by RM10.5 million or 45.1% for the FYE 31 December 2021 following the installation of LED street lighting systems within the surrounding areas in Kuala Lumpur as well as the supply and installation of networked LED lightings for the rail transit system project.

The increase in revenue from the supply and installation segment was partially moderated by the decrease in revenue of RM0.9 million or 10.6% from the supply and installation of networked traffic management systems in the FYE 31 December 2021 due to decrease in work order by DBKL.

In addition, revenue from other related products decreased by RM1.1 million or 22.4% from RM4.8 million for the FYE 31 December 2020 to RM3.7 million for the FYE 31 December 2021. This was mainly due to the decrease in revenue from the supply of UPS equipment sourced from third parties for the rail transit system project involving the final installation and commissioning for the supply of the remaining UPS equipment which was fulfilled and completed in the same financial year.

In 2019, we secured the contract as designated supplier of UPS for certain elevated stations of the rail transit system which commenced in the same year.

12. FINANCIAL INFORMATION (Cont'd)

The supply and delivery of UPS equipment is based on purchase orders and delivery schedule issued by the contractors where we started to supply from 2019 until 2021. The revenue from this contract is recognised based on progress billings on completed works.

(c) FPE 30 June 2022 compared to FPE 30 June 2021

Our revenue increased by RM6.7 million or 19.9% to RM40.7 million for the FPE 30 June 2022 compared to RM34.0 million for the FPE 30 June 2021. This was mainly contributed by the increase in revenue from the provision of networked facilities which increased by RM13.1 million or 100.8% to RM26.0 million for the FPE 30 June 2022 compared to RM12.9 million for the FPE 30 June 2021, which was contributed by the additional number of video cameras installed during the FPE 30 June 2022 of 2,091 units which has increased the total number of video cameras installed and connected to the control centre for the use by DBKL as at 30 June 2022 to 5,000 units as compared to the FPE 30 June 2021 (1,500 units). The increase in the number of video cameras installed during the FPE 30 June 2022 was based on the installation schedule stipulated in the contract. We started to charge DBKL for the use of the additional video cameras installed during the FPE 30 June 2022 of 2,091 units as DBKL started to use all the facilities.

The increase was partially offset by the decrease in revenue by RM4.7 million or 25.0% from the supply and installation of networked systems to RM14.0 million for the FPE 30 June 2022 compared to RM18.7 million for the FPE 30 June 2021. The decrease in revenue from the supply of installation of networked systems in FPE 30 June 2022 was mainly attributed to the completion of supply and installation of networked lighting systems and traffic controllers in the FYE 31 December 2021 and the revenue charged during the FPE 30 June 2022 was mainly contributed by the maintenance services following the said completion.

In addition, the revenue from other segment also decreased by RM1.6 million or 69.1% to RM0.7 million for the FPE 30 June 2022 compared to RM2.4 million for the FPE 30 June 2021. This was mainly due to the decrease in the supply of traffic light controllers to a contractor for its MRT project as well as the decrease in the supply of UPS equipment following the completion of works done in the FYE 31 December 2021.

12.2.6 Cost of sales**Cost of sales by cost components**

Cost of sales	FYE 31 December					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Hardware	12,318	40.5	12,715	56.8	12,311	46.6
Subcontracted services	16,609	54.7	6,417	28.7	7,129	27.0
Project overhead	1,235	4.1	2,238	10.0	2,180	8.3
Depreciation and amortisation	216	0.7	1,008	4.5	4,780	18.1
Total	30,378	100.0	22,378	100.0	26,400	100.0

12. FINANCIAL INFORMATION (Cont'd)

Cost of sales	FPE 30 June			
	2021		2022	
	RM'000	%	RM'000	%
Hardware	2,753	29.5	2,842	24.1
Subcontracted services	3,815	40.9	4,516	38.4
Project overhead	1,120	12.0	884	7.5
Depreciation and amortisation	1,639	17.6	3,538	30.0
Total	9,327	100.0	11,780	100.0

Cost of sales by products and services

Cost of sales	FYE 31 December					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Public space networked systems	23,345	76.8	18,549	82.9	25,343	96.0
Others ⁽¹⁾	7,033	23.2	3,830	17.1	1,057	4.0
Total	30,378	100.0	22,378	100.0	26,400	100.0

Cost of sales	FPE 30 June			
	2021		2022	
	RM'000	%	RM'000	%
Public space networked systems	8,613	92.3	11,415	96.9
Others ⁽¹⁾	714	7.7	365	3.1
Total	9,327	100.0	11,780	100.0

Note:

(1) *Mainly sales of traffic controllers and supply of UPS equipment.*

(a) Hardware including devices, equipment and electrical parts

The cost of sales of hardware mainly comprises the following:

- LED lights, electrical and electronic parts and components including PCBA and cables and wires, as well as plastic enclosures used for assembly of controllers, communication modules for the gateway for networked lighting system;
- video cameras, sensors, electrical and electronic parts and components including PCBA and electrical wiring and harnesses, and metal enclosures used for assembly of controllers, as well as loop vehicle detectors for networked traffic management system; and
- UPS equipment sourced from third party for the rail transit system project.

12. FINANCIAL INFORMATION (Cont'd)

For the FYE 31 December 2020, our cost of sales of hardware increased by RM0.4 million or 3.2% mainly contributed by the supply and installation of networked systems including networked lighting system and networked traffic management system. Revenue from the supply and installation of networked systems increased by 19.4% for the FYE 31 December 2020. The increase was partly moderated by the decrease in cost of sales of hardware for the supply of UPS.

For the FYE 31 December 2021, our cost of sales of hardware decreased by RM0.4 million or 3.2% mainly due to the decrease in cost of sales of hardware for the supply of UPS which was in tandem with the decrease in revenue from this segment as the sites were not ready to receive the equipment resulted from the delay in completion of site preparation as notified by the customers. The decrease was partly offset by the increase in cost of sales of hardware for the provision of public space networked systems mainly networked lighting systems.

For the FPE 30 June 2022, our cost of sales of hardware increased by RM0.1 million or 3.2% mainly due to the increase in cost of sales for the provision of public space networked systems arising from the maintenance work which involved the replacement of lighting equipment, traffic controllers and related electrical parts.

(b) Subcontracted services

Subcontracted services refer to subcontractors and subcontracted labour engaged to carry out installation and maintenance works for the provision of public space networked systems including supply and installation of networked systems as well as our provision of networked facilities. This mainly includes the subcontractor for the installation of equipment and devices, mechanical and electrical works, as well as subcontracted labour for maintenance works.

For the FYE 31 December 2020, our cost of sales of subcontracted services decreased by RM10.2 million or 61.4% mainly due to completion of upgrading works during the FYE 31 December 2019 including replacement of sodium lights with LED lights for street lighting comprising installation works such as milling and paving the road for the installation of poles and street light fittings.

For the FYE 31 December 2021, our cost of sales of subcontracted services increased by RM0.7 million or 11.1% mainly due to installation works for the controllers for networked lighting systems as well as installation and configuration of traffic controllers for the networked traffic management systems.

For the FPE 30 June 2022, our subcontracted services increased by RM0.7 million or 18.4% mainly attributed to the installation and maintenance works for the replacement of equipment as mentioned above.

(c) Project overhead

Project overhead costs consists of direct labour costs for technical support and maintenance services, consultancy and professional fees, third party wireless network charges for our networked systems, rental and upkeep of machinery and equipment, site expenses.

12. FINANCIAL INFORMATION (Cont'd)

For the FYE 31 December 2020, our project overhead costs increased by RM1.0 million or 81.2% mainly attributed to cost incurred of RM0.8 million in the years prior to the FYE 31 December 2019 for the video surveillance facilities. This cost was only recognised when the performance obligation per the contract was satisfied in the FYE 31 December 2020. The increase was also contributed by the increase in third party wireless network charges for our networked systems and direct labour costs.

For the FYE 31 December 2021, our project overhead costs decreased by RM0.1 million or 2.6% mainly attributed to one-off cost incurred in the FYE 31 December 2020 as mentioned above. The decrease was partially offset by the increase in project insurance cost as well as direct labour costs.

For the FPE 30 June 2022, our project overhead costs decreased by RM0.2 million or 21.1% mainly due to decrease in direct labour costs and project insurance cost from completion of installation works for the networked lighting systems and networked traffic management systems.

(d) Depreciation and amortisation

Depreciation and amortisation costs consists of mainly depreciation of our networked facilities including video surveillance systems and communication network. Based on our operating model for the provision of networked facilities, we capitalise all the costs incurred for the networked facilities installed. Depreciation is recognised as cost of sales based on number of equipment installed and used over the estimated useful life of the assets during the contract period.

For the FYE 31 December 2020, our depreciation and amortisation costs increased by RM0.8 million or 366.7% which was mainly attributed to the networked video surveillance facilities resulting from the higher number of video cameras installed and connected to the control centre.

For the FYE 31 December 2021, our depreciation and amortisation costs increased by RM3.8 million or 374.2% which was mainly contributed by the higher number of video cameras installed and connected to the control centre from our provision of networked facilities.

For the FPE 30 June 2022, our depreciation and amortisation costs increased by RM1.9 million or 115.9% which was mainly contributed by the higher number of video cameras installed and connected to the control centre for DBKL. The increase in depreciation and amortisation costs has no impact on the GP margin on the provision of networked facilities segment as the revenue from this segment increased by RM13.1 million for the FPE 30 June 2022.

12. FINANCIAL INFORMATION (Cont'd)

12.2.7 GP

(i) GP segmented by products and services

	FYE 31 December					
	2019			2020		
	GP RM'000	%	GP margin %	GP RM'000	%	GP margin %
Public space networked systems	4,825	70.6	17.1	24,221	96.3	56.6
Others ⁽¹⁾	2,009	29.4	22.2	938	3.7	19.7
Total / Group GP margin	6,834	100.0	18.4	25,160	100.0	52.9
FPE 30 June						
	2021			2022		
	GP RM'000	%	GP margin %	GP RM'000	%	GP margin %
	GP RM'000	%	GP margin %	GP RM'000	%	GP margin %
Public space networked systems	22,996	93.2	72.8	28,588	98.7	71.5
Others ⁽¹⁾	1,669	6.8	70.0	372	1.3	50.5
Total / Group GP margin	24,665	100.0	72.6	28,960	100.0	71.1

Note:

(1) Mainly sales of traffic controllers and supply of UPS equipment.

12. FINANCIAL INFORMATION (Cont'd)

(ii) GP segmented by geographical markets

	FYE 31 December					
	2019			2020		
	GP RM'000	%	GP margin %	GP RM'000	%	GP margin %
Peninsular Malaysia	6,579	96.3	17.9	23,431	93.1	53.0
East Malaysia	255	3.7	48.7	1,728	6.9	59.2
Total / Group GP margin	6,834	100.0	18.4	25,160	100.0	52.9
				53,359	100.0	66.9
	FPE 30 June					
	2021			2022		
	GP RM'000	%	GP margin %	GP RM'000	%	GP margin %
Peninsular Malaysia	23,202	94.1	71.5	28,960	100.0	71.1
East Malaysia	1,463	5.9	93.6 ⁽¹⁾	-		
Total / Group GP margin	24,665	100.0	72.6	28,960	100.0	71.1

Note:

- (1) The high GP margin from East Malaysia was mainly because of minimal labour costs incurred for the supply and installation of networked lighting systems for the FPE 30 June 2021.

12. FINANCIAL INFORMATION (Cont'd)**(a) FYE 31 December 2020 compared to FYE 31 December 2019**

Our GP increased by RM18.3 million or 268.2% for the FYE 31 December 2020 while our GP margin increased from 18.4% for the FYE 31 December 2019 to 52.9% for the FYE 31 December 2020.

The improvement in our GP were mainly contributed by the GP from the provision of public space networked systems which increased by RM19.4 million or 402.0% for the FYE 31 December 2020. This was mainly contributed by the supply and installation of networked traffic management systems and networked lighting systems which were installed within the surrounding areas in Kuala Lumpur as well as the provision of public space networked surveillance facilities resulting from the higher number of video cameras installed and connected to the control centre. This was also reflected in the growth of our revenue by 51.8% for the FYE 31 December 2020.

The increase in our GP was partially offset by the decrease in GP contribution from the supply of related products segment by RM1.1 million or 53.3% for the FYE 31 December 2020. This was mainly due to the reduction in orders of UPS for the rail transit system project which was reflected in the decrease in revenue.

For the FYE 31 December 2020, the improvement in our GP margin was mainly driven by the improvement in the high GP margin from the public space networked systems segment where the GP margin from this segment improved from 17.1% for the FYE 31 December 2019 to 56.6% for the FYE 31 December 2020. This was mainly attributed to the increased GP contribution of high margin networked video surveillance facilities where value added features were provided with GP contribution of 30.9% (RM7.8 million) for the FYE 31 December 2020 compared to 1.4% (RM0.1 million) for the FYE 31 December 2019.

The improvement in our GP margin was also contributed by the increase in GP margin from the supply and installation of networked traffic management systems and networked lighting systems that were supplied and installed within Kuala Lumpur. There was a higher number of traffic controllers installed with additional sensor features as well as a higher number of high value LED street lights (21,178 units) with embedded controllers connected to the control centre during the FYE 31 December 2020. The LED Street lights with embedded controllers are used for centralised monitoring and management purposes compared to retrofitting works that were carried out in the FYE 31 December 2019.

(b) FYE 31 December 2021 compared to FYE 31 December 2020

Our GP increased by RM28.2 million or 112.1% for the FYE 31 December 2021 while GP margin increased from 52.9% for the FYE 31 December 2020 to 66.9% for the FYE 31 December 2021.

The improvements in our GP were mainly contributed by the provision of public space networked systems which increased by RM26.5 million or 109.4% for the FYE 31 December 2021 which was in line with the growth in our revenue from the said segment of 77.8% for the FYE 31 December 2021. This was mainly attributed to the provision of public space networked facilities arising from the higher number of video cameras installed and connected with value-added features and services such as artificial intelligence feature, data analytics and networked infrastructure. The improvement in our GP was also partly contributed by the supply and installation of public space networked systems which increased by RM6.7 million or 43.5% for the FYE 31 December 2021 mainly contributed by the supply and installation of networked lighting

12. FINANCIAL INFORMATION (Cont'd)

systems which was in line with the growth in revenue of 27.9% for the FYE 31 December 2021 mainly contributed by the supply and installation of networked lighting systems.

As for the improvements in our GP margin for the FYE 31 December 2021, this was mainly driven by an increase in GP contribution from high margin video surveillance facilities that was provided. This was demonstrated by the increased GP contribution of the said high margin facilities where value added features were provided which increased from 30.9% (RM7.8 million) for the FYE 31 December 2020 to 51.0% (RM27.2 million) for the FYE 31 December 2021.

The increase in our GP margin was also partly contributed by the increase in GP margin from the supply of other related products segment from 19.7% for the FYE 31 December 2020 to 71.4% for the FYE 31 December 2021. This was mainly attributed to the high margin for the supply of the UPS equipment arising from the remaining work which was completed during the FYE 31 December 2021 which mainly involved final installation and commissioning.

(c) FPE 30 June 2022 compared to FPE 30 June 2021

Our GP increased by RM4.3 million or 17.4% for the FPE 30 June 2022 while GP margin decreased to 71.1% for the FPE 30 June 2022 compared to 72.6% for the FPE 30 June 2021.

The increase in GP was mainly contributed by the provision of public space networked systems which increased by RM5.6 million or 24.3% for the FPE 30 June 2022 in line with the growth in revenue from the said segment by 26.6% for the FPE 30 June 2022. This was mainly attributed to the provision of public space networked facilities arising from the higher number of video cameras installed and connected to the control centre with value-added features and services such as artificial intelligence feature, data analytics and networked infrastructure.

The increase was partially moderated by the decrease in GP by RM6.0 million or 50.1% for the FPE 30 June 2022 from the supply and installation of public space networked systems arising from the completion of installation of networked lighting systems and traffic management systems in the FYE 31 December 2021. This was reflected in the decrease in revenue from the supply and installation of networked systems by 25.0% for the FPE 30 June 2022 as the revenue charged during the FPE 30 June 2022 was mainly contributed by the maintenance services following the completion of supply and installation of the said systems.

GP from other segment also decreased by RM1.3 million or 77.7% for the FPE 30 June 2022 mainly attributed to the decrease in sales of traffic controllers and UPS equipment. This was reflected in the decrease in revenue by 69.1% for the FPE 30 June 2022 as there was a decrease in supply of traffic light controllers to a contractor for its MRT project as well as the decrease in the supply of UPS equipment following the completion of works done.

The decrease in GP margin for the FPE 30 June 2022 was mainly due to the cost of maintenance works incurred including hardware cost and subcontracted cost for the replacement of lighting equipment and traffic controllers and related electrical parts during the maintenance period as mentioned earlier. This was reflected in the increase in cost of sales of hardware and subcontracted services by 3.2% and 18.4% respectively for the FPE 30 June 2022.

12. FINANCIAL INFORMATION (Cont'd)**12.2.8 Other and finance income**

	FYE 31 December					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Other income	268	62.2	1,087	80.5	537	72.4
- Rental income ⁽¹⁾	252	58.5	252	18.7	277	37.3
- Sundry sales	3	0.7	-	-	141	19.0
- Gain on foreign exchange	8	1.9	552	40.9	56	7.6
- Wage subsidy	-	-	237	17.5	-	-
- Others ⁽²⁾	5	1.1	46	3.4	63	8.5
Finance income ⁽³⁾	163	37.8	264	19.5	205	27.6
Total	431	100.0	1,351	100.0	742	100.0

	FPE 30 June			
	2021		2022	
	RM'000	%	RM'000	%
Other income	146	91.2	347	81.6
- Rental income ⁽¹⁾	129	80.6	139	32.7
- Sundry sales	-	-	167	39.3
- Gain on foreign exchange	-	-	36	8.5
- Wage subsidy	-	-	-	-
- Others ⁽²⁾	17	10.6	5	1.2
Finance income ⁽³⁾	14	8.8	78	18.4
Total	160	100.0	425	100.0

Notes:

- (1) Relate to sub-lease of two (2) units of shop lots and one (1) unit of office (which our Group rents from third parties) to Optimax Eye Specialist Centre (Segamat) Sdn Bhd and Optimax Eye Specialist Centre (Kluang) Sdn Bhd (both being our related parties), and a third party respectively. The sub-leasing of the two (2) units of shop lots to the related parties are not regarded as material related party transactions and it is carried out on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to our non-interested shareholders.
- (2) Including income from rent concession for the FYEs 31 December 2020 and 31 December 2021 under MFRS 16, income from disposal of motor vehicle in the FYE 31 December 2021 and FPE 30 June 2021, reimbursement on the claims that overpaid to staff for the Financial Years Under Review and FPE 30 June 2021, as well as gain on lease modification for the FPE 30 June 2022.
- (3) Refers to interest income of financial assets as disclosed under Note 18 of the Accountants' Report included in Section 13 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**(a) FYE 31 December 2020 compared to FYE 31 December 2019**

Our other income and finance income increased by RM0.9 million or 213.5% for the FYE 31 December 2020 mainly attributed to the gains on foreign exchange of RM0.5 million as well as wage subsidy of RM0.2 million for the period from April 2020 to September 2020 under the stimulus package introduced by the Malaysian Government in 2020 in response to the COVID-19 pandemic. For further details, see Note 20 of the Accountants' Report included in Section 13 of this Prospectus. The gains on foreign exchange was mainly due to the movement of the foreign exchange arising from the purchases of input materials from China which was transacted in USD.

(b) FYE 31 December 2021 compared to FYE 31 December 2020

Our other income and finance income decreased by RM0.6 million or 45.1% for the FYE 31 December 2021 mainly attributed to the lower gains on foreign exchange as well as the wage subsidy received in the FYE 31 December 2020. The lower gains on foreign exchange is due to the movement of the foreign exchange arising from the purchases of input materials from China which was transacted in USD.

(c) FPE 30 June 2022 compared to FPE 30 June 2021

Our other income and finance income increased by RM0.3 million or 165.6% for the FPE 30 June 2022 mainly attributed to the sundry sales comprising sundry income arising from reimbursement by our customer (who had agreed to such reimbursement) of the sales and service tax charged by our supplier and sales of hardware based on request, gain on foreign exchange and finance income. The gain on foreign exchange was mainly due to the movement of the foreign exchange arising from the purchases of input materials from China which was transacted in USD.

12.2.9 Administrative expenses and net gain/loss on impairment of financial instruments

	FYE 31 December					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Administrative expenses:						
Staff related costs	3,023	60.7	4,982	58.4	6,981	63.6
Depreciation of PPE and right-of-use assets	324	6.5	1,101	12.9	1,257	11.4
Professional fees	554	11.1	1,419	16.6	736	6.7
Office expenses	490	9.8	470	5.5	586	5.3
Stamp duty	17	0.3	4	*	482	4.4
Motor vehicle expenses	157	3.2	170	2.0	282	2.6
Travelling and entertainment expenses	206	4.1	158	1.9	270	2.5
Others ⁽¹⁾	208	4.3	227	2.7	385	3.5
Total	4,979	100.0	8,531	100.0	10,979	100.0
Net gain/(loss) on impairment of financial instruments	(3)		(156)		(1,123)⁽²⁾	

12. FINANCIAL INFORMATION (Cont'd)

	FPE 30 June			
	2021		2022	
	RM'000	%	RM'000	%
Administrative expenses:				
Staff related costs	2,779	58.6	4,069	52.2
Depreciation of PPE and right-of-use assets	596	12.6	679	8.7
Professional fees	312	6.6	1,660	21.3
Office expenses	256	5.4	264	3.4
Stamp duty	2	0.1	2	*
Motor vehicle expenses	130	2.7	111	1.4
Travelling and entertainment expenses	132	2.8	282	3.6
Others ⁽¹⁾	535	11.2	735	9.4
Total	4,742	100.0	7,802	100.0
Net gain/(loss) on impairment of financial instruments	(22)		398	

Notes:

- (1) Mainly bank charges, loss on foreign exchange rate, general insurance and advertisement expenses.
- (2) Comprises RM1.08 million impairment in contract assets and RM0.04 million impairment in trade receivables.

(a) FYE 31 December 2020 compared to FYE 31 December 2019

Our administrative expenses increased by RM3.6 million or 71.3% for the FYE 31 December 2020 mainly attributed to the following:

- increase in staff related costs of RM2.0 million mainly due to the business combination with STS pursuant to the establishment of common control following the acquisition of ITMAX System by ARSB on 1 October 2019;
- increase in professional fees by RM0.9 million mainly contributed by audit and consultancy fees arising from the appointment of a new auditor for our Group for the FYE 31 December 2020 and consultancy works including the identification and evaluation of appropriate sites for the erection of telecommunication monopoles in Perak as well as technical services for communications network; and
- increase in depreciation of PPE and right-of-use assets by RM0.8 million contributed by the increase in leasing of land for our telecommunication towers as well as motor vehicles, and rental of office buildings for our office use including head office, project office, R&D and administrative office.

12. FINANCIAL INFORMATION (Cont'd)

There was a net loss on impairment of financial instruments, namely trade receivables of approximately RM3,000 and RM0.2 million for the FYEs 31 December 2019 and 31 December 2020 respectively based on the expected credit loss ("ECL") computation under MFRS 9. The amount of ECL was assessed at each reporting period to reflect changes in credit risk since the initial recognition of trade receivables. The increase in net loss on impairment of financial instruments for the FYE 31 December 2020 was mainly attributable to impairment loss on trade receivables that was past due for more than 12 months mainly outstanding from customers who are contractors that purchased traffic management controllers despite several attempts by our Group to collect the amount owing although the products had already been delivered and accepted, and there were no disputes by the customers on the products.

(b) FYE 31 December 2021 compared to FYE 31 December 2020

Our administrative expenses increased by RM2.4 million or 28.7% for the FYE 31 December 2021 mainly attributed to the increase in staff related cost of RM2.0 million due to the increase in the number of employees from 86 employees in the FYE 31 December 2020 to 98 employees in the FYE 31 December 2021, as well as bonus payment. In addition, the increase in administrative expenses was partly attributed to increase in stamp duty mainly due to the revolving credit and term loan facilities secured and used for the purchase and installation of networked video surveillance facilities.

There was a net loss on impairment of financial instruments, namely contract assets and trade receivables of RM1.1 million for the FYE 31 December 2021 based on the ECL computation under MFRS 9. The amount of ECL was assessed at each reporting period to reflect changes in credit risk since the initial recognition of trade receivables and contract assets. The increase in net loss on impairment of financial instruments for the FYE 31 December 2021 was mainly attributable to contract assets amounting to RM1.08 million where the progress claims were already issued but yet to be certified after six (6) months because a customer who is a contractor but not one of the customers mentioned in Section 12.2.9(a) of this Prospectus, took a longer time to process and validate the progress claims although there were no disputes on the progress claims issued. Of the RM1.08 million, RM0.4 million was subsequently certified by the customer in FPE 30 June 2022. The remaining RM0.68 million is expected to be certified in two (2) stages by the first quarter of 2023 based on the request by the customer to facilitate the certification and payments in stages.

(c) FPE 30 June 2022 compared to FPE 30 June 2021

Our administrative expenses increased by RM3.1 million or 64.5% for the FPE 30 June 2022 mainly attributed to the following:

- increase in professional fees by RM1.3 million mainly contributed by expenses related to the Listing; and
- increase in staff related costs of RM1.3 million mainly attributed to the increase in the number of employees to 121 employees in the FPE 30 June 2022 compared to 100 employees in the FYE 30 June 2021 as well as salary increment and related costs.

12. FINANCIAL INFORMATION (Cont'd)

There was a gain on impairment of financial instruments of RM0.4 million mainly attributed to a reversal of the impairment loss provided earlier related to the progress claims that were yet to be certified in the FYE 31 December 2021. There was a loss on impairment of financial instruments namely trade receivables of approximately RM22,000 for the FPE 30 June 2021 mainly outstanding from customers who are contractors that purchased traffic management controllers despite several attempts by our Group to collect the amount owing although the products had already been delivered and accepted, and there were no disputes by the customers on the products.

12.2.10 Finance cost

	FYE 31 December					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on:						
- Term loans	-	-	-	-	751	70.7
- Lease liabilities ⁽¹⁾	32	32.3	154	75.9	214	20.2
- Bank overdraft	28	29.2	13	6.4	-	-
Bank guarantee charges	-	-	36	17.7	88	8.3
Others ⁽²⁾	37	38.5	-	-	9	0.8
Total	97	100.0	203	100.0	1,063	100.0

	FPE 30 June			
	2021		2022	
	RM'000	%	RM'000	%
Interest expense on:				
- Term loans	-	-	1,029	90.8
- Lease liabilities ⁽¹⁾	109	82.6	102	9.0
Bank guarantee charges	18	13.6	2	0.2
Others ⁽²⁾	5	3.8	-	-
Total	132	100.0	1,133	100.0

Notes:

- (1) *Comprising lease interest which refers to the interest rate used to discount the estimated cash flows for the lease liabilities under MFRS 16 which are the right-of-use assets comprising the land leased for our telecommunication towers as well as rented offices, as well as interest expense on finance lease liabilities being interest charged on hire purchases.*
- (2) *Comprises bank charges and commitment fees.*

(a) FYE 31 December 2020 compared to FYE 31 December 2019

Our finance cost increased by RM0.1 million or 109.3% for the FYE 31 December 2020 mainly attributed to the lease interest which increased by RM0.1 million in relation to interest on the right-of-use assets arising from the increase in leasing of land for our telecommunication towers.

12. FINANCIAL INFORMATION (Cont'd)**(b) FYE 31 December 2021 compared to FYE 31 December 2020**

Our finance cost increased by RM0.9 million or 423.6% for the FYE 31 December 2021 mainly attributed to the increase in interest expense on term loans by RM0.8 million. The term loans were used for the purchase and installation of networked video surveillance facilities.

(c) FPE 30 June 2022 compared to FPE 30 June 2021

Our finance cost increased by RM1.0 million or 758.3% for the FPE 30 June 2022 mainly attributed to the increase in interest expense on term loans. The term loans including RM23.6 million drawn down in the FPE 30 June 2022 were used for the purchase and installation of networked video surveillance facilities.

12.2.11 PBT, PAT and effective tax rate

	FYE 31 December			FPE 30 June	
	2019	2020	2021	2021	2022
PBT (RM'000)	2,186	17,621	40,936	19,929	20,848
PBT margin	5.9%	37.1%	51.3%	58.6%	51.2%
Total taxation (RM'000)	616	4,952	11,699	4,912	5,394
Effective tax rate	28.2%	28.1%	28.6%	24.6%	25.9%
PAT (RM'000)	1,570	12,669	29,237	15,017	15,454
PAT margin	4.2%	26.7%	36.7%	44.2%	37.9%

(a) FYE 31 December 2020 compared to FYE 31 December 2019

Our PBT increased by RM15.4 million or 706.1% for the FYE 31 December 2020 which was also reflected in the increase of our GP by 268.2% for the FYE 31 December 2020. The increase was mainly contributed by the provision of public space networked systems including the supply and installation of networked lighting systems and networked traffic management systems as well as the provision of public space networked surveillance facilities resulting from the higher number of video cameras installed within the surrounding designated areas in Kuala Lumpur for DBKL.

Our PBT margin improved from 5.9% for the FYE 31 December 2019 to 37.1% for the FYE 31 December 2020. Similarly, our PAT margin improved from 4.2% for the FYE 31 December 2019 to 26.7% for the FYE 31 December 2020. The improvement in our PBT margin and PAT margin were mainly contributed by the high GP margin from the provision of networked facilities segment as well as improvements in our GP margin from the supply and installation of networked systems as mentioned above. See Section 12.2.7 of this Prospectus for further details on our GP margin.

For the FYE 31 December 2019, our effective tax rate was 28.2% which was higher than the statutory tax rate of 24.0%. This was mainly due to under-provision of current tax in prior years.

For the FYE 31 December 2020, our effective tax rate was 28.1% which was higher than the statutory tax rate of 24.0%. This was mainly due to the increase in non-deductible expenses of approximately RM0.7 million, comprising mainly depreciation of PPE and right-of-use assets as well as amortisation of intangible assets pertaining to development costs incurred mainly for staff resources costs.

12. FINANCIAL INFORMATION (Cont'd)**(b) FYE 31 December 2021 compared to FYE 31 December 2020**

Our PBT increased by RM23.3 million or 132.3% for the FYE 31 December 2021 which was also in line with the increase in our GP by 112.1% for the FYE 31 December 2021. The increase was mainly driven by the provision of public space networked surveillance facilities resulting from the higher video cameras installed. The increase was also contributed by the increase in our GP from the supply and installation segment mainly for the public space networked lighting systems.

Our PBT margin improved from 37.1% for the FYE 31 December 2020 to 51.3% for the FYE 31 December 2021. Similarly, our PAT margin improved from 26.7% for the FYE 31 December 2020 to 36.7% for the FYE 31 December 2021. The improvement was mainly contributed by the increase in GP contribution from the high margin services for the provision of networked video surveillance facilities where the GP contribution increased from RM7.8 million for the FYE 31 December 2020 to RM27.2 million for the FYE 31 December 2021. See Section 12.2.7 of this Prospectus for further details on our GP margin.

For the FYE 31 December 2021, our effective tax rate was 28.6% which was higher than the statutory tax rate of 24.0%. This was mainly attributed to over provision of deferred tax in prior years and under provision of current tax in prior years.

(c) FPE 30 June 2022 compared to FPE 30 June 2021

Our PBT increased by RM0.9 million or 4.6% for the FPE 30 June 2022 which was also reflected in the increase in our GP by 17.4% for the FPE 30 June 2022. The increase was mainly driven by the the increase in revenue and GP from the provision of public space networked facilities resulting from the higher number of video cameras installed.

Our PBT margin decreased to 51.2% for the FPE 30 June 2022 compared to 58.6% for the FPE 30 June 2021. This was mainly due to the maintenance work costs incurred for the replacement of lighting equipment and traffic controllers and related electrical parts during the maintenance period as mentioned earlier. Furthermore, this was also partly attributed to the increase in administrative expenses and finance cost for the FPE 30 June 2022 as mentioned earlier.

12.2.12 Liquidity and capital resources**(i) Working capital**

Our business has been financed by a combination of internal and external sources of funds. Internal sources comprised of shareholders' equity and cash generated from our operations while external source was mainly banking facilities from financial institutions. The utilisation of these funds was for our business operations and growth.

Based on our audited combined statements of financial position as at 30 June 2022, we have:

- (i) cash and bank balances and deposits with licensed banks of RM10.6 million;
- (ii) working capital of RM13.0 million, being the difference between current assets of RM64.8 million and current liabilities of RM51.8 million; and

12. FINANCIAL INFORMATION (Cont'd)

- (iii) credit facilities, consisting of term loans and revolving credits with a total credit limit of RM148.8 million, of which RM44.5 million has yet to be utilised as at the LPD.

After taking into consideration the funding requirements for our committed capital expenditures, our future plans as set out in Section 7.19 of this Prospectus, our existing level of cash and bank balances and deposits with licensed banks, credit facilities available, expected cash flows to be generated from our operations and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for 12 months from the date of this Prospectus.

(ii) Cash flow

The following is our cash flow for the Financial Years Under Review and FPE 30 June 2022 based on our audited Combined Financial Statements which should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus.

	FYE 31 December			FPE 30 June
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	4,326	10,737	38,284	2,529
Net cash used in investing activities	(1,690)	(30,793)	(55,144)	(23,519)
Net cash from financing activities	1,543	22,052	27,685	8,402
Net increase /(decrease) in cash and cash equivalents	4,179	1,996	10,825	(12,588)
Cash and cash equivalents at the beginning of the financial year/period	6,145	10,324	12,320	23,145
Cash and cash equivalent at end of the financial year/period	10,324	12,320	23,145	10,557

All of our cash and cash equivalents are held in RM. Save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no legal, financial or economic restrictions on our subsidiary's ability to transfer funds to our Company in the form of cash dividends, loans or advances.

(a) Net cash from operating activities**FYE 31 December 2019**

For the FYE 31 December 2019, our net cash from operating activities was RM4.3 million after taking into account the following:

- increase in contract assets by RM10.4 million due to the increase in claims that were submitted to our customers which have yet to be certified by them. This was mainly for the supply and installation of networked systems including networked lighting systems and networked traffic management system to DBKL.
- decrease in trade and other receivables by RM8.1 million mainly due to collections from customers.

12. FINANCIAL INFORMATION (Cont'd)

- net cash of RM5.0 million which resulted from combination with the working capital of STS.
- increase in contract costs of RM1.8 million mainly attributed to higher cost incurred for our supply and installation works that were completed for the networked systems including networked lighting systems and networked traffic management system which were pending the submission of claims to DBKL as at 31 December 2019.
- increase in trade and other payables by RM1.5 million mainly attributed to higher purchases of input materials of LED lightings for our subsequent planned on-site installation works for the FYE December 2020.

FYE 31 December 2020

For the FYE 31 December 2020, our net cash from operating activities was RM10.7 million after taking into account the following:

- increase in inventories by RM8.2 million mainly due to higher purchases of input materials of video cameras and LED lightings for our subsequent planned on-site installation works for the FYE 31 December 2021.
- decrease in contract assets by RM7.0 million mainly due to the increase in billings issued and certified for our supply and installation works. There were mainly for networked lighting systems and networked traffic management system.
- increase in prepayment and other assets by RM4.6 million mainly due to an advance payment of RM4.6 million to our major supplier based in Hong Kong, Power Great Trading Limited ("PGTL"), for the purchase of LED lightings and related devices. This advance payment to PGTL is not common as this is based on the request by this particular supplier. We have not received such request from our other suppliers. We do not have any contractual agreement with PGTL with regards to the advance payment.
- decrease in trade and other receivables by RM4.3 million mainly attributed to repayments from related parties and directors. This mainly arose from the repayment of RM4.0 million of advances that was given to a company related to our shareholders prior to the FYE 31 December 2019 which have been settled as at the LPD.
- increase in contract cost of RM1.6 million mainly attributed to higher cost incurred for our supply and installation works that were completed for the networked systems including networked lighting systems and networked traffic management system which were pending the submission of claims to DBKL as at 31 December 2020.

12. FINANCIAL INFORMATION (Cont'd)**FYE 31 December 2021**

For the FYE 31 December 2021, our net cash from operating activities was RM38.3 million after taking into account the following:

- decrease in payables by RM11.3 million mainly due to higher payments to suppliers and subcontractors for the last quarter of the FYE 31 December 2021. These were mainly for the purchases of video cameras and related equipment, purchases of computer hardware and software and payments for subcontracted services.

The decrease was also partly attributed to decrease in balance advance payment received which was partially set off against claims that we submitted and certified by DBKL for the supply and installation of traffic management systems during the financial year. The balance advance payment received was RM1.4 million as at 31 December 2020 compared to RM5.4 million as at 31 December 2019.

- decrease in prepayment and other assets by RM4.4 million as there were no advance payments made during the FYE 31 December 2021.
- increase in contract assets by RM3.6 million mainly due to an increase in billings that were submitted which have yet to be certified by customers. These were mainly for networked lighting systems and networked traffic management systems.
- decrease in contract cost of RM3.0 million mainly attributed to the billings and claims submitted as at 31 December 2021 for the supply and installation of networked lighting systems.
- decrease in trade and other receivables of RM1.9 million mainly attributed to the higher collections for the provision of video surveillance facilities as well as supply and installation of networked systems.

The decrease was also partly attributed to the decrease in amount due from directors and related parties including the amount owing from our holding company of RM2.3 million which have been settled during the FYE 31 December 2021. See Section 10.1.3 of this Prospectus for further details.

FPE 30 June 2022

For the FPE 30 June 2022, our net cash from operating activities was RM2.5 million after taking into account the following:

- increase in trade and other receivables of RM11.2 million mainly attributed to the higher billings issued to customers for the provision of networked video surveillance facilities in June 2022.
- decrease in payables by RM6.4 million mainly due to higher payments to suppliers and subcontractors in June 2022. These were mainly for the purchases of video cameras and related equipment, purchases of computer hardware and software, and payments for subcontracted services.

12. FINANCIAL INFORMATION (Cont'd)

- increase in contract assets by RM2.6 million mainly attributed to the increase in claims that were submitted related to the maintenance works done for the networked lighting systems and networked traffic management systems, which have yet to be certified by the customer.
- decrease in inventories by RM1.2 million mainly attributed to higher usage of inventories for our networked video surveillance facilities as there was a total of 5,764 units of video cameras installed during the FPE 30 June 2022.

(b) Net cash from investing activities**FYE 31 December 2019**

For the FYE 31 December 2019, our net cash used in investing activities was RM1.7 million which was mainly attributed to the purchase and installation of networked video surveillance facilities such as video cameras and related infrastructures including poles and power cables.

FYE 31 December 2020

For the FYE 31 December 2020, our net cash used in investing activities was RM30.8 million. This was mainly attributed to the following:

- RM29.0 million used to fund the purchase and installation of networked video surveillance facilities such as video cameras and related infrastructures including poles and power cables;
- RM1.5 million was a fixed deposit pledged to banks for banking facilities, namely term loans; and
- RM0.2 million was used for our R&D activities comprising development costs incurred mainly for staff resources costs.

FYE 31 December 2021

For the FYE 31 December 2021, our net cash used in investing activities was RM55.1 million. This was mainly attributed to the following:

- RM49.2 million was used to fund the purchase and installation of networked video surveillance facilities such as video cameras and related infrastructures including poles and power cables;
- RM5.3 million was a fixed deposit pledged to banks for banking facilities such as term loans and revolving credit; and
- RM0.7 million was used for our R&D activities comprising development costs incurred mainly for staff resources cost.

12. FINANCIAL INFORMATION (Cont'd)**FPE 30 June 2022**

For the FPE 30 June 2022, our net cash used in investing activities was RM23.5 million. This was mainly attributed to the following:

- RM23.0 million was used to fund the purchase and installation of networked video surveillance facilities such as video cameras and related infrastructures including poles and power cables.
- RM0.4 million was used for our R&D activities comprising development costs incurred mainly for staff resources cost.
- RM0.1 million was interest arising from fixed deposit pledged with the banks for banking facilities.

(c) Net cash from financing activities**FYE 31 December 2019**

For the FYE 31 December 2019, our net cash from financing activities was RM1.5 million. This was mainly attributed to RM2.0 million drawn down from a term loan for the purchase and installation of networked video surveillance facilities.

FYE 31 December 2020

For the FYE 31 December 2020, our net cash from financing activities was RM22.1 million. This was mainly attributed to RM23.2 million drawn down from a term loan for the purchase and installation of networked video surveillance facilities.

The net cash from financing activities was partially offset by the following:

- RM0.6 million was used for payment of lease liabilities mainly for rental payments. The rental payments comprise of rental paid to landowners for the leasing of land for our telecommunication towers in Perak and rental payment of our offices in Sri Petaling, Kuala Lumpur.
- others comprising RM0.5 million was mainly used for the repayment of term loans and RM0.2 million for interest paid for banking facilities.

In addition, there were proceeds of RM0.3 million raised from issuance of Shares to ARSB.

FYE 31 December 2021

For the FYE 31 December 2021, our net cash from financing activities was RM27.7 million. This was mainly attributed to RM45.4 million drawn down from a term loan and revolving credit facility for the purchase and installation of networked video surveillance facilities.

The net cash from financing activities was partially offset by the following:

- RM9.6 million was used for the repayment of loans and borrowings mainly term loans and revolving credits.

12. FINANCIAL INFORMATION (Cont'd)

- RM6.0 million was used for dividend payments to ARSB.
- others comprising RM1.1 million for interest paid for banking facilities, RM0.8 million for payment of lease liabilities mainly for rental payments for the leasing of land for our telecommunications towers in Perak and our offices in Sri Petaling, Kuala Lumpur, and RM0.3 million for repayment of hire purchases of motor vehicles.

FPE 30 June 2022

For the FPE 30 June 2022, our net cash from financing activities was RM8.4 million. This was mainly attributed to RM23.6 million drawn down from the term loans, invoice financing and revolving credit facilities for the purchase and installation of networked video surveillance facilities.

The net cash from financing activities was partially offset by the following:

- RM5.4 million was used for the repayment of loans and borrowings mainly term loans.
- RM8.0 million was used for dividend payments to ARSB.
- others comprising RM1.1 million for interest paid for banking facilities, RM0.4 million for payment of lease liabilities mainly for rental payments for the leasing of land for our telecommunications towers in Perak and our offices in Sri Petaling, Kuala Lumpur, and RM0.2 million for repayment of hire purchases of motor vehicles.

(iii) Borrowings

As at 30 June 2022, our Group's total borrowings was RM94.1 million, as follows:

Type of borrowings	As at 30 June 2022		Total
	Payable within 12 months	Payable after 12 months	
Term loans ⁽¹⁾	18,476	64,859	83,335
Revolving credit ⁽²⁾	7,993	-	7,993
Invoice financing ⁽²⁾	1,920	-	1,920
Hire purchase liabilities	345	455	800
Total	28,734	65,314	94,048

Gearing ratio ⁽⁴⁾ **1.5**

Notes:

- (1) Term loans were mainly utilised for the purchase and installation of networked video surveillance facilities as well as related infrastructures in the FYE 31 December 2021.
- (2) Revolving credit was specifically used for purchase and installation of networked video surveillance facilities, while invoice financing was used for the purchase of software for the development of an underground utility management software system as the supplier requested for the payment to be made using banking facilities.
- (3) Calculated based on total borrowings divided by total equity.

12. FINANCIAL INFORMATION (Cont'd)

As at 30 June 2022, our Group's floating and fixed rate borrowings are set out below:

	RM'000
Floating rate borrowings ⁽¹⁾	93,248
Fixed rate borrowings ⁽²⁾	800
Total	94,048

Notes:

- (1) Include term loans and revolving credit.
 (2) Include hire purchase liabilities.

Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for the Financial Years Under Review, FPE 30 June 2022 and up to the LPD.

The maturity profile and interest rates of our borrowings as at 30 June 2022 are set out below:

	Term loan	Revolving credit	Invoice financing	Hire purchase liabilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Under 1 year	18,476	7,993	1,920	345	29,052
1 - 2 years	19,354	-	-	235	19,589
2 - 5 years	45,212	-	-	220	45,432
More than 5 years	293	-	-	-	293
Total	83,335	7,993	1,920	800	94,048
Contractual interest rates/incremental borrowing rates	4.38% - 4.72%	4.38%	4.72%	2.07% - 3.28%	

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Company.

12.2.13 Financial instrument, treasury policies and objectives

As at the LPD, save as disclosed in Section 12.2.12(iii) of this Prospectus, our Group does not use any other financial instruments.

Our Group's operations have been funded through shareholders' equity, cash generated from our operations and external sources of funds. The external source of funds consists of banking facilities from financial institutions. The normal credit term granted by our suppliers ranges from 30 days to 90 days for the FPE 30 June 2022.

As at the LPD, our Group's banking facilities from financial institutions mainly consist of the following:

- term loans and revolving credit used for the purchase and installation of networked video surveillance facilities; and
- lease liabilities used for the purchase of motor vehicles under the hire purchases contracts.

12. FINANCIAL INFORMATION (Cont'd)

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transactions. As at the LPD, our Group has available banking facilities of RM148.8 million including term loans and revolving credit, of which RM44.5 million has yet to be utilised.

The main objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage of our capital structure to maintain our gearing ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.2.14 Material litigation and contingent liabilities**(i) Material litigation**

Neither we nor our subsidiary are engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

(ii) Contingent liabilities

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

12.2.15 Key financial ratios

Our key financial ratios for the Financial Years Under Review and FPE 30 June 2022 are as follows:

	FYE 31 December			FPE 30 June
	2019	2020	2021	2022
Trade receivable turnover period (days) ⁽¹⁾	77	70	28	77
Trade payable turnover period (days) ⁽²⁾	311	214	134	109
Inventory turnover period (days) ⁽³⁾	34	70	59	55
Current ratio (times) ⁽⁴⁾	1.3	1.3	1.3	1.3
Gearing ratio (times) ⁽⁵⁾	0.8	1.2	1.4	1.5

Notes:

- (1) Based on trade receivables as at the respective financial year/period ends over total revenue of the respective financial years/period, and multiplied by 365 days/181 days.
- (2) Based on trade payables as at the respective financial year/period ends over total purchases of the respective financial years/period, and multiplied by 365 days/181 days.
- (3) Based on inventory as at the respective financial year/period ends over total purchases of the respective financial years/period, and multiplied by 365 days/181 days.
- (4) Based on current assets over current liabilities.
- (5) Based on total borrowings over total equity.

(i) Trade receivables

We deal with our customers on credit terms. The credit terms that we generally grant to our customers are as follows:

	FYE 31 December			FPE 30 June
	2019	2020	2021	2022
Normal credit terms (days)	30	30	30	30

12. FINANCIAL INFORMATION (Cont'd)

Our trade receivables turnover period decreased from 77 days for the FYE 31 December 2019 to 70 days for the FYE 31 December 2020, which exceeded our credit terms.

The trade receivables turnover period of 77 days for the FYE 31 December 2019 was mainly attributed to slow payments where 65.8% (RM5.2 million) of the total trade receivables were past due and these were mainly attributed to the following customers:

- RM4.2 million due from Norangkasa Enterprise Sdn Bhd for the supply and installation of networked lighting systems for the rail transit system project, sales of traffic controllers and provision of bandwidth services for the PPR flats in Kuala Lumpur. We have been working closely with this customer since 2012. The customer continues to make quarterly payment. As at the LPD, the outstanding receivables have been fully settled.
- RM1.5 million due from Trans Resources Corporation Sdn Bhd mainly for the supply and installation of networked lighting systems for the rail transit system project. As at the LPD, the outstanding receivables have been fully settled.

The trade receivables turnover period of 70 days for the FYE 31 December 2020 was mainly attributed to slow payments where 54.0% (RM4.9 million) of the total trade receivables were past due and these were mainly attributed to the following customers:

- RM3.5 million due from Norangkasa Enterprise Sdn Bhd for the supply and installation for the networked lighting systems for the rail transit system project and provision of bandwidth services for the PPR flats in Kuala Lumpur. As at the LPD, the outstanding receivables have been fully settled.
- RM2.0 million due from DBKK mainly for the supply and installation of networked lighting systems. As at the LPD, the outstanding receivables have been fully settled.

Our trade receivables turnover period improved from 70 days for the FYE 31 December 2020 to 28 days for the FYE 31 December 2021, mainly attributed to the improvements in collections from customers. This is further demonstrated by the fact that our total trade receivables of RM6.1 million only represented 7.6% of our revenue despite the increase in our revenue by 67.8% for the FYE 31 December 2021. For the FYE 31 December 2021, 46.2% (RM2.8 million) of the total trade receivables were past due and these were mainly attributed to:

- RM1.9 million due from Norangkasa Enterprise Sdn Bhd for the supply and installation for the networked lighting systems for the rail transit system project and provision of bandwidth services for the PPR flats in Kuala Lumpur due to slow payments from Norangkasa Enterprise Sdn Bhd. As at the LPD, this entire amount has been collected.
- RM0.7 million due from DBKK mainly for the supply and installation of networked lighting systems. As at the LPD, all the outstanding amount have been fully collected.

12. FINANCIAL INFORMATION (Cont'd)

Our trade receivables turnover period increased from 28 days for the FYE 31 December 2021 to 77 days for the FPE 30 June 2022, mainly attributed to higher billings to customers for the provision of video surveillance facilities in June 2022. Of this, 12.9% (RM2.2 million) of the total trade receivables were past due and these were mainly attributed to:

- RM0.9 million due from Norangkasa Enterprise Sdn Bhd mainly for the provision of bandwidth services for the PPR flats in Kuala Lumpur due to slow payments from Norangkasa Enterprise Sdn Bhd. As at the LPD, this entire amount has been collected.
- RM0.4 million due from DBKK mainly for the supply and installation of networked lighting systems. As at the LPD, this entire amount has been collected.
- RM0.4 million due from DBKL mainly for the maintenance works for the networked lighting systems and this amount was still outstanding as at the LPD.
- RM0.4 million due from a Bank Kerjasama Rakyat Malaysia Berhad mainly for the supply and installation of networked video surveillance systems. As at the LPD, this entire amount has been collected.

The ageing analysis of our Group's trade receivables as at 30 June 2022 is as follows:

	Trade receivables as at 30 June 2022 ⁽¹⁾	Subsequent collections up to the LPD	Net trade receivables after subsequent collections up to the LPD
	RM'000	RM'000	RM'000
Not past due	15,043	14,532	511
1 - 30 days	492	492	-
31 - 60 days	149	144	5
61 - 90 days	276	254	22
91 - 120 days	516	516	-
More than 120 days	801	449	351
Total	17,276	16,387	889

Note:

(1) Excluded retention sums of RM7.1 million as at 30 June 2022.

As at the LPD, RM16.4 million or 94.9% of our total trade receivables as at 30 June 2022 has been subsequently collected. Of the remaining outstanding amount, 57.5% (RM0.5 million) falls within the credit period while the remaining 42.5% (RM0.4 million) had exceeded credit period which was mainly amount due from DBKL.

Our Board is of the view that the remaining outstanding trade receivables of RM0.9 million as at the LPD is recoverable and no provision for impairment is required after taking into consideration our relationship with these customers and their historical payment trend.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Trade payables**

We deal with our suppliers comprising material suppliers and subcontractors on credit terms. Our suppliers including material suppliers and subcontractors generally grant us credit terms as follows:

	FYE 31 December			FPE 30 June
	2019	2020	2021	2022
Normal credit terms (days)	30 to 90	30 to 90	30 to 90	30 to 90

Our trade payables turnover period improved from 311 days for the FYE 31 December 2019 to 214 days for the FYE 31 December 2020 which exceeded the credit terms granted.

The trade payable turnover period of 311 days for the FYE 31 December 2019 was mainly attributed to the following outstanding amount as at 31 December 2019:

- RM16.7 million owing to PGTL, one of our major suppliers for the Financial Year Under Review, who is based in Hong Kong. We use PGTL to source various products from China. PGTL was agreeable for the payment by our Group to exceed the credit terms granted because of the amount of purchases made by us from PGTL. In addition, we have an understanding with PGTL that we will continue to purchase products such as LED lights, CCTV enclosures and related parts from PGTL to fulfil our obligations under the various DBKL contracts due to PGTL's ability to procure the required products on competitive pricing. However, our Group is not dependent on PGTL as we are able to purchase similar products from other suppliers. The purchases from PGTL were made via purchase orders without any long term contractual agreement.
- RM3.9 million owing to a supplier, IT Usaha Engineering Sdn Bhd, for the purchase of UPS which are past due mainly pending testing and commissioning works to be certified by our customer. As at the LPD, the amount owing has been fully settled.
- RM1.1 million owing to a supplier for the purchase of UPS which are past due mainly pending testing and commissioning works to be certified by our customer. As at the LPD, the amount owing has been fully settled.

The trade payables turnover period of 214 days for the FYE 31 December 2020 was mainly attributed to the following outstanding amount as at 31 December 2020:

- RM12.4 million owing to PGTL mainly for the purchases of LED lights, CCTV enclosures and related parts which are past due mainly attributed to our mutual agreement for the payment arrangement as mentioned above.
- RM6.9 million owing to a supplier, Hikvision (M) Sdn Bhd, for the purchases of video cameras and related equipment which are past due mainly due to finalisation of documentation for payment processing. As at the LPD, the amount owing has been fully settled.

12. FINANCIAL INFORMATION (Cont'd)

- RM5.7 million of amount owing to a subcontractor for civil works, CMS Construction (M) Sdn Bhd, which are past due mainly pending testing and commissioning works to be certified by our customer. As at the LPD, the amount owing has been fully settled.

Our trade payables turnover period improved from 214 days for the FYE 31 December 2020 to 134 days for the FYE 31 December 2021 which was mainly due to improvement in payments to trade payables. The trade payables turnover period of 134 days for the FYE 31 December 2021 was mainly attributed to the following outstanding amount as at 31 December 2021:

- RM7.6 million owing to PGTL mainly for the purchases of LED lights and parts as well as display units which are past due mainly attributed to our mutual agreement for the payment arrangement as mentioned above. As at the LPD, the amount owing to PGTL has reduced to RM3.1 million.
- RM4.6 million owing to a supplier of video cameras and related equipment, Hikvision (M) Sdn Bhd, which are past due mainly due to finalisation of documentation for payment processing. As at the LPD, the amount owing has been fully settled.
- RM2.5 million of amount owing to a subcontractor for civil works, CMS Construction (M) Sdn Bhd, which are past due mainly pending testing and commissioning works to be certified by our customer. As at the LPD, the amount owing has been fully settled.

Our trade payables turnover period improved from 134 days for the FYE 31 December 2021 to 109 days for the FPE 30 June 2022 which was mainly due to improvement in payments to trade payables. The trade payables turnover period of 109 days for the FPE 30 June 2022 was mainly attributed to the following:

- RM8.1 million owing to PGTL mainly for the purchases of LED lights and parts as well as display units which are past due mainly attributed to our mutual agreement for the payment arrangement as mentioned earlier. As at the LPD, RM3.2 million of the said amount owing has been fully settled.
- RM2.5 million owing to a supplier of video cameras and related equipment, Hikvision (M) Sdn Bhd, which are past due mainly due to finalisation of documentation for payment processing. As at the LPD, the amount owing has been fully settled.

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our Group's trade payables as at 30 June 2022 is as follows:

	Trade payables as at 30 June 2022 ⁽¹⁾	Subsequent payments up to the LPD	Net trade payables after subsequent payments up to the LPD
	RM'000	RM'000	RM'000
Not past due	792	317	475
1 - 30 days	4,334	3,518	816
31 - 60 days	1,833	1,787	46
61 - 90 days	2,201	2,044	157
91 - 120 days	4,691	1,427	3,264
More than 120 days	3,888	3,239	649
Total	17,741	12,333	5,407

Note:

(1) Excluded retention sums of RM0.8 million as at 30 June 2022.

As at the LPD, RM12.3 million of our trade payables outstanding as at 30 June 2022 has been subsequently paid. The remaining outstanding amount of RM5.4 million that falls within the credit period accounted for 8.8% (RM0.5 million) of the remaining outstanding amount while the remaining 91.2% (RM4.9 million) had exceeded credit period. The outstanding amount that exceeded credit period was mainly the past due amount owing to PGTL mainly attributed to our mutual understanding for the payment arrangement as mentioned above. There is no risk of legal dispute from PGTL as periodic payments have been made consistently to PGTL and PGTL has been continuously supplying products to us without any disputes.

(iii) Inventory

	FYE 31 December			FPE 30 June
	2019	2020	2021	2022
Inventory turnover period (days) ⁽¹⁾	34	70	59	55
Raw materials	28	68	58	54
Work-in-progress	8	3	1	1
Finished goods	1	1	*	*

Note:

* Less than 1 day

(1) Based on inventory as at the respective financial years/period over total purchases of the respective financial years/period, and multiplied by 365 days/181 days.

Our inventory mainly comprises the following:

- Raw materials comprising mainly input materials for our supply and installation works including LED lights, video cameras, sensors, display panels, data storage facilities, as well as electrical and electronic parts and components including PCBA, cables, electrical wiring and harnesses, plastic and metal enclosures for the assembly of controllers.

12. FINANCIAL INFORMATION (Cont'd)

- Work-in-progress which were partially completed such as electronic subassembly modules of the lighting and traffic management controllers.
- Finished goods comprising mainly completed lighting and traffic management controllers in box-build form.

Our inventory turnover period increased from 34 days for the FYE 31 December 2019 to 70 days for the FYE 31 December 2020. This was mainly due to higher purchases of input materials including video cameras and LED lightings for our subsequent planned on-site installation works in the FYE 31 December 2021. Although the installation work is still ongoing in accordance with the schedule stipulated in the contract, the said inventories has since been used for the planned on-site installation works in the FYE 31 December 2021.

Our inventory turnover period improved from 70 days for the FYE 31 December 2020 to 59 days for the FYE 31 December 2021. This was mainly contributed by the higher usage of inventories for our networked video surveillance facilities where 2,555 units of video cameras were installed in the FYE 31 December 2021 as compared to 605 units in the FYE 31 December 2020.

Our inventory turnover period improved from 59 days for the FYE 31 December 2021 to 55 days for the FPE 30 June 2022. This was mainly contributed by the higher usage of inventories for our networked video surveillance facilities as there was a total of 5,764 units of video cameras installed during the FPE 30 June 2022.

(iv) Current ratio

Our current ratio was 1.3 times for the Financial Years Under Review and FPE 30 June 2022.

(v) Gearing ratio

Our gearing ratio increased from 0.8 times for the FYE 31 December 2019 to 1.2 times for the FYE 31 December 2020. This was mainly attributed to higher borrowings due to draw down of term loans of RM23.2 million for the purchase and installation of networked video surveillance facilities.

Our gearing ratio increased slightly from 1.2 times for the FYE 31 December 2020 to 1.4 times for the FYE 31 December 2021. This was mainly attributed to higher borrowings due to draw down of term loans and revolving credit of RM45.4 million for the purchase and installation of networked video surveillance facilities.

The increase was partially offset by an increase in our retained earnings by 87.1%, from RM26.7 million for the FYE 31 December 2020 to RM49.9 million for the FYE 31 December 2021.

Our gearing ratio increased slightly from 1.4 times for the FYE 31 December 2021 to 1.5 times for the FPE 30 June 2022. This was mainly attributed to higher borrowings due to draw down of term loans and invoice financing for the purchase and installation of networked video surveillance facilities. The increase was partially offset by an increase in our retained earnings by 14.9%, from RM49.9 million for the FYE 31 December 2021 to RM57.4 million for the FPE 30 June 2022.

12. FINANCIAL INFORMATION (Cont'd)**12.2.16 Trend analysis**

Save as disclosed in this section and in Sections 7, 8 and 9 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events and factors that are reasonably likely to have a material effect on our business, financial condition and results of operations or that would make our Group's historical financial statements not indicative of future financial performance. Accordingly, taking into consideration of our Group's future business strategies and plans and the expected increase in depreciation in line with the increase in our capital expenditure, we do not expect any material adverse impact to our revenue recognition and operating expenses moving forward.

12.2.17 Significant changes/events**(a) Acquisition**

On 22 June 2022, the Company entered into a conditional share sale agreement with the Sellers for the acquisition of the entire equity interest of STS comprising 3,000,000 STS Shares for a purchase consideration of RM59,357,908. The said purchase consideration has been fully satisfied by the issuance of 388,800 new Shares at an issue price of approximately RM152.67 per Share credited as fully paid-up to Sena Holdings, being the sole company jointly nominated by the Sellers to receive and hold such new Shares.

(b) Declaration of dividend

Subsequent to the FYE 31 December 2021, a second single-tier interim dividend of RM8.00 per Share amounting to RM8,000,000 was declared on 3 January 2022 and paid on 4 January 2022 in respect of the FYE 31 December 2021. Our combined financial statements as set out in the Accountants' Report do not reflect the second single-tier interim dividend which will be accounted for in the FYE 31 December 2022.

See Section 12.5 of this Prospectus for further details on dividends declared and paid under the Financial Years Under Review and FPE 30 June 2022.

(c) Conversion of status

Our Company was incorporated on 9 April 2001 as a private limited company under the name of Alfaville (M) Sdn Bhd. Our company changed its name to ITMAX System Sdn Bhd on 26 October 2001. On 29 June 2022, our Company was converted to a public limited company.

See Note 29 of the Accountants' Report included in Section 13 of this Prospectus for further details on the subsequent events.

12. FINANCIAL INFORMATION (Cont'd)**12.2.18 Order book**

As at the LPD, we have 19 subsisting contracts with total unbilled order book of RM598.2 million, the details of which are set out below:

	Unbilled order book as at the LPD	Expected timeline to be recognised				
		FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024	FYE 31 December 2025	FYE 31 December 2026-2029
		RM million	RM million	RM million	RM million	RM million
By business segment						
Supply and installation of networked systems	74.0 (100.0%)	8.0 (10.8%)	25.6 (34.6%)	19.4 (26.2%)	19.4 (26.2%)	1.6 (2.2%)
Provision of networked facilities	488.1 (100.0%)	12.3 (2.5%)	97.1 (19.9%)	97.1 (19.9%)	87.6 (18.0%)	194.0 (39.7%)
Others ⁽¹⁾	36.1 (100.0%)	6.9 (19.1%)	9.2 (25.5%)	20.0 (55.4%)	-	-
Total	598.2 (100.0%)	27.2 (4.5%)	131.9 (22.0%)	136.5 (22.8%)	107.0 (17.9%)	195.6 (32.7%)

Note:

(1) Refers to the development of underground utility management software project.

12.2.19 Capital expenditures and divestures**Capital expenditures**

Our capital expenditures for the Financial Years Under Review, FPE 30 June 2022 and up to the LPD are set out below:

	FYE 31 December			FPE 30 June	From 1 July up to the LPD
	2019	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000	RM'000
Networked equipment	1,683	29,896	50,251	23,240	16,568
Plant and equipment	41	166	240	414	209
Telecommunication towers and monopoles	-	-	252	306	326
Motor vehicles	306	98	412	-	491
Furniture, fixture and fittings	12	14	29	82	78
Renovation	-	-	11	28	140
	2,042	30,174	51,195	24,070	17,812

Our capital expenditure was primarily funded via a combination of bank borrowings and internally generated funds.

12. FINANCIAL INFORMATION (Cont'd)

For the FYE 31 December 2019, our capital expenditure of RM2.0 million mainly comprised the following:

- RM1.7 million for the purchase and installation of networked equipment including video cameras, large wall display panels, network devices including switches, routers, splitters, firewalls, transmitters, repeaters and storage arrays, data storage servers, as well as related infrastructures such as poles and power cables. These were networked video surveillance facilities installed in Kuala Lumpur which were connected to the control centre for use by DBKL.
- RM0.3 million mainly for the purchase of two (2) units of motor vehicles.

For the FYE 31 December 2020, our capital expenditure of RM30.2 million mainly comprised the following:

- RM29.9 million for the purchase and installation of networked equipment and related infrastructures as mentioned above.
- RM0.3 million for the purchase of plant and equipment such as computers and office equipment and one (1) unit of motor vehicle.

For the FYE 31 December 2021, our capital expenditure of RM51.2 million mainly comprised the following:

- RM50.3 million for the purchase and installation of networked equipment and related infrastructures including networked video surveillance facilities for use by DBKL in Kuala Lumpur as mentioned above, new video surveillance facilities purchased and installed at PDRM's lockup facilities in the southern and northern zones of Peninsular Malaysia.
- RM0.9 million mainly for the purchase of four (4) units of motor vehicles, plant and equipment including office equipment and renovation of office, as well as purchase and installation of 14 telecommunication monopoles and two (2) telecommunication towers in Perak and one (1) telecommunication monopole in Selangor respectively.

For the FPE 30 June 2022, our capital expenditure of RM24.1 million mainly comprised the following:

- RM23.2 million for the purchase and installation of networked equipment and related infrastructures including networked video surveillance facilities for use by DBKL in Kuala Lumpur as well as new video surveillance facilities purchased and installed at PDRM's lockup facilities in the southern and northern zones of Peninsular Malaysia.
- RM0.9 million mainly for the purchase of plant and equipment including office equipment and renovation of office, as well as purchase and installation of two (2) units of telecommunications monopoles in Kuala Lumpur and Selangor.

From 1 July up to the LPD, our capital expenditures of RM17.8 million mainly comprised the purchase and installation of networked equipment and related infrastructures including networked video surveillance facilities for use by DBKL in Kuala Lumpur and for PDRM's lockup facilities in the southern and northern zones of Peninsular Malaysia as mentioned above.

Capital divestitures

For the Financial Years Under Review, FPE 30 June 2022 and up to the LPD, we do not have material capital divestitures.

12. FINANCIAL INFORMATION (Cont'd)**12.2.20 Material commitment for capital expenditures**

As at the LPD, our Group's material commitments for capital expenditure are set out below:

	RM'000
Approved but not contracted for:	
Testing tools and calibration instruments and software	1,000
Network infrastructure	39,500
New testing laboratory	2,000
Smart city and smart campus pilot projects	3,000
Total	45,500

The capital commitments above will be funded by the proceeds from the Public Issue. See Section 4.6 of this Prospectus for further details.

12.2.21 Financial risk management

We are exposed to market risks arising from our operations and use of financial instruments. Our key market risk exposures are to interest rate risk and foreign currency risk.

Interest rate risk

All our borrowings are interest-bearing obligations. Any hike in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on banking facilities, mainly term loans and revolving credit that are granted by bank and financial institutions. As at 30 June 2022, our Group's total borrowings was RM94.0 million, of which all were interest bearing, comprising RM93.2 million based on floating interest rates and the remaining RM0.8 million based on fixed rates. Our finance cost increased from approximately RM97,000 for the FYE 31 December 2019 to RM1.1 million for the FYE 31 December 2021 mainly attributed to the increase in interest expense on our term loans by RM0.8 million due to the drawdowns of our term loans for the purchase and installation of networked video surveillance facilities. In this respect, any increase in draw down of borrowings and/or interest rates may impact our financial performance.

For the Financial Years Under Review, FPE 30 June 2022 and up to the LPD, we have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings. For further details, see Sections 9.1.9 and 9.2.2 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**Foreign currency risk**

Our business is exposed to the risk of foreign exchange fluctuations where 22.7%, 25.1%, 13.6% and 9.2% of our purchases of materials and services including subcontractors' costs for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021, and FPE 30 June 2022 respectively were transacted in USD. Any adverse changes in exchange rates between RM and USD would have a negative impact on our financial performance.

Details of our foreign currency exchange gains and losses during the Financial Years Under Review and FPE 30 June 2022 are as follows:

	FYE 31 December			FPE 30 June
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Realised gain/(loss) on foreign exchange	(53)	4	(16)	43
Unrealised gain/(loss) on foreign exchange	8	548	14	(454)
Net gain/(loss)	(45)	552	(2)	(411)

Our business is subject to risks relating to any unfavourable foreign currency exchange rate fluctuations which could materially affect our financial performance. As at the LPD, we do not have any foreign currency forward hedging contracts. For further details, see Sections 9.1.10 and 9.2.2 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**12.3 CAPITALISATION AND INDEBTEDNESS**

The table below presents our capitalisation and indebtedness as at 31 October 2022 and on the assumption that our IPO, our Listing and the use of proceeds from the Public Issue as set out in Section 4.6 of this Prospectus had occurred on 31 October 2022.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 October 2022 and is provided for illustrative purposes only.

	Unaudited	Pro forma
	As at	After the Public Issue and
	31 October 2022	use of proceeds
	RM'000	RM'000
Indebtedness		
<u>Current</u>		
<i>Unsecured and unguaranteed</i>		
Lease liabilities	652	652
<i>Secured and guaranteed</i>		
Term loans*	18,415	18,415
Revolving credits	8,162	-
Hire purchase liabilities**	318	318
<u>Non-current</u>		
<i>Unsecured and guaranteed</i>		
Lease liabilities	2,211	2,211
<i>Secured and guaranteed</i>		
Term loans*	58,974	58,974
Hire purchase liabilities**	331	331
Total indebtedness	89,063	80,901
Total shareholders' equity / capitalisation	76,659	⁽¹⁾ 273,175
Total capitalisation and indebtedness	165,722	354,076
Gearing ratio (times) ⁽²⁾	1.16	0.30

* Joint and several guarantee by our Directors and Sena Letrik which has been uplifted on 2 November 2022.

** Joint and several guarantee by our Director which has been uplifted on 7 November 2022.

Notes:

(1) Calculated after taking into account the Acquisition, the Public Issue based on the Retail Price and the estimated fees and expenses for our IPO and our Listing.

(2) Computed based on total indebtedness divided by total shareholders' equity/ capitalisation.

As at 31 October 2022, approximately RM7.8 million representing 8.8% of our indebtedness is secured by fixed deposits.

12. FINANCIAL INFORMATION (Cont'd)**12.4 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF ITMAX SYSTEM**

KPMG PLT
 (LLP0010081-LCA & AF 0758)
 Chartered Accountants
 Level 10, KPMG Tower
 8, First Avenue, Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan, Malaysia

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 Website www.kpmg.com.my

The Board of Directors
ITMAX System Berhad
 No. 30-G & 30-3, Jalan Radin Bagus 3
 Bandar Baru Seri Petaling
 57000 Kuala Lumpur

Date: 10 November 2022

Dear Sir/Madam,

ITMAX System Berhad ("ITMAX System" or the "Company") and its combining entity, Sena Traffic Systems Sdn Bhd ("STS") (collectively, the "Group")

Report on the compilation of pro forma combined statement of financial position for inclusion in the Company's prospectus in connection with the initial public offering of up to 320,000,000 ordinary shares in the Company ("Shares") ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Prospectus") ("Listing")

We have completed our assurance engagement to report on the compilation of the pro forma combined statement of financial position of the Group as at 30 June 2022 ("Pro Forma Financial Position") prepared by the management of the Company. The Pro Forma Financial Position and the related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") have compiled the Pro Forma Financial Position are described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Prospectus solely to illustrate the impact of the transactions as set out in the notes of Attachment A on the Group's combined statement of financial position as at 30 June 2022, as if the transactions had taken place as at 30 June 2022. As part of this process, information about the Group's combined financial position has been extracted by the Directors from the audited combined financial statements of the Group for the financial period ended 30 June 2022, on which an auditors' report dated 10 November 2022 has been issued.

12. FINANCIAL INFORMATION (Cont'd)

ITMAX System Berhad ("ITMAX System" or the "Company")
*Report on the compilation of pro forma combined statement
of financial position for inclusion in the Prospectus
in connection with the Listing
10 November 2022*

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes of Attachment A as required by the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes of Attachment A.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes of Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma 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 Financial Position.

The purpose of the Pro Forma Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

12. FINANCIAL INFORMATION (Cont'd)

ITMAX System Berhad ("ITMAX System" or the "Company")
*Report on the compilation of pro forma combined statement
of financial position for inclusion in the Prospectus
in connection with the Listing
10 November 2022*

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has 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 Directors in the compilation of the Pro Forma 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 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 Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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 Financial Position has been compiled, in all material respects, on the basis described in the notes of Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared in connection with the Listing and should not be relied upon for any other purposes.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Foong Mun Kong
Approval Number: 02613/12/2022 J
Chartered Accountant

12. FINANCIAL INFORMATION (Cont'd)

Attachment A

ITMAX System Berhad ("ITMAX System" or the "Company") and its combining entity, Sena Traffic Systems Sdn Bhd ("STS") (collectively, the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position

The pro forma combined statement of financial position of the Group as at 30 June 2022 ("Pro Forma Financial Position") as set out below has been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 30 June 2022, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

	Notes	As at 30 June 2022* RM'000	Pro Forma I After the Pre-IPO Restructuring RM'000	Pro Forma II After Pro Forma I and the IPO RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
Assets					
Plant and equipment		115,866	115,866	115,866	115,866
Right-of-use assets		2,744	2,744	2,744	2,744
Intangible asset		945	945	945	945
Contract assets		163	163	163	163
Total non-current assets		119,718	119,718	119,718	119,718
Inventories		9,376	9,376	9,376	9,376
Contract assets		9,993	9,993	9,993	9,993
Contract costs		853	853	853	853
Trade and other receivables		26,559	26,559	26,559	26,559
Prepayments and other assets		541	541	541	541
Fixed deposits with licensed banks		6,962	6,962	6,962	6,962
Cash and cash equivalents		10,557	10,557	214,449	198,047
Total current assets	3(a)	64,841	64,841	268,733	252,331
Total assets		184,559	184,559	388,451	372,049

* Extracted from the audited combined financial statements of the Group for the financial period ended 30 June 2022.



12. FINANCIAL INFORMATION (Cont'd)

Attachment A

ITMAX System Berhad ("ITMAX System" or the "Company") and its combining entity, Sena Traffic Systems Sdn Bhd ("STS") (collectively, the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)

	Notes	As at 30 June 2022* RM'000	Pro Forma I After Pre-IPO Restructuring RM'000	Pro Forma II After Pro Forma I and the IPO RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
Equity					
Share capital	3(b)	1,000	60,358	261,254	261,254
Invested equity	3(c)	3,000	-	-	-
Retained earnings	3(d)	57,374	57,374	51,968	51,968
Merger reserve	3(e)	-	(56,358)	(56,358)	(56,358)
Total equity attributable to owners of the Group		61,374	61,374	256,864	256,864
Liabilities					
Loans and borrowings		65,314	65,314	65,314	65,314
Lease liabilities		2,132	2,132	2,132	2,132
Deferred tax liabilities		4,291	4,291	4,291	4,291
Total non-current liabilities		71,737	71,737	71,737	71,737
Loans and borrowings	3(f)	28,734	28,734	28,734	20,734
Lease liabilities		743	743	743	743
Trade and other payables		20,152	20,152	28,554	20,152
Contract liabilities	3(g)	22	22	22	22
Current tax liabilities		1,797	1,797	1,797	1,797
Total current liabilities		51,448	51,448	59,850	43,448
Total liabilities		123,185	123,185	131,587	115,185
Total equity and liabilities		184,559	184,559	388,451	372,049

* Extracted from the audited combined financial statements of the Group for the financial period ended 30 June 2022.



12. FINANCIAL INFORMATION (Cont'd)**Attachment A****ITMAX System Berhad ("ITMAX System" or the "Company") and its combining entity, Sena Traffic Systems Sdn Bhd ("STS") (collectively, the "Group")**

Pro Forma Financial Position and the notes thereon

Notes to the Pro Forma Financial Position

The pro forma combined statement of financial position of the Group as at 30 June 2022 ("Pro Forma Financial Position") has been prepared for inclusion in the Company's prospectus in connection with the initial public offering of up to 320,000,000 ordinary shares in the Company ("Shares") ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Prospectus") ("Listing") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") have compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited combined financial statements of the Group for the financial period ended 30 June 2022, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 10 November 2022 on the audited combined financial statements of the Group for the financial period ended 30 June 2022 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustrative purposes only.

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12. FINANCIAL INFORMATION (Cont'd)**Attachment A**

ITMAX System Berhad ("ITMAX System" or the "Company") and its combining entity, Sena Traffic Systems Sdn Bhd ("STS") (collectively, the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I – Pre-IPO Restructuring

The Pre-IPO Restructuring entails the following:

(i) Acquisition of STS

On 21 October 2022, the Company had completed the acquisition of the entire issued share capital of Sena Traffic Systems Sdn Bhd of RM3,000,000 comprising 3,000,000 ordinary shares from Tan Sri Dato' Dr. Tan Boon Hock and Puan Sri Datin Lim Sho Hoo (the "Sellers") for a purchase consideration of RM59,357,908 ("Acquisition of STS"). The said purchase consideration has been fully satisfied by the issuance of 388,800 new Shares at an issue price of approximately RM152.67 per Share, credited as fully-paid up to Sena Holdings Sdn Bhd ("Sena Holdings"), being the sole company jointly nominated by the Sellers.

The Acquisition of STS is accounted for using book value accounting. Under book value accounting, the difference between the consideration paid and the share capital of the acquiree is accounted for as merger reserve.

(ii) Subdivision

Following the completion of the Acquisition of STS, ITMAX System had undertaken a subdivision of 1,388,800 Shares into 837,446,400 Shares to facilitate the Listing.

2.2 Pro Forma II – IPO

The IPO entails the initial public offering of up to 320,000,000 Shares which comprises the following transactions:

(i) Public Issue

The public issue of up to 190,553,600 new ordinary shares in the Company ("Issue Share(s)") at a price of RM1.07 per Issue Share.

(ii) Offer for Sale

The offer for sale by Sena Holdings (the "Selling Shareholder") of up to 129,446,400 existing ordinary shares in the Company ("Offer Share(s)") at a price of RM1.07 per Offer Share by way of private placement to selected investors.

The Company will not receive any proceeds from the Offer for Sale. The total gross proceeds of approximately RM138,507,648 from the Offer for Sale will accrue entirely to the Selling Shareholder.



12. FINANCIAL INFORMATION (Cont'd)**Attachment A**

ITMAX System Berhad ("ITMAX System" or the "Company") and its combining entity, Sena Traffic Systems Sdn Bhd ("STS") (collectively, the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)**2.2 Pro Forma II – IPO (continued)****(iii) Estimated listing expenses**

The estimated listing expenses comprises the following:

	RM'000
<i>Professional fees:</i>	3,941
<i>Fees to authorities:</i>	838
<i>Other fees and expenses such as printing, advertising, prospectus, and roadshow expenses incurred in connection with the Public Issue:</i>	795
<i>Brokerage, underwriting and placement fees:</i>	4,240
	9,814

The total estimated listing expenses to be borne by the Company is approximately RM9.81 million. As at 30 June 2022, RM1.41 million has been paid and recognised in the profit or loss account of the Group. The balance of the estimated listing expenses of RM8.40 million has been accrued in trade and other payables in which RM3.00 million directly attributable to the Public Issue will be debited against the share capital of the Group, and the remaining estimated listing expenses of RM5.40 million will be charged to the profit or loss of the Group.

2.3 Pro Forma III - Use of proceeds

The total gross proceeds from the Public Issue of RM203,892,352 is intended to be used as follows:

	RM'000
Capital expenditure ⁽¹⁾	157,000
Working capital	29,078
Repayment of borrowings ⁽²⁾	8,000
Estimated listing expenses ⁽³⁾	9,814
	203,892

Notes:

- (1) The breakdown of capital expenditure amounting to RM157.0 million is set out below:

	RM'000
<i>Smart city application expansion to other local governments, federal ministries and existing customers</i>	85,000
<i>Expansion of research & development capabilities</i>	12,500
<i>Expansion into enterprise market</i>	20,000
<i>Network and telecommunication infrastructure expansion</i>	39,500
	157,000

As at the latest practicable date of 10 November 2022, the Company has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above capital expenditure. Accordingly, the use of proceeds earmarked for capital expenditure is not reflected in the Pro Forma Financial Position.

- (2) The use of proceeds earmarked by the Company for the repayment of borrowings is in relation to an outstanding amount owing in respect of a revolving credit facility granted by Hong Leong Bank Berhad for the purchase of network equipment.
- (3) The total estimated listing expenses to be borne by the Company is approximately RM9.81 million. As at 30 June 2022, RM1.41 million has been paid and recognised in the profit or loss account of the Group. The balance of the estimated listing expenses of RM8.40 million has been accrued in trade and other payables and upon completion of the Listing, this amount will be paid using the proceeds from the Public Issue.



12. FINANCIAL INFORMATION (Cont'd)**Attachment A**

ITMAX System Berhad ("ITMAX System" or the "Company") and its combining entity, Sena Traffic Systems Sdn Bhd ("STS") (collectively, the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)**2.4 Long Term Incentive Plan ("LTIP")**

In conjunction with the Listing, ITMAX System will establish an LTIP which entails the granting of Executives Share Grant Scheme shares ("ESGS Shares") and Employees' Share Option Scheme options ("ESOS Options") to eligible directors and eligible executives of the Group (including directors of STS) ("LTIP Eligible Person(s)").

The LTIP shall be administered by a committee to be appointed by the Directors ("LTIP Committee") and governed by the rules, terms and conditions of the LTIP, as may be modified and/ or amended from time to time ("By-Laws"). The aggregate maximum number of Shares which may be made available under the LTIP shall not in aggregate exceed 10% of the total number of issued Shares at any point of time during the duration of the LTIP.

The LTIP is not illustrated in the Pro Forma Financial Position as the ESGS Shares and ESOS Options under the LTIP have yet to be granted as of the date of this report.

3. Effects on the Pro Forma Financial Position**(a) Movement in cash and cash equivalents**

	RM'000
Balance as at 30 June 2022 / Pro Forma I	10,557
Effects of Pro Forma II:	
- Proceeds from the Public Issue	203,892
Pro Forma II	214,449
Effects of Pro Forma III:	
- Repayment of borrowings	(8,000)
- Remaining estimated listing expenses to be paid	(8,402)
Pro Forma III	198,047

(b) Movement in share capital

	RM'000
Balance as at 30 June 2022	1,000
Effects of Pro Forma I	
- Acquisition of STS	59,358
Pro Forma I	60,358
Effects of Pro Forma II:	
- Public Issue	203,892
- Estimated listing expenses directly attributable to the Public Issue	(2,996)
Pro Forma II and III	261,254



12. FINANCIAL INFORMATION (Cont'd)

Attachment A

ITMAX System Berhad ("ITMAX System" or the "Company") and its combining entity, Sena Traffic Systems Sdn Bhd ("STS") (collectively, the "Group")
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)

(c) Movement in invested equity

	RM'000
Balance as at 30 June 2022	3,000
Effects of Pro Forma I:	
- Acquisition of STS	(3,000)
Pro Forma I, II and III	-

(d) Movement in retained earnings

	RM'000
Balance as at 30 June 2022 / Pro Forma I	57,374
Effects of Pro Forma II:	
- Estimated listing expenses charged to profit or loss of the Group	(5,406)
Pro Forma II and III	51,968

(e) Movement in merger reserve

	RM'000
Balance as at 30 June 2022	-
Effects of Pro Forma I:	
- Acquisition of STS	(56,358)
Pro Forma I, II and III	(56,358)

(f) Movement in loan and borrowings – current

	RM'000
Balance as at 30 June 2022 / Pro Forma I and II	28,734
Effects of Pro Forma III:	
- Repayment of borrowings	(8,000)
Pro Forma III	20,734

(g) Movement in trade and other payables – current

	RM'000
Balance as at 30 June 2022 / Pro Forma I	20,152
Effects of Pro Forma II:	
- Estimated listing expenses accrued	8,402
Pro Forma II	28,554
Effects of Pro Forma III:	
- Reversal of accrued estimated listing expenses and payment of estimated listing expenses using proceeds from Public Issue	(8,402)
Pro Forma III	20,152



12. FINANCIAL INFORMATION (Cont'd)**12.5 DIVIDEND POLICY**

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

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

- (i) our level of cash, gearing and return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other investment plans;
- (iv) our working capital requirements; and
- (v) any contractual restrictions and/or commitments.

We target a payout ratio of at least 20.0% of our PAT attributable to owners of our Company of each financial year on a consolidated basis, subject to any applicable law, licence conditions, financial covenants and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

As at the LPD, save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on us or our subsidiary.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modifications (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See Section 9 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

The following table sets out the dividends declared and/or paid by our Company for the Financial Years Under Review, FPE 30 June 2022 and up to the LPD, and the corresponding dividend payout ratio:

	FYE 31 December			FPE 30 June	From 1 July 2022 up to the LPD
	2019	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and/or paid	-	-	14,000 ⁽²⁾	-	-
PAT	1,570	12,669	29,237	15,454	-
Dividend payout ratio ⁽¹⁾ (%)	-	-	47.9	-	-

Notes:

- (1) Computed based on dividends declared and/or paid divided by PAT.
- (2) Represents dividends paid by our Company to our shareholders comprising a first interim dividend of RM6.0 million which was declared on 25 November 2021 and paid on 27 December 2021 and a second interim dividend of RM8.0 million which was declared on 3 January 2022 and paid on 4 January 2022. The second interim dividend will be accounted for in the FYE 31 December 2022 and the effects has been reflected in the pro forma combined statements of financial position of our Company. The dividend was funded entirely from internally generated funds and paid out of the retained earnings of our Company in accordance with Section 131(1) of the Act. The dividend will not affect the execution and implementation of our business strategies and plans.

13. ACCOUNTANTS' REPORT

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

**Accountants' Report on the
Combined Financial Statements**

13. ACCOUNTANTS' REPORT (Cont'd)

1

ITMAX System Berhad

(Registration No. 200101008580 (544336-M))

(Incorporated in Malaysia)

Combined statements of financial position

	Note	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Assets					
Plant and equipment	3	115,866	95,170	48,451	19,190
Right-of-use assets	4	2,744	3,078	3,121	1,258
Intangible assets	5	945	971	1,027	1,360
Contract assets	7	163	192	-	-
Total non-current assets		119,718	99,411	52,599	21,808
Inventories	8	9,376	10,597	11,387	3,199
Contract assets	7	9,993	7,005	4,662	11,698
Contract costs	7	853	385	3,355	1,777
Trade and other receivables	9	26,559	15,363	17,320	21,820
Current tax assets		-	-	1,430	-
Prepayments and other assets		541	368	4,808	212
Fixed deposits with licensed banks	10	6,962	6,844	1,547	-
Cash and cash equivalents	11	10,557	23,145	12,320	10,480
Total current assets		64,841	63,707	56,829	49,186
Total assets		184,559	163,118	109,428	70,994
Equity					
Share capital	12	1,000	1,000	1,000	750
Invested equity	13	3,000	3,000	3,000	3,000
Retained earnings		57,374	49,920	26,683	14,014
Total equity attributable to owners of the Group		61,374	53,920	30,683	17,764
Liabilities					
Loans and borrowings	14	65,314	55,239	31,987	13,583
Lease liabilities		2,132	2,417	2,457	837
Deferred tax liabilities	15	4,291	2,863	634	1
Total non-current liabilities		71,737	60,519	35,078	14,421
Loans and borrowings	14	28,734	19,814	5,551	392
Lease liabilities		743	772	724	430
Trade and other payables	16	20,152	26,105	37,379	37,671
Contract liabilities	7	22	19	13	-
Current tax liabilities		1,797	1,969	-	316
Total current liabilities		51,448	48,679	43,667	38,809
Total liabilities		123,185	109,198	78,745	53,230
Total equity and liabilities		184,559	163,118	109,428	70,994

The notes on pages 8 to 67 are an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

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ITMAX System Berhad

(Registration No. 200101008580 (544336-M))

(Incorporated in Malaysia)

Combined statements of profit or loss and other comprehensive income

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Revenue	17	40,740	33,992	79,759	47,538	37,212
Cost of sales		(11,780)	(9,327)	(26,400)	(22,378)	(30,378)
Gross profit		28,960	24,665	53,359	25,160	6,834
Other income		347	146	537	1,087	268
Administrative expenses		(7,802)	(4,742)	(10,979)	(8,531)	(4,979)
Net reversal/(loss) on impairment of financial instruments and contract assets	20	398	(22)	(1,123)	(156)	(3)
Results from operating activities		21,903	20,047	41,794	17,560	2,120
Finance income	18	78	14	205	264	163
Finance costs	19	(1,133)	(132)	(1,063)	(203)	(97)
Profit before tax	20	20,848	19,929	40,936	17,621	2,186
Tax expense	21	(5,394)	(4,912)	(11,699)	(4,952)	(616)
Profit and total comprehensive income for the period/ year		15,454	15,017	29,237	12,669	1,570
Basic earnings per ordinary share (Sen)	22	386	375	731	325	104
Diluted earnings per ordinary share (Sen)	22	386	375	731	325	104

The notes on pages 8 to 67 are an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

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ITMAX System Berhad

(Registration No. 200101008580 (544336-M))

(Incorporated in Malaysia)

Combined statements of changes in equity

Audited	Note	Non-distributable		Distributable	Total RM'000
		Share capital RM'000	Invested equity RM'000	Retained earnings RM'000	
At 1 January 2019		750	-	2,744	3,494
Business combinations	28	-	3,000	9,700	12,700
Profit and total comprehensive income for the financial year		-	-	1,570	1,570
At 31 December 2019/ 1 January 2020		750	3,000	14,014	17,764
Issuance of ordinary shares		250	-	-	250
Profit and total comprehensive income for the financial year		-	-	12,669	12,669
At 31 December 2020/ 1 January 2021		1,000	3,000	26,683	30,683
Profit and total comprehensive income for the financial year		-	-	29,237	29,237
Dividend paid	23	-	-	(6,000)	(6,000)
At 31 December 2021/ 1 January 2022		1,000	3,000	49,920	53,920
Profit and total comprehensive income for the financial period		-	-	15,454	15,454
Dividend paid	23	-	-	(8,000)	(8,000)
At 30 June 2022		1,000	3,000	57,374	61,374
Unaudited					
At 31 December 2020/ 1 January 2021		1,000	3,000	26,683	30,683
Profit and total comprehensive income for the financial period		-	-	15,017	15,017
At 30 June 2021		1,000	3,000	41,700	45,700
		Note 12	Note 13		

The notes on pages 8 to 67 are an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

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ITMAX System Berhad

(Registration No. 200101008580 (544336-M))

(Incorporated in Malaysia)

Combined statements of cash flows

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Cash flows from operating activities						
Profit before tax		20,848	19,929	40,936	17,621	2,186
<i>Adjustments for:</i>						
Depreciation of plant and equipment	3	3,374	1,478	4,476	911	243
Depreciation of right-of-use assets	4	431	400	842	671	283
Amortisation of intangible assets	5	411	357	735	539	175
Plant and equipment written off		-	-	-	-	53
Gain on disposal of plant and equipment		-	(10)	(10)	-	-
Gain on lease modification		(5)	-	(3)	-	-
Income from rental concession		-	-	(38)	(38)	-
Finance income	18	(78)	(14)	(205)	(264)	(163)
Finance costs	19	1,133	132	1,063	203	97
Net (reversal)/loss on impairment of financial instruments and contract assets	20	(398)	22	1,123	156	3
Reversal of allowance for slow moving inventories	8	-	-	-	(7)	-
Unrealised foreign exchange gain/(loss)	20	454	378	(14)	(548)	(8)
Operating profit before changes in working capital		26,170	22,672	48,905	19,244	2,869
Inventories		1,221	3,705	790	(8,188)	(778)
Trade and other receivables		(11,172)	(5,662)	1,915	4,345	8,059
Prepayments and other assets		(173)	4,702	4,440	(4,589)	(16)
Trade and other payables		(6,407)	(17,685)	(11,259)	255	1,476
Contract assets		(2,585)	(5,556)	(3,617)	7,036	(10,432)
Contract costs		(468)	(1,065)	2,970	(1,578)	(1,777)
Contract liabilities		3	(13)	6	13	-
Increase through business combination	28	-	-	-	-	5,019
Cash generated from operations		6,589	1,098	44,150	16,538	4,420
Interest received		78	14	205	264	163
Tax paid		(4,138)	(620)	(6,071)	(6,065)	(257)
Net cash from operating activities		2,529	492	38,284	10,737	4,326

13. ACCOUNTANTS' REPORT (Cont'd)

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ITMAX System Berhad

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(Incorporated in Malaysia)

Combined statements of cash flows (continued)

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Cash flows from investing activities						
Acquisition of plant and equipment	(ii)	(23,016)	(16,021)	(49,178)	(29,042)	(1,670)
Acquisition of intangible assets	5	(385)	(316)	(679)	(206)	(20)
Proceeds on disposal of plant and equipment		-	-	10	2	-
Change in pledged deposits		(118)	(3,598)	(5,297)	(1,547)	-
Net cash used in investing activities		<u>(23,519)</u>	<u>(19,935)</u>	<u>(55,144)</u>	<u>(30,793)</u>	<u>(1,690)</u>
Cash flows from financing activities						
Proceeds from issuance of shares		-	-	-	250	-
Drawdown of loans and borrowings		21,205	19,559	37,990	23,201	1,961
Repayment of loans and borrowings		(5,445)	(3,146)	(9,632)	(489)	-
Drawdown of revolving credits		470	-	7,424	-	-
Drawdown of invoice financing		1,920	-	-	-	-
Payment of lease liabilities		(406)	(369)	(750)	(582)	(262)
Repayment of hire purchase liabilities		(209)	(127)	(284)	(125)	(59)
Dividends paid to Owner of the Company	23	(8,000)	-	(6,000)	-	-
Interest paid		<u>(1,133)</u>	<u>(132)</u>	<u>(1,063)</u>	<u>(203)</u>	<u>(97)</u>
Net cash from financing activities		<u>8,402</u>	<u>15,785</u>	<u>27,685</u>	<u>22,052</u>	<u>1,543</u>
Net change in cash and cash equivalents		<u>(12,588)</u>	<u>(3,658)</u>	<u>10,825</u>	<u>1,996</u>	<u>4,179</u>
Cash and cash equivalents at 1 January		<u>23,145</u>	<u>12,320</u>	<u>12,320</u>	<u>10,324</u>	<u>6,145</u>
Cash and cash equivalents at 30 June/31 December		<u>10,557</u>	<u>8,662</u>	<u>23,145</u>	<u>12,320</u>	<u>10,324</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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ITMAX System Berhad

(Registration No. 200101008580 (544336-M))

(Incorporated in Malaysia)

Combined statements of cash flows (continued)**Notes to the combined statement of cash flows****(i) Cash and cash equivalents**

Cash and cash equivalents included in the combined statements of cash flows comprise the following combined statements of financial position balances:

	Note	30.6.2022 RM'000 Audited	30.6.2021 RM'000 Unaudited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Deposits with licensed banks	11	4,806	3,503	10,255	7,099	8,903
Cash and bank balances	11	5,751	5,159	12,890	5,221	1,577
		10,557	8,662	23,145	12,320	10,480
Less: Bank overdraft	14	-	-	-	-	(156)
		10,557	8,662	23,145	12,320	10,324

(ii) Acquisition of plant and equipment

During the financial period/ year, the Group acquired plant and equipment as follows:

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Paid in cash		23,016	16,021	49,178	29,042	1,670
In the form of hire purchase		153	235	294	98	93
		23,169	16,256	49,472	29,140	1,763

(iii) Cash outflows for leases as a lessee

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Included in net cash from operating activities:						
Payment relating to short-term leases	20	-	-	-	4	3
Payment relating to leases of low-value assets	20	8	2	15	13	8
Included in net cash from financing activities:						
Payment of lease liabilities		406	369	750	582	262
Interest paid in relation to lease liabilities	19	78	89	173	130	15
Total cash outflows for leases		492	460	938	729	288

13. ACCOUNTANTS' REPORT (Cont'd)

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ITMAX System Berhad

(Registration No. 200101008580 (544336-M))

(Incorporated in Malaysia)

Combined statements of cash flows (continued)**Notes to the combined statement of cash flows (continued)****(iv) Reconciliation of movement of liabilities to cash flows arising from financing activities**

	Invoice financing RM'000	Revolving credit RM'000	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2019	-	-	-	147	-	147
Increase through business combination	-	-	10,706	692	120	11,518
Net changes from financing cash flows	-	-	1,896	(76)	(277)	1,543
Interest	-	-	65	17	15	97
Borrowing cost capitalised	-	-	279	-	-	279
Addition	-	-	-	93	1,409	1,502
At 31 December 2019/ 1 January 2020	-	-	12,946	873	1,267	15,086
Net changes from financing cash flows	-	-	22,663	(149)	(712)	21,802
Interest	-	-	49	24	130	203
Borrowing cost capitalised	-	-	1,034	-	-	1,034
Addition	-	-	-	98	2,534	2,632
Other changes	-	-	-	-	(38)	(38)
At 31 December 2020/ 1 January 2021	-	-	36,692	846	3,181	40,719
Net changes from financing cash flows	-	7,424	27,509	(325)	(923)	33,685
Interest	-	-	849	41	173	1,063
Borrowing cost capitalised	-	99	1,624	-	-	1,723
Addition	-	-	-	294	865	1,159
Derecognition	-	-	-	-	(69)	(69)
Other changes	-	-	-	-	(38)	(38)
At 31 December 2021/ 1 January 2022	-	7,523	66,674	856	3,189	78,242
Net changes from financing cash flows	1,920	259	14,939	(232)	(484)	16,402
Interest	-	211	821	23	78	1,133
Borrowing cost capitalised	-	-	901	-	-	901
Addition	-	-	-	153	163	316
Derecognition	-	-	-	-	(71)	(71)
At 30 June 2022	1,920	7,993	83,335	800	2,875	96,923

The notes on pages 8 to 67 are an integral part of these combined financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

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ITMAX System Berhad

(Registration No. 200101008580 (544336-M))
(Incorporated in Malaysia)

Notes to the combined financial statements

ITMAX System Berhad ("ITMAX System" or the "Company") is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

No. 30-G & 30-3 Jalan Radin Bagus 3
Bandar Baru Seri Petaling
57000 Kuala Lumpur

Registered office

Unit 30-01, Level 30, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Prior to 31 December 2021, the Company was principally engaged in the business of information technology services, supply, install and maintenance of traffic light systems and supply of equipment and accessories related to transportation and other engineering services. During the financial year ended 31 December 2021, the Company changed its principal business activities to video surveillance and analytics services, telecommunication and network infrastructure services and supply, installation and maintenance of traffic management systems and street lighting systems. Subsequent to 31 December 2021, the Company changed its principal activities to business of supply and installation and provision of public space networked systems and investment holding.

The ultimate holding company during the financial period was Akasia Rafflesia Sdn Bhd (formerly known as ITMAX Holding Sdn Bhd), a private limited liability company incorporated and domiciled in Malaysia. On 25 October 2022, Sena Holdings Sdn Bhd, a company incorporated in Malaysia, acquired the Company from Akasia Rafflesia Sdn Bhd and became the ultimate holding company of the Company.

The principal activities of the Company's combining entity, Sena Traffic Systems Sdn Bhd ("STS") are disclosed in Note 6 to the combined financial statements. The Company and STS are collectively referred to as the "Group".

1. Basis of preparation**(a) Statement of compliance**

The combined financial statements of the Group have been prepared solely in connection with the listing of and quotation for the entire enlarged issued ordinary shares in the Company ("Shares") on the Main Market of Bursa Malaysia Securities Berhad ("Listing") and for no other purpose.

The combined financial statements of the Group for the financial periods ended 30 June 2022 and 30 June 2021 and for the financial years ended 31 December 2021, 2020 and 2019 consist of the financial statements of the Company, for the period from 1 January 2019 to 30 June 2022, and its combining entity, STS, for the period from 1 October 2019 to 30 June 2022, as the Company and STS are under the common control of Tan Sri Dato' (Dr.) Tan Boon Hock (referred to as the "Controlling Shareholder") from 1 October 2019 as disclosed in Note 6.

13. ACCOUNTANTS' REPORT (Cont'd)

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1. Basis of preparation (continued)**(a) Statement of compliance (continued)**

The combined financial statements of the Group for the financial periods ended 30 June 2022 and 30 June 2021 and for the financial years ended 31 December 2021, 2020 and 2019 were prepared in a manner as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative year presented or, if later, at the date that common control was established.

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

The combined financial statements of the Group for the financial periods ended 30 June 2022 and 30 June 2021 and for the financial years ended 31 December 2021, 2020 and 2019 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants.

Changes in accounting policy

The Group has adopted MFRS 16, *Leases* which is effective for annual periods beginning on or after 1 January 2019.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. MFRS 16 was applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application, if any as an adjustment to the retained earnings at 1 January 2019. The impact of the adoption of MFRS16 is disclosed in Note 30.

13. ACCOUNTANTS' REPORT (Cont'd)

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1. Basis of preparation (continued)**(a) Statement of compliance (continued)**

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2023 for the accounting standards and amendments that are effective for annual period beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

(b) Basis of measurement

The combined financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the combined financial statements.

(c) Functional and presentation currencies

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

13. ACCOUNTANTS' REPORT (Cont'd)

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1. Basis of preparation (continued)**(d) Use of estimates and judgements**

The preparation of the combined financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the combined financial statements other than those disclosed in the following notes:

- Note 4 – Extension options and incremental borrowing rate in relation to leases
- Note 25.4 – Measurement of expected credit loss ("ECL")

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these combined financial statements and have been applied consistently by the Group, unless otherwise stated.

(a) Basis of combination**(i) Combining entities**

The combined financial statements comprise the financial statements of the Company and its combining entity, STS, which are under common control as disclosed in Note 1(a). The financial statements used in the preparation of the combined financial statements are prepared as of the same reporting date as the Company.

The Company and STS are entities under common control of the Controlling Shareholder and are accounted for as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities of the entities are recognised at the carrying amounts recognised in the respective entities' financial statements. The components of equity of the entities are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity.

The Controlling Shareholder controls an entity when the shareholder is exposed, or have rights, to variable returns from the shareholder's involvement with the entity and have the ability to affect those returns through the shareholder's power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholder also considers he has de facto power over an investee when, despite not having the majority of voting rights, he has the current ability to direct the activities of the investee that significantly affect the investee's return.

2. Significant accounting policies (continued)

(a) Basis of combination (continued)

(ii) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

Financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)

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2. Significant accounting policies (continued)**(c) Financial instruments (continued)****(iii) Derecognition (continued)**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Plant and equipment**(i) Recognition and measurement**

Asset under construction is stated at cost. Other Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other operating expenses" respectively in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)

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2. Significant accounting policies (continued)**(d) Plant and equipment (continued)****(ii) Subsequent costs**

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Telecommunication towers	20 years
• Network equipment	7 - 20 years
• Plant and equipment	5 years
• Furniture, fixtures and fittings	5 years
• Motor vehicles	5 years
• Renovation	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leases**(i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

2. Significant accounting policies (continued)

(e) Leases (continued)

(i) Definition of a lease (continued)

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities uses its incremental borrowing rate as the discount rate.

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

2. Significant accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

The Group recognises lease payments received under finance lease as income on a straight-line basis over the lease term as part of "finance income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

13. ACCOUNTANTS' REPORT (Cont'd)

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2. Significant accounting policies (continued)**(f) Intangible assets****(i) Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Licenses

Licenses acquired by the Group, which have finite useful lives, are classified as intangible assets and measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in cost of sales and administrative expenses in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

13. ACCOUNTANTS' REPORT (Cont'd)

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2. Significant accounting policies (continued)**(f) Intangible assets (continued)****(iv) Amortisation (continued)**

The estimated useful life of licenses and development costs for the current and comparative periods are as follows:

- | | |
|---------------------|---------|
| • Development costs | 6 years |
| • Licenses | 5 years |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Contract costs**Cost to fulfil a contract**

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

2. Significant accounting policies (continued)

(i) Contract costs (continued)

Cost to fulfil a contract (continued)

These contract costs are initially measured at cost and is recognised in profit or loss in a manner that is consistent with the pattern of revenue recognition to which the contract cost relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(k) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss which are the expected credit losses that result from all possible default events over the expected life of the asset, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of the other assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exist, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating units exceeds its estimated recoverable amount.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the periods in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over-time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(ii) Rental income

Revenue from rental of subleased right-of-use assets is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. Significant accounting policies (continued)

(q) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

2. Significant accounting policies (continued)

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director and Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

13. ACCOUNTANTS' REPORT (Cont'd)

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3. Plant and equipment

Cost	Note	Tele-communication towers RM'000	Network equipment RM'000	Plant and equipment RM'000	Furnitures, fixtures and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Asset under construction RM'000	Total RM'000
At 1 January 2019		-	-	218	19	288	-	4,914	5,439
Additions		-	-	41	12	306	-	1,404	1,763
Borrowing costs capitalised at the rate of 5.95% - 6.50% per annum		-	-	-	-	-	-	-	-
Write-off		-	-	(155)	(14)	-	-	279	279
Transfer		-	-	-	-	-	-	-	(169)
Acquisition through business combination		-	5,216	-	-	-	-	(5,216)	-
At 31 December 2019/1 January 2020	28	-	-	289	32	1,097	67	11,684	13,169
Additions		-	5,216	393	49	1,691	67	13,065	20,481
Borrowing costs capitalised at the rate of 4.40% - 5.65% per annum		-	-	166	14	98	-	28,862	29,140
Write-off		-	-	-	-	-	-	1,034	1,034
Transfer		1,385	8,446	(1)	-	-	-	-	(1)
Disposal		-	-	(4)	-	-	-	(9,831)	-
At 31 December 2020/1 January 2021		1,385	13,662	554	63	1,789	67	33,130	50,650
Additions		252	-	240	29	412	11	48,528	49,472
Borrowing costs capitalised at the rate of 4.38% - 4.46% per annum		-	-	-	-	-	-	1,723	1,723
Write-off		-	-	(1)	-	-	-	-	(1)
Transfer		-	59,884	-	-	-	-	(59,884)	-
Disposal		-	-	-	-	(70)	-	-	(70)
At 31 December 2021/1 January 2022		1,637	73,546	793	92	2,131	78	23,497	101,774
Additions		306	-	414	83	-	28	22,338	23,169
Borrowing costs capitalised at the rate of 4.38% - 4.65% per annum		-	-	-	-	-	-	901	901
Transfer		-	149	-	-	-	-	(149)	-
At 30 June 2022		1,943	73,695	1,207	175	2,131	106	46,587	125,844

13. ACCOUNTANTS' REPORT (Cont'd)

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3. Plant and equipment (continued)

	Note	Tele- communication towers RM'000	Network equipment RM'000	Plant and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Asset under construction RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2019		-	-	112	15	151	-	-	278
Depreciation for the year		-	65	24	3	150	1	-	243
Write-off		-	-	(102)	(14)	-	-	-	(116)
Acquisition through business combinations	28	-	-	163	18	646	59	-	886
At 31 December 2019/1 January 2020		-	65	197	22	947	60	-	1,291
Depreciation for the year		29	472	75	11	320	4	-	911
Write off		-	-	(1)	-	-	-	-	(1)
Disposal		-	-	(2)	-	-	-	-	(2)
At 31 December 2020/1 January 2021		29	537	269	33	1,267	64	-	2,199
Depreciation for the year		78	4,007	101	12	274	4	-	4,476
Write off		-	-	(1)	-	-	-	-	(1)
Disposal		-	-	-	-	(70)	-	-	(70)
At 31 December 2021/1 January 2022		107	4,544	369	45	1,471	68	-	6,604
Depreciation for the period		46	3,089	84	14	137	4	-	3,374
At 30 June 2022		153	7,633	453	59	1,608	72	-	9,978
Carrying amounts									
At 31 December 2019/1 January 2020		-	5,151	196	27	744	7	13,065	19,190
At 31 December 2020/1 January 2021		1,356	13,125	285	30	522	3	33,130	48,451
At 31 December 2021/1 January 2022		1,530	69,002	424	47	660	10	23,497	95,170
At 30 June 2022		1,790	66,062	754	116	523	34	46,587	115,866

13. ACCOUNTANTS' REPORT (Cont'd)

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4. Right-of-use assets

	Note	Land RM'000	Building RM'000	Total RM'000
At 1 January 2019		-	992	992
Additions		-	417	417
Depreciation		-	(283)	(283)
Acquisition through business combinations	28	-	132	132
At 31 December 2019/1 January 2020		-	1,258	1,258
Additions		1,745	789	2,534
Depreciation		(99)	(572)	(671)
At 31 December 2020/1 January 2021		1,646	1,475	3,121
Additions		108	757	865
Depreciation		(187)	(655)	(842)
Derecognition		-	(66)	(66)
At 31 December 2021/1 January 2022		1,567	1,511	3,078
Additions		-	163	163
Depreciation		(100)	(331)	(431)
Derecognition		-	(66)	(66)
At 30 June 2022		1,467	1,277	2,744

The Group leases a number of leasehold land and office buildings that run between 1 year and 7 years, with an option to renew the leases after that date.

4.1 Extension options

Some leases of leasehold land and office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include all extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. All extension options have been considered in the recognition of lease liabilities. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

4.2 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determined the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

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5. Intangible assets

	Licenses RM'000	Development cost RM'000	Total RM'000
Cost			
At 1 January 2019	100	-	100
Acquisition through business combination (Note 28)	-	3,283	3,283
Additions	20	-	20
At 31 December 2019/1 January 2020	120	3,283	3,403
Additions	5	201	206
At 31 December 2020/1 January 2021	125	3,484	3,609
Additions	18	661	679
At 31 December 2021/1 January 2022	143	4,145	4,288
Additions	1	384	385
At 30 June 2022	144	4,529	4,673
Amortisation			
At 1 January 2019	22	-	22
Acquisition through business combination (Note 28)	-	1,846	1,846
Amortisation for the year	24	151	175
At 31 December 2019/1 January 2020	46	1,997	2,043
Amortisation for the year	31	508	539
At 31 December 2020/1 January 2021	77	2,505	2,582
Amortisation for the year	23	712	735
At 31 December 2021/ 1 January 2022	100	3,217	3,317
Amortisation for the period	9	402	411
At 30 June 2022	109	3,619	3,728
Carrying amounts			
At 1 January 2019	78	-	78
At 31 December 2019/1 January 2020	74	1,286	1,360
At 31 December 2020/1 January 2021	48	979	1,027
At 31 December 2021/1 January 2022	43	928	971
At 30 June 2022	35	910	945

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6. Combining entity

The details of the combining entity are as follows:

Combining entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest			
			2022 %	2021 %	2020 %	2019 %
STS	Malaysia	Research and development on systems and application software, design and assembly of controllers, supply and installation of networked traffic management system, and providing leased and managed services of video surveillance and analytics systems	100	100	100	100

7. Contracts with customers

7.1 Contract assets/(liabilities)

	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Non-current				
Contract assets	163	192	-	-
Current				
Contract assets	9,993	7,005	4,662	11,698
	<u>10,156</u>	<u>7,197</u>	<u>4,662</u>	<u>11,698</u>
Contract liabilities	<u>(22)</u>	<u>(19)</u>	<u>(13)</u>	<u>-</u>

The contract assets relate to the Group's rights to consideration for work completed on service contract, pending approval from customers, but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and up to 5 years (2021: 30 days and up to 5 years ; 2020: 30 days and 2019: 30 days) and payment is expected within 30 days.

The contract liabilities primarily relate to the advance consideration received from a customer for service contract. The contract liabilities are expected to be recognised as revenue over a period of 30 days.

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7. Contracts with customers (continued)**7.1 Contract assets/(liabilities) (continued)**

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	30.6.2022	31.12.2021	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Contract assets at beginning of the period transferred to trade receivables	7,005	919	10,130	-
Contract liabilities at beginning of the period recognised as revenue	19	13	-	-
(Reversal of)/Impairment loss on contract assets	<u>(374)</u>	<u>1,082</u>	<u>-</u>	<u>-</u>

7.2 Contract costs

	30.6.2022	31.12.2021	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Cost to fulfil a contract	<u>853</u>	<u>385</u>	<u>3,355</u>	<u>1,777</u>

Cost to fulfil a contract comprises costs incurred on ongoing supply, installation and maintenance works which have yet to be fulfilled and claimed at the reporting date. Typically, the amounts will be claimed within 30 days to 90 days. Cost to fulfil a contract is amortised when the revenue is recognised.

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8. Inventories

	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Raw materials	9,222	10,413	10,994	2,596
Work-in-progress	294	249	433	702
Finished goods	12	87	112	60
	<u>9,528</u>	<u>10,749</u>	<u>11,539</u>	<u>3,358</u>
Less: Allowance for slow moving inventories	(152)	(152)	(152)	(159)
	<u>9,376</u>	<u>10,597</u>	<u>11,387</u>	<u>3,199</u>
Recognised in profit of loss:				
Reversal of slow moving inventories	-	-	7	-
Inventories recognised as cost of sales	<u>2,842</u>	<u>12,237</u>	<u>12,800</u>	<u>17,191</u>

9. Trade and other receivables

	Note	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Trade					
Trade receivables from contracts with customers	9.1	17,885	6,734	9,645	8,268
Less: Impairment loss		(609)	(633)	(592)	(436)
		<u>17,276</u>	<u>6,101</u>	<u>9,053</u>	<u>7,832</u>
Amount due from related parties	9.2	-	59	388	623
Retention sum	9.3	7,089	4,690	397	98
		<u>24,365</u>	<u>10,850</u>	<u>9,838</u>	<u>8,553</u>
Non-trade					
Amount due from holding company	9.4	-	-	2,250	2,250
Amount due from related parties	9.5	4	75	1,011	5,227
Amount due from Directors	9.6	-	2,343	3,043	3,043
Other receivables		53	2	502	2,008
Deposits		2,137	2,093	676	739
		<u>2,194</u>	<u>4,513</u>	<u>7,482</u>	<u>13,267</u>
		<u>26,559</u>	<u>15,363</u>	<u>17,320</u>	<u>21,820</u>

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9. Trade and other receivables (continued)

9.1 The trade receivables from contracts with customers of the Group are given a credit term of 30 days (2021: 30 days ; 2020: 30 days and 2019: 30 days).

9.2 The trade amount due from related parties is subject to normal trade terms.

9.3 Retention sums

Retention sums are due upon the expiry of the defect liability period stated in the respective construction contracts. The defect liability periods range from 12 to 24 months. Retention sums are expected to be collected as follows:

	30.6.2022	31.12.2021	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Within one year	4,484	3,641	299	98
More than one year	2,605	1,049	98	-
	<u>7,089</u>	<u>4,690</u>	<u>397</u>	<u>98</u>

9.4 Amount due from holding company is unsecured, interest free and repayable on demand.

9.5 Amount due from related parties, being companies in which certain Directors have financial interest in, is unsecured, interest free and repayable on demand.

9.6 Amounts due from Directors were loans provided to the Directors to meet expenditure incurred by the Directors for the purposes of the Group prior to 1 January 2019 when the Company was an exempt private company. These loans were unsecured, interest free and repayable on demand by the Directors at the point when the Company was still an exempt private company. The amounts due from Directors were fully recovered during the period ended 30 June 2022.

10. Fixed deposits with licensed banks

	30.6.2022	31.12.2021	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Fixed deposits with licensed banks	<u>6,962</u>	<u>6,844</u>	<u>1,547</u>	<u>-</u>

The fixed deposits with licensed banks of the Group are secured for credit facility provided to the Group (Note 14), bear interest rate of 1.55% to 1.85% (2021: 1.55% to 1.85% ; 2020: 3.10% and 2019: Nil%) per annum and are redeemable in twelve months.

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11. Cash and cash equivalents

	30.6.2022	31.12.2021	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Deposits with licensed banks	4,806	10,255	7,099	8,903
Cash and bank balances	5,751	12,890	5,221	1,577
	<u>10,557</u>	<u>23,145</u>	<u>12,320</u>	<u>10,480</u>

12. Share capital

	30.6.2022	31.12.2021	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At beginning of period/ year	1,000	1,000	750	750
Issued during the period/ year	-	-	250	-
At end of period/ year	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>750</u>

	Number of ordinary shares			
	30.6.2022	31.12.2021	31.12.2020	31.12.2019
	'000	'000	'000	'000
	Audited	Audited	Audited	Audited
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At beginning of period/ year	1,000	1,000	750	750
Issued during the period/ year	-	-	250	-
At end of period/ year	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>750</u>

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13. ACCOUNTANTS' REPORT (Cont'd)

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13. Invested equity

For the purpose of these combined financial statements, the invested equity at the end of the respective financial period and financial years is the aggregate of the share capital of the Company's combining entity, STS.

14. Loans and borrowings

	Note	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Non-current					
Secured					
- Term loan	14.1	64,859	54,674	31,395	12,885
- Hire purchase liabilities	14.1	455	565	592	698
		<u>65,314</u>	<u>55,239</u>	<u>31,987</u>	<u>13,583</u>
Current					
Secured					
- Term loan	14.1	18,476	12,000	5,297	61
- Revolving credit	14.1	7,993	7,523	-	-
- Invoice financing	14.1	1,920	-	-	-
- Bank overdraft		-	-	-	156
- Hire purchase liabilities	14.1	345	291	254	175
		<u>28,734</u>	<u>19,814</u>	<u>5,551</u>	<u>392</u>
		<u>94,048</u>	<u>75,053</u>	<u>37,538</u>	<u>13,975</u>

14.1 Term loan, revolving credit, invoice financing and hire purchase liabilities

The term loan, revolving credit, invoice financing and hire purchase liabilities are secured by:

- Corporate guarantee executed by a related party/ultimate holding company
- Joint and several guarantee executed by the Directors of the Group.
- Fixed deposits with licensed banks (Note 10).

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15. Deferred tax liabilities

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	<----- Audited ----->				<----- Audited ----->				<----- Audited ----->			
	Assets		Liabilities		Net							
	30.6.2022	31.12.2021	31.12.2020	31.12.2019	30.6.2022	31.12.2021	31.12.2020	31.12.2019	30.6.2022	31.12.2021	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Plant and equipment	-	-	-	-	(5,001)	(3,564)	(653)	(1)	(5,001)	(3,564)	(653)	(1)
Right-of-use assets	-	-	-	-	(659)	(739)	(749)	(302)	(659)	(739)	(749)	(302)
Lease liabilities	684	765	763	304	-	-	-	-	684	765	763	304
Others	685	675	174	-	-	-	(169)	(2)	685	675	5	(2)
Net tax assets/(liabilities)	1,369	1,440	937	304	(5,660)	(4,303)	(1,571)	(305)	(4,291)	(2,863)	(634)	(1)

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15. Deferred tax liabilities (continued)

Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the year/ period

	At 1.1.2019 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 21) RM'000	At 30.6.2022 RM'000
Plant and equipment	(10)	9	(1)	(652)	(653)	(2,911)	(3,564)	(1,437)	(5,001)
Right-of-use assets	(238)	(64)	(302)	(447)	(749)	10	(739)	80	(659)
Lease liabilities	238	66	304	459	763	2	765	(81)	684
Others	-	(2)	(2)	7	5	670	675	10	685
	(10)	9	(1)	(633)	(634)	(2,229)	(2,863)	(1,428)	(4,291)

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15. Deferred tax liabilities (continued)**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Other deductible temporary differences	-	-	-	466

16. Trade and other payables

	Note	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Current					
Trade					
Trade payables	16.1	18,580	24,038	34,812	28,959
Amount due to related parties	16.2	-	290	379	2,523
		<u>18,580</u>	<u>24,328</u>	<u>35,191</u>	<u>31,482</u>
Non-trade					
Other payables		890	564	1,721	5,772
Amount due to related parties	16.3	-	26	125	127
Accrued expenses		<u>682</u>	<u>1,187</u>	<u>342</u>	<u>290</u>
		<u>1,572</u>	<u>1,777</u>	<u>2,188</u>	<u>6,189</u>
		<u>20,152</u>	<u>26,105</u>	<u>37,379</u>	<u>37,671</u>

16.1 The trade payables of the Group have credit terms which range from 30 days to 90 days (2021: 30 days to 90 days ; 2020: 30 days to 90 days and 2019: 30 days to 90 days).

16.2 The trade amount due to related parties is subject to normal trade terms.

16.3 Amount due to related parties is unsecured, interest free and repayable on demand.

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17. Revenue

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Revenue from contracts with customers					
- Video surveillance and analytics services	24,880	11,929	32,135	8,680	623
- Telecommunication and network infrastructure services	1,128	1,023	2,079	1,592	336
- Supply, installation and maintenance services	14,200	20,720	44,494	36,458	35,958
- Trading revenue	532	320	1,051	808	295
	<u>40,740</u>	<u>33,992</u>	<u>79,759</u>	<u>47,538</u>	<u>37,212</u>
Timing of recognition					
- At a point in time	532	320	1,051	808	295
- Over time	40,208	33,672	78,708	46,730	36,917
	<u>40,740</u>	<u>33,992</u>	<u>79,759</u>	<u>47,538</u>	<u>37,212</u>

17.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Types of revenue	Video surveillance and analytics services	Telecommunication and network infrastructure services	Supply, installation and maintenance services	Trading revenue
Timing of recognition or method used to recognise revenue	Revenue is recognised over-time using output method based on services provided.	Revenue is recognised over-time using output method based on services provided.	Revenue is recognised over-time using output method based on work completed and services provided.	Revenue is recognised at point in time when the goods are delivered and accepted by the customers.
Significant payment terms	Credit period of 30 days from invoice date.	Credit period of 30 days from invoice date.	Credit period of 30 days from invoice date.	Credit period of 30 days from invoice date.
Variable element in consideration	Progress claims are subject to monthly efficiency rate based on the effectiveness of services.	Not applicable.	Not applicable.	Not applicable.

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17. Revenue (continued)**17.1 Nature of goods and services (continued)**

Types of revenue	Video surveillance and analytics services	Telecommunication and network infrastructure services	Supply, installation and maintenance services	Trading revenue
Obligation for returns or refunds	Not applicable.	Not applicable.	Not applicable.	The Company allows returns only for exchange with new goods if the goods delivered are faulty.
Warranty	Defect liability period of 1 to 2 years is given to the customers.	Not applicable.	Defect liability period of 1 to 2 years is given to the customers.	Not applicable.

17.2 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	1.7.2022 to 30.6.2023 RM'000 Audited	1.7.2023 to 30.6.2024 RM'000 Audited	1.7.2024 to 30.6.2025 RM'000 Audited
Video surveillance and analytics services	87,075	94,529	90,486
Telecommunication and network infrastructure services	2,814	2,539	1,867
Supply, installation and maintenance services	40,636	36,768	29,423
	<u>130,525</u>	<u>133,836</u>	<u>121,776</u>

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17. Revenue (continued)**17.3 Revenue can also be categorised as follows:**

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Supply and installation of networked systems	13,995	18,655	41,555	32,498	27,211
Provision of networked facilities owned by the Group	26,008	12,952	34,502	10,272	959
Supply of related products	737	2,385	3,702	4,768	9,042
	<u>40,740</u>	<u>33,992</u>	<u>79,759</u>	<u>47,538</u>	<u>37,212</u>

18. Finance income

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Interest income of financial assets calculated using effective interest rate method that are at amortised cost	<u>78</u>	<u>14</u>	<u>205</u>	<u>264</u>	<u>163</u>

19. Finance costs

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Interest expense of financial liabilities that are not at fair value through profit or loss	901	1,081	1,723	1,034	279
Interest expense on lease liabilities	78	89	173	130	15
Other finance costs	<u>1,055</u>	<u>43</u>	<u>890</u>	<u>73</u>	<u>82</u>
	<u>2,034</u>	<u>1,213</u>	<u>2,786</u>	<u>1,237</u>	<u>376</u>

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19. Finance costs (continued)

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Recognised in profit or loss	1,133	132	1,063	203	97
Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying asset: Assets under construction	901	1,081	1,723	1,034	279
	<u>2,034</u>	<u>1,213</u>	<u>2,786</u>	<u>1,237</u>	<u>376</u>

20. Profit before tax

	Note	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Profit before tax is arrived at after charging/(crediting):						
Material expenses/(income)						
Depreciation of plant and equipment	3	3,374	1,478	4,476	911	243
Depreciation of right-of-use assets	4	431	400	842	671	283
Amortisation of intangible assets	5	411	357	735	539	175
Personnel expenses (including key management personnel):						
- Contributions to state plans		499	266	555	502	274
- Wages, salaries and others		3,842	2,513	6,426	4,480	2,749
Wage subsidy	a	-	-	-	(237)	-
Realised foreign exchange (gain)/loss		(43)	2	16	(4)	53
Unrealised foreign exchange loss/(gain)		454	378	(14)	(548)	(8)

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20. Profit before tax (continued)

		1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Note						
Expenses arising from leases						
Expenses relating to short-term leases	b	-	-	-	4	3
Expenses relating to leases of low-value assets	b	8	2	15	13	8
Net (reversal)/loss on impairment of financial instruments and contract assets						
Financial assets at amortised cost		(24)	22	41	156	3
Contract assets		(374)	-	1,082	-	-
		<u>(398)</u>	<u>22</u>	<u>1,123</u>	<u>156</u>	<u>3</u>

Note a

In response to the Coronavirus ("COVID-19") pandemic, in March 2020, the government of Malaysia introduced a wage subsidy programme ("WSP") under the Economic Stimulus Package for companies. The Group benefited from the programme from April to September 2020. The Group received a wage subsidy of RM237,150 under the programme.

Note b

The Group leases office equipment and office building with contract terms of 1 to 5 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise the right-of-use assets and lease liabilities for these leases.

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21. Tax expense

Recognised in profit or loss

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Current tax expense					
- Current period/ year	3,966	3,486	8,873	4,132	510
- Prior period/ year	-	-	597	187	115
	<u>3,966</u>	<u>3,486</u>	<u>9,470</u>	<u>4,319</u>	<u>625</u>
Deferred tax expense					
- Origination of temporary differences	1,428	1,426	1,409	746	-
- Under/(Over) provision in prior years	-	-	820	(113)	(9)
	<u>1,428</u>	<u>1,426</u>	<u>2,229</u>	<u>633</u>	<u>(9)</u>
	<u>5,394</u>	<u>4,912</u>	<u>11,699</u>	<u>4,952</u>	<u>616</u>
Reconciliation of tax expense					
Profit before tax	<u>20,848</u>	<u>19,929</u>	<u>40,936</u>	<u>17,621</u>	<u>2,186</u>
Income tax calculated using Malaysian tax rate of 24%	5,004	4,783	9,825	4,229	525
Non-deductible expenses	432	171	499	803	20
Effect of lower tax rate for SME* of 17% on the first RM600,000 (2021: 17% on the first RM600,000; 2020: 17% on the first RM600,000; 2019: 17% on the first RM500,000)	(42)	(42)	(42)	(42)	(35)
Effect of unrecognised deferred tax assets	-	-	-	(112)	-
Under provision of current tax in prior years	-	-	597	187	115
Under/(Over) provision of deferred tax in prior years	-	-	820	(113)	(9)
	<u>5,394</u>	<u>4,912</u>	<u>11,699</u>	<u>4,952</u>	<u>616</u>

* SME – Small and medium sized enterprise

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22. Earnings per ordinary share**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Profit attributable to ordinary shareholders	<u>15,454</u>	<u>15,017</u>	<u>29,237</u>	<u>12,669</u>	<u>1,570</u>
Weighted average number of ordinary shares at period end (basic) (including invested equity)	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>3,894</u>	<u>1,506</u>
Basic earnings per share (Sen)	<u>386</u>	<u>375</u>	<u>731</u>	<u>325</u>	<u>104</u>

Diluted earnings per ordinary share

Diluted earnings per ordinary share as at 30 June 2022, 31 December 2021, 2020 and 2019 are identical with basic earnings per ordinary share as the Group does not have any dilutive potential ordinary shares.

23. Dividend

Dividend recognised by the Group:

	RM per share	Total amount RM'000	Date of payment
2022			
Interim ordinary dividend	8.00	<u>8,000</u>	04 January 2022
2021			
Interim ordinary dividend	6.00	<u>6,000</u>	27 December 2021

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24. Operating segments

Operating segments are components in which separate financial information is available that is evaluated by the Managing Director and Chief Executive Office in deciding how to allocate resources and in assessing performance of the Group. As the businesses within the Group are inter-related, the Group considers itself to be operating in single segment.

All the Group's operations and its revenue are carried out and derived in Malaysia.

Performance is measured based on revenue derived from the various services sold and consolidated profit before income tax of the Group as included in the internal management reports that are reviewed by the Managing Director and Chief Executive Office. The Group's segment assets and liabilities, as disclosed in the Group's statement of financial position (as represented by total assets and liabilities), is also reviewed by the Managing Director and Chief Executive Office. Segment capital expenditure is the total cost incurred during the period/ year to acquire plant and equipment, intangible assets and right-of-use assets.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial period/ year to acquire plant and equipment, right-of-use assets and intangible assets.

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Total additions to property, plant and equipment	23,169	16,021	49,472	29,140	1,763
Total additions to right-of- use assets	163	523	865	2,534	417
Total additions to intangible assets	385	316	679	206	20
	<u>23,717</u>	<u>16,860</u>	<u>51,016</u>	<u>31,880</u>	<u>2,200</u>

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24. Operating segments (continued)

Segment profit

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Revenue from contracts with customers					
- Video surveillance and analytics services	24,880	11,929	32,135	8,680	623
- Telecommunication and network infrastructure services	1,128	1,023	2,079	1,592	336
- Supply, installation and maintenance services	14,200	20,720	44,494	36,458	35,958
- Trading revenue	532	320	1,051	808	295
	<u>40,740</u>	<u>33,992</u>	<u>79,759</u>	<u>47,538</u>	<u>37,212</u>
Included in the measurement of segment profit are:					
Finance income	78	14	205	264	163
Finance costs	(1,133)	(132)	(1,063)	(203)	(97)
Depreciation of plant and equipment	(3,374)	(1,478)	(4,476)	(911)	(243)
Depreciation of right-of-use assets	(431)	(400)	(842)	(671)	(283)
Amortisation of intangible assets	(411)	(357)	(735)	(539)	(175)
Income tax expense	(5,394)	(4,912)	(11,699)	(4,952)	(616)
Net gain/ (reversal) on impairment of financial instruments and contract assets	<u>398</u>	<u>(22)</u>	<u>(1,123)</u>	<u>(156)</u>	<u>(3)</u>

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	Revenue 1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Customer A	39,080	30,697	58,383	28,870	23,142
Customer B	<u>360</u>	<u>-</u>	<u>-</u>	<u>8,922</u>	<u>-</u>

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25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 June 2022 categorised as amortised cost ("AC").

	Carrying amount RM'000	AC RM'000
30.6.2022		
Financial assets		
Trade and other receivables	26,559	26,559
Fixed deposits with licensed banks	6,962	6,962
Cash and cash equivalents	10,557	10,557
	<u>44,078</u>	<u>44,078</u>
Financial liabilities		
Loans and borrowings	94,048	94,048
Trade and other payables	20,152	20,152
	<u>114,200</u>	<u>114,200</u>
31.12.2021		
Financial assets		
Trade and other receivables	15,363	15,363
Fixed deposits with licensed banks	6,844	6,844
Cash and cash equivalents	23,145	23,145
	<u>45,352</u>	<u>45,352</u>
Financial liabilities		
Loans and borrowings	75,053	75,053
Trade and other payables	26,105	26,105
	<u>101,158</u>	<u>101,158</u>
31.12.2020		
Financial assets		
Trade and other receivables	17,320	17,320
Fixed deposits with licensed banks	1,547	1,547
Cash and cash equivalents	12,320	12,320
	<u>31,187</u>	<u>31,187</u>
Financial liabilities		
Loans and borrowings	37,538	37,538
Trade and other payables	37,379	37,379
	<u>74,917</u>	<u>74,917</u>

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25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000
31.12.2019		
Financial assets		
Trade and other receivables	21,820	21,820
Cash and cash equivalents	10,480	10,480
	<u>32,300</u>	<u>32,300</u>
Financial liabilities		
Loans and borrowings	13,819	13,819
Trade and other payables	37,671	37,671
Bank overdraft	156	156
	<u>51,646</u>	<u>51,646</u>

25.2 Net gains and losses arising from financial instruments

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
Net gains/(losses) arising on:					
Financial assets measured at amortised cost	476	(8)	(918)	108	160
Financial liabilities measured at amortised cost	<u>(1,466)</u>	<u>(423)</u>	<u>(892)</u>	<u>479</u>	<u>(127)</u>
	<u>(990)</u>	<u>(431)</u>	<u>(1,810)</u>	<u>587</u>	<u>33</u>

25.3 Financial risk management

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25. Financial instruments (continued)

25.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and amount due from related parties. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous periods.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables and contract assets, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days.

As there are only a few contract customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

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25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk for trade receivables and contract assets.

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
30.6.2022			
Current (not past due)	25,906	(708)	25,198
1 - 30 days past due	492	-	492
31 - 60 days past due	149	-	149
61 - 90 days past due	276	-	276
91 - 120 days past due	516	-	516
More than 120 days past due	835	(34)	801
	28,174	(742)	27,432
Credit impaired			
Individually impaired	575	(575)	-
	28,749	(1,317)	27,432
Trade receivables	17,885	(609)	17,276
Contract assets	10,864	(708)	10,156
	28,749	(1,317)	27,432
31.12.2021			
Current (not past due)	11,561	(1,082)	10,479
1 - 30 days past due	499	-	499
31 - 60 days past due	139	-	139
61 - 90 days past due	605	-	605
91 - 120 days past due	1,051	-	1,051
More than 120 days past due	583	(58)	525
	14,438	(1,140)	13,298
Credit impaired			
Individually impaired	575	(575)	-
	15,013	(1,715)	13,298
Trade receivables	6,734	(633)	6,101
Contract assets	8,279	(1,082)	7,197
	15,013	(1,715)	13,298

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25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
31.12.2020			
Current (not past due)	8,830	-	8,830
1 - 30 days past due	845	-	845
31 - 60 days past due	277	-	277
61 - 90 days past due	808	-	808
91 - 120 days past due	1,061	-	1,061
More than 120 days past due	1,984	(90)	1,894
	13,805	(90)	13,715
Credit impaired			
Individually impaired	502	(502)	-
	14,307	(592)	13,715
Trade receivables	9,645	(592)	9,053
Contract assets	4,662	-	4,662
	14,307	(592)	13,715
31.12.2019			
Current (not past due)	14,378	-	14,378
1 - 30 days past due	48	-	48
31 - 60 days past due	1,050	-	1,050
61 - 90 days past due	637	-	637
91 - 120 days past due	1	-	1
More than 120 days past due	3,416	-	3,416
	19,530	-	19,530
Credit impaired			
Individually impaired	436	(436)	-
	19,966	(436)	19,530
Trade receivables	8,268	(436)	7,832
Contract assets	11,698	-	11,698
	19,966	(436)	19,530

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25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables and contract assets (continued)

The movements in the allowances for impairment in respect of trade receivables and contract assets during the period/ year are shown below.

	Trade receivables		Contract asset	Total
	Credit impaired	Loss allowances	asset	
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2019	(433)	-	-	(433)
Net remeasurement of loss allowance	(3)	-	-	(3)
Balance at 31 December 2019/ 1 January 2020	(436)	-	-	(436)
Net remeasurement of loss allowance	(66)	(90)	-	(156)
Balance at 31 December 2020/ 1 January 2021	(502)	(90)	-	(592)
Net remeasurement of loss allowance	(73)	32	(1,082)	(1,123)
Balance at 31 December 2021/ 1 January 2022	(575)	(58)	(1,082)	(1,715)
Net remeasurement of loss allowance	-	24	374	398
Balance at 30 June 2022	(575)	(34)	(708)	(1,317)

Cash and cash equivalents and fixed deposits with licensed banks

The cash and cash equivalents and fixed deposits with licensed banks are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

25. Financial instruments (continued)

25.4 Credit risk (continued)

Other receivables

Credit risks on other receivables are mainly arising from advanced deposits for project and deposits paid for office building rented. These deposits will be received at the end of the project and each lease terms. The Group manages the credit risk together with the project team management and leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Related party balances

Risk management objectives, policies and processes for managing the risk

The Group transacts with its related parties. The Group monitors the ability of the related parties to repay the its debts on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period/ year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Related party balances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Group considers amount due from related parties have low credit risk. The Group assumes that there is a significant increase in credit risk when a related party's financial position deteriorates significantly. As the Group is able to determine the timing of payments of the related parties' balances when they are payable, the Group considers the outstanding debts to be in default when the related parties are not able to pay when demanded.

The Group considers an related party's balances to be credit impaired when:

- The related party is unlikely to repay its loan or advance to the Group in full; or
- The related party is continuously loss making and is having a deficit shareholders' fund.

The Group determines the probability of default for these balances individually using internal information available.

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25. Financial instruments (continued)**25.4 Credit risk (continued)**

The following table provides information about the exposure to credit risk and loss impairment for related parties' balances as at 30 June 2022.

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
30.6.2022			
Low credit risk	4	-	4
31.12.2021			
Low credit risk	134	-	134
31.12.2020			
Low credit risk	3,649	-	3,649
31.12.2019			
Low credit risk	8,100	-	8,100

25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings and lease liabilities.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting year based on undiscounted contractual payments.

	Carrying amount RM'000	Contractual interest rate/ Incremental borrowing rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
30.6.2022							
Trade and other payables	20,152	-	20,152	20,152	-	-	-
Revolving credit	7,993	4.38%	7,993	7,993	-	-	-
Invoice financing	1,920	4.72%	1,920	1,920	-	-	-
Term loan	83,335	4.38% - 4.72%	91,755	21,876	21,876	47,710	293
Hire purchase liabilities	800	2.07% - 3.28%	854	375	251	228	-
Lease liabilities	2,875	4.40% - 5.56%	3,311	871	617	1,206	617
	117,075		125,985	53,187	22,744	49,144	910
31.12.2021							
Trade and other payables	26,105	-	26,105	26,105	-	-	-
Revolving credit	7,523	4.38%	7,523	7,523	-	-	-
Term loan	66,674	4.40%	73,686	16,708	16,708	36,843	3,427
Hire purchase liabilities	856	2.07 - 3.28%	922	325	295	302	-
Lease liabilities	3,189	4.40 - 5.56%	4,113	937	856	1,338	982
	104,347		112,349	51,598	17,859	38,483	4,409

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25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount RM'000	Contractual interest rate/ Incremental borrowing rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
31.12.2020							
Trade and other payables	37,379	-	37,379	37,379	-	-	-
Term loan	36,692	4.40 - 5.65%	40,727	6,431	8,574	25,722	-
Hire purchase liabilities	846	2.33 - 3.28%	920	288	259	364	9
Lease liabilities	3,181	4.40 - 5.56%	3,765	874	778	1,163	950
	78,098		82,791	44,972	9,611	27,249	959
31.12.2019							
Trade and other payables	37,671	-	37,671	37,671	-	-	-
Term loan	12,946	5.65 - 5.90%	14,369	-	2,269	12,100	-
Bank overdraft	156	7.65 - 7.90%	156	156	-	-	-
Hire purchase liabilities	873	2.33 - 3.28%	965	144	230	538	53
Lease liabilities	1,267	5.56 - 6.70%	1,379	488	417	474	-
	52,913		54,540	38,459	2,916	13,112	53

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25. Financial instruments (continued)**25.6 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

25.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of the Group. The currency giving rise to this risk is primarily the USD.

Risk management objectives, policies and processes for managing the risk

The Group does not hedge its foreign currency risk as the foreign currency exposure is monitored and kept within acceptable levels.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in USD RM'000
30.6.2022	
Balances recognised in the statement of financial position	
Trade payables	<u>8,834</u>
31.12.2021	
Balances recognised in the statement of financial position	
Trade payables	<u>8,028</u>
31.12.2020	
Balances recognised in the statement of financial position	
Trade payables	<u>12,380</u>
31.12.2019	
Balances recognised in the statement of financial position	
Trade payables	<u>16,663</u>

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25. Financial instruments (continued)**25.6 Market risk (continued)****25.6.1 Currency risk (continued)***Currency risk sensitivity analysis*

A 10% (2021: 10% ; 2020: 10% and 2019: 10%) weakening of RM will result in a lower post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
USD	<u>671</u>	<u>610</u>	<u>941</u>	<u>1,266</u>

A 10% (2021: 10% ; 2020: 10% and 2019: 10%) strengthening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

25.6.2 Interest rate risk

The Group's investments in its fixed rate financial assets are exposed to a risk of change in their fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group monitors interest rates on an ongoing basis. The Group does not use derivative financial instruments to hedge its debt obligations.

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25. Financial instruments (continued)

25.6.2 Interest rate risk (continued)

Exposure to interest rate risk

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:

	30.6.2022 RM'000 Audited	31.12.2021 RM'000 Audited	31.12.2020 RM'000 Audited	31.12.2019 RM'000 Audited
Fixed rate instruments				
Financial assets				
Fixed deposits with licensed banks	6,962	6,844	1,547	-
Deposits with licensed banks	4,806	10,255	7,099	8,903
	<u>11,768</u>	<u>17,099</u>	<u>8,646</u>	<u>8,903</u>
Financial liabilities				
Bank overdraft	-	-	-	156
Hire purchase liabilities	800	856	846	873
Lease liabilities	2,875	3,189	3,181	1,267
	<u>3,675</u>	<u>4,045</u>	<u>4,027</u>	<u>2,296</u>
Floating rate instruments				
Financial liabilities				
Term loan	83,335	66,674	36,692	12,946
Invoice financing	1,920	-	-	-
Revolving credit	7,993	7,523	-	-
	<u>93,248</u>	<u>74,197</u>	<u>36,692</u>	<u>12,946</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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25. Financial instruments (continued)**25.6 Market risk (continued)****25.6.2 Interest rate risk (continued)***Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp Increase RM'000	100 bp decrease RM'000
1.1.2022 to 30.6.2022		
Floating rate instruments	<u>(709)</u>	<u>709</u>
1.1.2021 to 31.12.2021		
Floating rate instruments	<u>(564)</u>	<u>564</u>
1.1.2020 to 31.12.2020		
Floating rate instruments	<u>(279)</u>	<u>279</u>
1.1.2019 to 31.12.2019		
Floating rate instruments	<u>(98)</u>	<u>98</u>

25.7 Fair value information

The carrying amounts of fixed deposits with a licensed bank, cash and cash equivalents, short term receivables and payables and loans and borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

13. ACCOUNTANTS' REPORT (Cont'd)

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25. Financial instruments (continued)

25.7 Fair value information (continued)

	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	
30.6.2022					
Financial liabilities					
Hire purchase liabilities	-	-	792	792	800
31.12.2021					
Financial liabilities					
Hire purchase liabilities	-	-	849	849	856
31.12.2020					
Financial liabilities					
Hire purchase liabilities	-	-	842	842	846
31.12.2019					
Financial liabilities					
Hire purchase liabilities	-	-	868	868	873

Level 3 fair value

Level 3 fair value is estimated using inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs). The fair value within Level 3 of the hire purchase liabilities is determined by using estimated future cash flows discounted using market related rate for a similar instrument at the reporting date. The interest rate used to discount the estimated cash flows for the hire purchase liabilities is 2.07 – 3.28% (2021: 2.07 – 3.28% ; 2020: 2.33 – 3.28% and 2019: 2.33 – 3.28%) per annum.

13. ACCOUNTANTS' REPORT (Cont'd)

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26. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor and creditor confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the financial periods.

27. Related parties**Identity of related parties**

For the purposes of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

Related parties also include companies in which certain Directors have substantial financial interest.

The Group has related party relationship with its related parties and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group are shown below. The balances related to the below transactions are shown in Notes 9 and 16.

13. ACCOUNTANTS' REPORT (Cont'd)

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27. Related parties (continued)

Significant related party transactions (continued)

	1.1.2022 to 30.6.2022 RM'000 Audited	1.1.2021 to 30.6.2021 RM'000 Unaudited	1.1.2021 to 31.12.2021 RM'000 Audited	1.1.2020 to 31.12.2020 RM'000 Audited	1.1.2019 to 31.12.2019 RM'000 Audited
A. Holding company					
Acquisition of shares from a director	-	-	-	-	2,250
B. Related parties					
Rental income	126	126	252	252	63
Purchases	(149)	(6)	(119)	(323)	(167)
Revenue	357	-	115	13	-
Lease expenses	(162)	(102)	(204)	(216)	(54)
C. Key management personnel					
Directors					
- Fees	-	3	6	6	6
- Remuneration	463	228	497	434	278
	463	231	503	440	284

28. Business combinations

28.1 Identifiable assets acquired and liabilities assumed

	Note	Group 2019 RM'000
Plant and equipment	3	12,283
Right-of-use assets	4	132
Intangible assets	5	1,437
Inventories		2,360
Trade and other receivables		15,467
Prepayment and other asset		11
Cash and cash equivalents		5,019
Current tax liabilities		(22)
Loans and borrowings		(11,398)
Lease liabilities		(120)
Trade and other payables		(12,469)
		12,700

28.2 Net cash inflow arising through business combination

	Group 2019 RM'000
Cash and cash equivalents	5,019

13. ACCOUNTANTS' REPORT (Cont'd)

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29. Subsequent events**(a) Acquisition of STS**

On 21 October 2022, the Company had completed the acquisition of the entire issued share capital of Sena Traffic Systems Sdn Bhd of RM3,000,000 comprising 3,000,000 ordinary shares from Tan Sri Dato' Dr. Tan Boon Hock and Puan Sri Datin Lim Sho Hoo for a purchase consideration of RM59,357,908. The said purchase consideration has been fully satisfied by the issuance of 388,800 new Shares at an issue price of approximately RM152.67 per Share, credited as fully-paid up to Sena Holdings Sdn Bhd, being the sole company jointly nominated by the Sellers.

(b) Share Transfer

On 25 October 2022, the ultimate holding company transferred all 700,000 Shares held in the Company to Sena Holdings Sdn Bhd at a nominal value of RM1.00. The share transfer was undertaken to consolidate the investments of Tan Sri Dato' Dr. Tan Boon Hock and his family in the Company to Sena Holdings Sdn Bhd. Following the completion of the share transfer, Sena Holdings Sdn Bhd became the ultimate holding company of the Company.

(c) Subdivision

On 27 October 2022, the Company subdivided 1,388,800 Shares into 837,446,400 Shares to facilitate and enhance the liquidity of the Shares for the purposes of the Listing.

30. Significant changes in accounting policies

Since the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table explains the difference in operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	Group RM'000
Operating lease commitments at 31 December 2018	132
Discounted using the incremental borrowing rate at 1 January 2019	113
Extension options reasonably certain to be exercised	879
Lease liabilities recognised at 1 January 2019	992

13. ACCOUNTANTS' REPORT (Cont'd)

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 (LLP0010081-LCA & AF 0758)
 Chartered Accountants
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 8, First Avenue, Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan, Malaysia

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 Website www.kpmg.com.my

The Board of Directors
ITMAX System Berhad
 No. 30-G & 30-3, Jalan Radin Bagus 3
 Bandar Baru Seri Petaling
 57000 Kuala Lumpur

Date: 10 November 2022

Dear Sirs,

Reporting Accountants' opinion on the combined financial statements contained in the accountants' report of ITMAX System Berhad ("ITMAX System" or the "Company")

Opinion

We have audited the combined financial statements of ITMAX System and its combining entity, Sena Traffic Systems Sdn Bhd (collectively the "Group"), which comprise the combined statements of financial position as at 30 June 2022, 31 December 2021, 2020 and 2019, and the combined statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period and years then ended, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 1 to 67. The combined financial statements of the Group have been prepared for inclusion in the Company's prospectus in connection with the initial public offering of up to 320,000,000 ordinary shares in the Company ("Shares") in conjunction with the listing of and quotation for the entire enlarged issued Shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial positions of the Group as at 30 June 2022, 31 December 2021, 31 December 2020 and 31 December 2019, and of its combined financial performances and combined cash flows for the period and years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

13. ACCOUNTANTS' REPORT (Cont'd)

ITMAX System Berhad ("ITMAX System" or the "Company")
*Accountants' Report on the
 Combined Financial Statements
 10 November 2022*

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Responsibilities of the Directors for the Combined Financial Statements

The Board of Directors of ITMAX System (the "Directors") are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with the 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 the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the ability of the Group 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 Accountants' Responsibilities for the Audit of the Combined Financial Statements

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

13. ACCOUNTANTS' REPORT (Cont'd)

ITMAX System Berhad ("ITMAX System" or the "Company")
*Accountants' Report on the
 Combined Financial Statements
 10 November 2022*

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)



ITMAX System Berhad ("ITMAX System" or the "Company")
*Accountants' Report on the
Combined Financial Statements
10 November 2022*

Other Matter

The comparative information for the combined statements of profit or loss and other comprehensive income, changes in equity and cash flow, and notes to the combined financial statements for the financial period ended 30 June 2021 have not been audited.

Restriction on Distribution and Use

This report is made solely to the Company and for inclusion in the prospectus in connection with the Listing and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Foong Mun Kong
Approval Number: 02613/12/2022 J
Chartered Accountant

14. STATUTORY AND OTHER GENERAL INFORMATION

14.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) Save for the ESOS as disclosed in Section 4.2.6 of this Prospectus, none of the share capital of our Company or our subsidiary is under option, or agreed conditionally or unconditionally to be put under option.
- (iii) No securities will be allotted, issued or offered on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.
- (iv) Save as disclosed in Sections 4.2.6 and 6.1.3 of this Prospectus, no shares, stocks or debentures of our Company has been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, during the Financial Years Under Review, FPE 30 June 2022 and from 1 July 2022 up to the date of this Prospectus.
- (v) As at the date of this Prospectus, save for the Issue Shares reserved for the subscription by the Eligible Persons as disclosed in Section 4.2.2(i) of this Prospectus and the LTIP as disclosed in Section 4.2.6 of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company or our subsidiary.
- (vi) As at the date of this Prospectus, save for the ESOS as disclosed in Section 4.2.6 of this Prospectus, neither our Company nor our subsidiary has any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as disclosed in Section 2.2 of this Prospectus, and save as provided for under our Constitution as reproduced in Section 14.2 below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiary or upon the declaration or payment of any dividend or distribution thereon.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of our Constitution and by applicable law. The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless otherwise defined or the context otherwise requires.

14.2.1 Remuneration, voting and borrowing powers of directors

Clause 93 – Remuneration of Directors

- “(1) The Company may from time to time by an ordinary resolution passed at a general meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders’ approval at a general meeting.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors:
 - (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company; and
 - (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

Clause 95 – Powers of Directors

"Without limiting the generality of Clauses 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

- (1) borrow money;
 - (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
 - (3) issue debentures and other Securities whether primary or as security; and/or
 - (a) lend and advance money or give credit to any person or company;
 - (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
 - (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;
- and otherwise to assist any person or company."

Clause 118 – Voting at Board Meetings

- "(1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.
- (2) Each Director is entitled to cast one (1) vote on each matter for determination."

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**14.2.2 Changes to share capital**Clause 8 – Variation of Rights

- “(1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:
- (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or
 - (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.”

14.2.3 Transfer of securitiesClause 14 – Transfer of Securities

“The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, 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 the Deposited Securities.”

14.2.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rightsClause 7 – Classes of Shares

- “(1) The capital of the Company shall consist of ordinary shares.
- (2) A holder of ordinary share(s) shall have the following voting rights:
- (a) right to vote on a show of hands to one (1) vote on any resolution of the Company; and
 - (b) right to vote on a poll to one (1) vote for every share held on any resolution of the Company.”

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of the Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the Securities Account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS**

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

Our Group has not established any other place of business outside Malaysia and is not subject to governmental law, decree, regulation and/ or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gain tax arising from the disposal of listed shares.

14.6 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by our Group during the period covered by the Financial Years Under Review and FPE 30 June 2022 as disclosed in this Prospectus and up to the date of this Prospectus:

- (a) Share sale agreement dated 22 June 2022 between our Company and Tan Sri Tan and Puan Sri Lim in respect of the Acquisition which was fully satisfied via issuance of 388,800 new Shares to Sena Holdings, being the company jointly nominated by Tan Sri Tan and Puan Sri Lim, to receive and hold such new Shares. The Acquisition was completed on 21 October 2022;
- (b) Retail Underwriting Agreement;
- (c) Master Cornerstone Placement Agreement dated 10 November 2022 between our Company, the Selling Shareholder, the Joint Bookrunners, and the Cornerstone Investors, under which the Cornerstone Investors agree to acquire and/or subscribe for an aggregate of 99,800,000 IPO Shares pursuant to the Institutional Offering at RM1.07 per IPO Share or the Institutional Price, whichever is lower, on the terms and subject to the conditions as set out in the Master Cornerstone Placement Agreement and the relevant individual cornerstone placement agreements; and
- (d) Lock-up letter dated 10 November 2022 issued by our Company to the Joint Bookrunners in relation to the lock-up arrangement for our IPO.

14.7 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**14.8 CONSENTS**

The written consents of the Principal Adviser, Joint Bookrunners, Managing Underwriter and Joint Underwriters, legal advisers, Issuing House and Share Registrar, and company secretaries as set out in the Corporate Directory of this Prospectus for the inclusion of their names and all references thereto in the form and context in which such names are included in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' letter on the pro forma combined statement of financial position of our Group as at 30 June 2022 and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Vital Factor for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six (6) months from the date of this Prospectus:

- (i) our Constitution;
- (ii) material contracts as referred to in Section 14.6 of this Prospectus;
- (iii) audited financial statements of our Company for the FYE 30 September 2019, 15-months FPE 31 December 2020, FYE 31 December 2021 and 6-months FPE 30 June 2022;
- (iv) audited financial statements of STS for the FYEs 31 December 2019, 31 December 2020 and 31 December 2021;
- (v) Reporting Accountants' letter on the pro forma combined statement of financial position of our Group as at 30 June 2022 as included in Section 12.4 of this Prospectus;
- (vi) Accountants' Report as included in Section 13 of this Prospectus;
- (vii) IMR Report as included in Section 8 of this Prospectus;
- (viii) letters of consent referred to in Section 14.8 of this Prospectus; and
- (ix) By-Laws as included in Annexure A of this Prospectus.

14. STATUTORY AND OTHER GENERAL INFORMATION (*Cont'd*)

14.10 RESPONSIBILITY STATEMENTS

Our Directors, our Promoters and the 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 that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, being the Principal Adviser, Joint Bookrunner for the Institutional Offering and Managing Underwriter and Joint Underwriter for the Retail Offering, 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.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT 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.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 25 November 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 1 December 2022

In the event there is any change to the dates or times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION**15.2.1 Application of the issue Shares under the 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.

Type of Application and category of investors	Application method
Applications by Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

15.2.2 Application for the IPO Shares under the Institutional Offering

Institutional and selected investors (other than Bumiputera investors approved by the MITI) who have been allocated the IPO Shares under the Institutional Offering will be contacted directly by the Joint Bookrunners and should follow the instructions as communicated by the Joint Bookrunners.

Bumiputera investors approved by the MITI who have been allocated the IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.3 ELIGIBILITY****15.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the “**Detailed Procedures for Application and Acceptance**” accompanying the electronic copy of our Prospectus on the website of Bursa Securities. 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.

15.3.2 Application by the Malaysian Public

You can only apply for the Issue Shares if you fulfil all of the following:

- (i) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for the Issue Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) you must submit the Application by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.3.3 Application by Eligible Persons**

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in the said documents and where relevant, in our Prospectus.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of this 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 RM1.07 for each IPO Share.

Payment must be made out in favour of “**TIH SHARE ISSUE ACCOUNT NO. 730**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Company Registration No. 197101000970 (11324-H))
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite
 Avenue 3, Bangsar South
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur

or

- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, 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 1 December 2022 or by such other time and date as our Directors and the Joint Underwriters may, in their absolute discretion, mutually decide as 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 Application Form to the Issuing House.

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for the Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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 Electronic Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for the Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) Reject the Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.8 OVER/UNDER SUBSCRIPTION**

In the event of over-subscription for the Retail Offering, 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 the 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 and results of the allocation of the IPO Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major English and Bahasa Malaysia newspapers as well as posted on the Issuing House's website (<https://tiih.online>) within one (1) Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued Shares to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our 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 the IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Retail Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner:

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the date of the final ballot. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) The IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, the IPO Shares issued / offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No 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.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.11 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 +6(03) 2783 9299
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions and Authorised Financial Institutions

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at <https://tiih.online> within one (1) Market Day after the balloting date.

You may also check the status of your Application **five (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 copy of this Prospectus on the website of Bursa Securities.

ANNEXURE A: BY-LAWS**BY-LAWS**

**ITMAX SYSTEM BERHAD
BY-LAWS OF THE LONG TERM INCENTIVE PLAN**

PART I**1. THE SCHEME**

This Scheme (as defined herein) shall be called the “ITMAX System Berhad Long Term Incentive Plan” and will comprise the ESGS (as defined below) and the ESOS (as defined below).

2. OBJECTIVES OF THE SCHEME

2.1 The objectives of the LTIP (as defined herein) are as follows:

- (a) To provide an incentive to drive and motivate the Eligible Persons (as defined herein) towards better performance, and work towards achieving the goals and objectives of the Group (as defined herein) in order to drive the growth of the Group.
- (b) To reward the Eligible Persons in recognition of their accumulated contributions to the operations and sustained growth and profitability of the Group.
- (c) To align the interests of the Eligible Persons, including management personnel of the Group, with the interest of the shareholders of the Company (as defined herein) via direct participation in the equity of the Company.
- (d) To retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company.
- (e) To attract prospective employees with relevant skills and experience to the Group by making the total compensation package more competitive.

2.2 In addition to the objectives set out in By-Law 2.1 above, the objective of the Scheme is to recognise the contributions and efforts made by the non-executive Directors (as defined herein) as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decisions of the Group.

3. DEFINITIONS AND INTERPRETATION

3.1 In these By-Laws, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

Act	The Companies Act 2016 as amended from time to time including all regulations made thereunder and any re-enactment thereof
Award Date	The date of the letter or electronic mail of which an LTIP Award is offered by the LTIP Committee to the Eligible Persons to participate in the Scheme, as the case may be
Board	The Board of Directors of ITMAX System for the time being

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

Bursa Depository	Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854(165570-W)]
Bursa Securities	Bursa Malaysia Securities Berhad [Registration No. 200301033577(635998-W)]
By-Laws	The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time in accordance with By-Law 25)
CDS	Central Depository System
CDS Account	An account established by Bursa Depository for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
Company or ITMAX System	ITMAX System Berhad [Registration No. 200101008580(544336-M)] and includes its successor-in-title and permitted assigns
Date of Expiry	The last day of the Duration of the Scheme as defined in By-Law 23.1
Director	A director within the meaning stipulated in the Act
Disciplinary Proceedings	Proceedings instituted by any company within the Group against an Executive for any alleged misbehaviour, misconduct and/or any other act of the Executive deemed to be unacceptable by the Group in the course of that Executive's employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Executive
Duration of the Scheme	The duration of the Scheme as defined in By-Law 23.1
Effective Date	The date on which the Scheme comes into force as provided in By Law 23.1
EGM	Extraordinary General Meeting
Eligible Person(s)	The Executives and the Directors who meet the criteria of eligibility for participation in the Scheme as set out in By-Law 5
Entitlement Date	The date as at the close of business on which the Company's shareholders' names must appear in ITMAX System's Record of Depositors and/or Register of Members in order to be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the shareholders of the Company
ESGS	The executives share grant scheme as the same may be modified or altered from time to time
ESGS Award	An award of Shares made in writing by the LTIP Committee from time to time to an Eligible Person to participate in the ESGS in the manner provided in By-Law 7

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

ESGS Grantee	An Eligible Person who has accepted an ESGS Award in the manner provided in By-Law 8
ESGS Vesting Date(s)	The date or dates as may be determined by the LTIP Committee on which all or some of the Shares awarded under an ESGS Award to an Eligible Person is/are vested in accordance with By-Law 9
ESOS	The executives share option scheme as the same may be modified or altered from time to time
ESOS Award	An award of ESOS Options made in writing by the LTIP Committee from time to time to an Eligible Person to participate in the ESOS in the manner provided in By-Law 7
ESOS Grantee	An Eligible Person who has accepted an ESOS Award in the manner provided in By-Law 8
ESOS Options	The right of an ESOS Grantee to subscribe for or acquire Shares at the Exercise Price pursuant to an ESOS Award duly accepted by the ESOS Grantee in the manner provided in By-Law 8
ESOS Option Period	The period commencing from the Effective Date to a date not exceeding 5 years or such other date as stipulated by the LTIP Committee in the ESOS Award or upon the date of termination or expiry of the ESOS as provided in By-Laws 15 or 23 respectively
ESOS Vesting Date(s)	The date or dates as may be determined by the LTIP Committee on which all or some of the ESOS Options awarded under an ESOS Award to an Eligible Person is/are vested in accordance with By-Law 9
Executive	An executive employed by and on the payroll of any company in the Group whose employment has been confirmed in writing and falls within any other eligibility criteria that may be determined by the LTIP Committee from time to time at its discretion
Group	The Company and its subsidiary company(ies) as defined in Section 4 of the Act, which are not dormant. Subject to the foregoing, subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the Duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 21
Listing Requirements	The Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
LTIP Award(s)	The ESGS Award(s) and/or the ESOS Award(s) as the case may be
LTIP or Scheme	ITMAX System Berhad Long Term Incentive Plan comprising the ESGS and the ESOS which shall be administered in accordance with these By-Laws

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

LTIP Committee	The committee appointed by the Board to administer the LTIP in accordance with By-Law 26, comprising such number of the Directors and/or senior management personnel of the Group identified from time to time
LTIP Grantee	An ESGS Grantee and/or an ESOS Grantee, as the case may be
Market Day	Any day between Monday and Friday, both days inclusive, which is not a public holiday and on which Bursa Securities is open for the trading of securities
Maximum Allowable Allocation	The maximum number of Shares that can be offered to an Eligible Person in accordance with By-Law 6
Performance Targets	The performance targets determined by the LTIP Committee, which are to be achieved by the LTIP Grantee and/or Group and/or business units within the Group as determined by the LTIP Committee, during such period as specified in the LTIP Award
“person(s) connected”	Shall have the same meaning given in relation to persons connected with a Director or persons connected with a major shareholder as defined in Rule 1.01 of the Listing Requirements
Principal Adviser	A corporate finance adviser licensed to make submissions to the SC for corporate proposals
Record of Depositors	The record of securities holders as established by Bursa Depository under the Rules of Bursa Depository
RM and sen	Ringgit Malaysia and sen respectively
Principal Adviser	A corporate finance adviser licensed to make submissions to the SC for corporate proposals
Rules of Bursa Depository	The rules of Bursa Depository, as issued pursuant to SICDA
SC	Securities Commission Malaysia
Shares	Ordinary shares in the relevant ordinary share capital of the Company from time to time
SICDA	Securities Industry (Central Depositories) Act 1991, as amended from time to time
Vesting Conditions	The conditions determined by the LTIP Committee and stipulated in the LTIP Awards which must be fulfilled for LTIP Award to be vested in an LTIP Grantee
3.2	Headings are for ease of reference only and do not affect the meaning of a By-Law.
3.3	Any reference to a statutory provision or an applicable law shall include a reference to:
(a)	any and all subsidiary legislation made from time to time under that provision or law;

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (b) any and all Listing Requirements, policies and/or guidelines of Bursa Securities whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities;
 - (c) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any LTIP Award made, offered and/or accepted within the Duration of the Scheme; and
 - (d) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced.
- 3.4 Words importing the masculine gender shall include the feminine and *neuter genders*.
- 3.5 Words importing the singular number shall include the plural number and *vice versa*.
- 3.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the Date of Expiry then the stipulated day shall be taken to be the last Market Day of the Duration of the Scheme.
- 3.7 Any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
- (a) by the Board may be exercised in the Board's sole and absolute discretion and the Board shall not be under any obligation to give any reasons therefor; or
 - (b) by the LTIP Committee may be exercised in the LTIP Committee's sole and absolute discretion and the LTIP Committee shall not be under any obligation to give any reason therefor, but subject always to the Board's power to overrule any decision of the LTIP Committee.
- 3.8 In the event of any change in the name of the Company from its present name, all references to "ITMAX System Berhad" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

PART II**4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 The total number of new Shares which may be made available under the Scheme and all other employee share schemes of the Company which may still be subsisting, if any (whether in the form of new Shares to be issued under the Scheme or the aggregate number of new Shares together with existing Shares made available for the purposes of the Scheme), shall not in aggregate exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme.
- 4.2 Notwithstanding By-Law 4.1 above nor any other provisions herein contained, in the event the maximum number of Shares granted under the Scheme exceeds in aggregate 10% of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own Shares pursuant to Section 127 of the Act or the Company undertaking any corporate proposal and thereby diminishing the issued shares of the Company, then such LTIP Award granted prior to the adjustment of the number of issued shares (excluding treasury shares, if any) of the Company shall remain valid and/or exercisable in accordance with these By-Laws. However, in such a situation, the LTIP Committee shall not make any further LTIP Award unless the total number of Shares to be

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

issued under the Scheme falls below 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the Duration of the Scheme.

5. ELIGIBILITY

5.1 Only the Executives and the Directors who fulfil the following conditions as at the Award Date shall be eligible to participate in the Scheme:

- (a) In respect of an Executive, he/she must fulfil the following criteria as at the Award Date:
 - (i) he/she has attained 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she is employed on the Award Date and he/she is employed –
 - (1) on a full time basis and is on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group; or
 - (2) serving in a specific designation under an employment contract with any company of the Group for a continuous fixed duration of at least one year (which shall include any probation period) and may, if the LTIP Committee deems fit, to include contract staff hired for a period of one year or more for any purposes or specific requirements of the Group; and
 - (iii) such Executive falls within any other eligibility criteria (including variations to the eligibility criteria under By-Law 5.1(a)(i) or (ii) above) that may be determined by the LTIP Committee from time to time at its sole discretion, whose decision shall be final and binding.
- (b) If an Executive is employed by a company which is acquired by the Group during the Duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, he/she must fulfil the following as at the Award Date:
 - (i) he/she has attained 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (ii) he/she is employed full time by and on the payroll of the newly acquired company and his/her employment has been confirmed by the newly acquired company.
- (c) In respect of a Director, he/she must fulfil the following criteria as at the Award Date:
 - (i) he/she has attained 18 years of age on the Award Date and is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (ii) he/she is not an independent director of our Company as prescribed under the Listing Requirements.
- (d) In respect of an Eligible Person who is a Director, chief executive officer of the Company or a person connected with a Director, chief executive officer or major shareholder of the Company, the specific allocation of LTIP Award granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (e) The Eligible Person must fulfil any other criteria and/or fall within such category/designation of employment as may be determined by the LTIP Committee from time to time at its sole discretion, whose decision shall be final and binding.

For the avoidance of doubt, an Executive who attains the prescribed retirement age but is offered to continue to serve the Group on a full time basis shall be treated as an Executive of the Group.

- 5.2 Without prejudice to the generality of the foregoing and subject to the LTIP Committee's discretion otherwise, any LTIP Award made by the LTIP Committee that has not been accepted or exercised by an Eligible Person shall be automatically terminated in the following circumstances:

- (a) the death of the Eligible Person;
- (b) the Eligible Person having received a letter of termination or ceasing to be an Executive of the Group, for any reason whatsoever;
- (c) the Eligible Person giving notice of his/her resignation from service/employment;
- (d) bankruptcy of the Eligible Person, in which event the LTIP Award shall be automatically terminated on the date a receiving order is made against the Eligible Person by a court of competent jurisdiction;
- (e) the corporation which employs the Eligible Person ceasing to be part of the Group;
- (f) a disciplinary action is taken on the Eligible Person pursuant to By-Law 15.7; or
- (g) winding up or liquidation of the Company, in which event the LTIP Award shall be automatically terminated on the following date:
 - (i) In the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) In the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (h) termination of the Scheme pursuant to By-Law 23.5,

whichever shall be applicable.

- 5.3 The LTIP Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered the LTIP Award. In the event that any Eligible Person is a member of the LTIP Committee, such Eligible Person shall not participate in the deliberation or discussion of his/her own allocation or allocations to person(s) connected to him/her.
- 5.4 Any Eligible Person who holds more than one position within the Group and by holding such position is an Eligible Person, shall only be entitled to the Maximum Allowable Allocation of any one category/designation of employment. Each Director shall only be entitled to the Maximum Allowable Allocation irrespective of his/her sitting on more than one board of directors. The LTIP Committee shall be entitled at its discretion to determine the applicable category/designation.
- 5.5 For the avoidance of doubt, an Executive of a dormant company within the Group is not eligible to participate in the Scheme.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- 5.6 Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the LTIP Awards unless an LTIP Award has been made by the LTIP Committee to the Eligible Person and the Eligible Person has accepted the LTIP Award in accordance with By-Law 8 hereof.

6. MAXIMUM ALLOWABLE ALLOCATION OF SHARES AND BASIS OF ALLOCATION

- 6.1 Subject to By-Law 4.1 and any adjustments which may be made under By-Law 19, the aggregate maximum number of Shares that may be allocated to any one category/designation of Eligible Person shall be determined entirely at the discretion of the LTIP Committee.
- 6.2 No allocation of more than 10% of the total number of the Shares to be made available under the Scheme shall be made to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of the issued shares of the Company.
- 6.3 Not more than 80% of the Shares available under the Scheme shall be allocated in aggregate to the Directors and senior management of the companies in the Group.
- 6.4 Subject to By-Laws 6.2 and 6.3, the aggregate number of Shares that may be offered to an Eligible Person under the Scheme shall be determined at the sole and absolute discretion of the LTIP Committee after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the Duration of the Scheme relating to executives' and/or directors' share issuance schemes and after taking into consideration the performance, targets, position, annual appraised performance, seniority and/or length of service, contribution, category or grade of employment of the Eligible Person or such other matters which the LTIP Committee may in its sole and absolute discretion deem fit.

At the time the LTIP Award is offered, the LTIP Committee shall set out the basis of the allocation of the LTIP Award(s) made to the Eligible Person(s) having the further particulars as set out in By-Law 7.3.

- 6.5 The LTIP Committee may make more than one LTIP Award to an Eligible Person **PROVIDED THAT** the aggregate number of Shares so awarded to an Eligible Person throughout the Duration of the Scheme does not exceed the Maximum Allowable Allotment of such Eligible Person.
- 6.6 The Company shall ensure that allocation of Shares pursuant to the Scheme is verified by the Audit Committee of the Company at the end of each financial year as being in compliance with the criteria for allocation of Shares which have been disclosed to the Executives and the Directors. A statement by the Audit Committee of the Company verifying such allocations shall be included in the annual report of the Company.
- 6.7 For the avoidance of doubt, the LTIP Committee shall have sole and absolute discretion in determining whether the Shares available for vesting under the Scheme are to be awarded to the Eligible Person via:
- (a) one single LTIP Award at a time determined by the LTIP Committee; or
 - (b) several LTIP Awards, where the vesting of Shares and/or ESOS Options comprised in those LTIP Awards are staggered or made in several tranches at such times and on terms determined by the LTIP Committee.
- 6.8 In the event the LTIP Committee decides that the LTIP Awards are to be staggered, the number of Shares comprised in each LTIP Award, the vesting conditions and the vesting dates

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

for the same shall be decided by the LTIP Committee at its discretion. Each LTIP Award shall be separate and independent from the others.

- 6.9 No Director or Executive shall participate in the deliberation and discussion of their own respective allocations and/or allocations to persons connected to them.

PART III**7. LTIP AWARD**

- 7.1 During the Duration of the Scheme, the LTIP Committee may at its discretion at any time from the Effective Date and from time to time make an LTIP Award in writing for acceptance in accordance with By-Law 8 below to any Eligible Person based on the criteria for allocation as set out in By-Law 6 and otherwise in accordance with the terms of the Scheme.
- 7.2 The actual number of Shares which may be awarded to an Eligible Person shall be at the discretion of the LTIP Committee, subject to any adjustments that may be made under By-Law 19. The number of Shares so awarded shall not be less than 100 Shares nor more than the Maximum Allowable Allocation of such Eligible Person and shall be in multiples of 100 Shares. The LTIP Committee may stipulate any terms and conditions it deems appropriate in an LTIP Award and the terms and conditions of each may differ. Nothing herein shall require any LTIP Award offered to be the same as LTIP Awards previously or subsequently offered whether to the same or a different Eligible Person.
- 7.3 The LTIP Committee will in its letter of offer for an LTIP Award to an Eligible Person (“**LTIP Award Letter**”) state, amongst others:
- (a) whether the LTIP Award is an ESGS Award and/or an ESOS Award;
 - (b) the number of Shares and/or ESOS Options that are being granted to the Eligible Person;
 - (c) the date of the LTIP Award;
 - (d) the Vesting Conditions (if any/if applicable);
 - (e) the ESGS Vesting Date(s) and/or the ESOS Vesting Date(s) (as applicable);
 - (f) the Validity Period as mentioned in By-Law 7.4;
 - (g) in respect of ESOS Award, the ESOS Option Period and the Exercise Price; and
 - (h) any other terms and conditions deemed necessary by the LTIP Committee.
- 7.4 The LTIP Award shall be valid for acceptance for a period of 30 days from the Award Date or such period as the LTIP Committee at its sole and absolute discretion determines on a case to case basis (“**Validity Period**”).
- 7.5 No LTIP Award shall be made to any Director, chief executive officer of the Company or a person connected with any Director, chief executive officer or major shareholder of the Company who are Eligible Persons unless such LTIP Award and the related allocation of Shares have previously been approved by the shareholders of the Company in general meeting.
- 7.6 Without prejudice to By-Law 25, in the event of an error on the part of the LTIP Committee in stating any of the particulars referred to in By-Law 7.3, the following provisions shall apply:

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (a) As soon as possible but in any event no later than one month after discovery of the error, the LTIP Committee shall issue a supplemental LTIP Award Letter, stating the correct particulars referred to in By-Law 7.3. and
- (b) In relation to an ESOS Award –
 - (i) in the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental LTIP Award Letter shall remain as the Exercise Price as per the original letter of ESOS Award; and
 - (ii) in the event that the error relates to the Exercise Price, the Exercise Price applicable in the supplemental LTIP Award Letter shall be the Exercise Price applicable as at the date of the original letter of ESOS Award, save and except with respect to any ESOS Options which have already been exercised as at the date of issue of the supplemental LTIP Award Letter.

8. ACCEPTANCE OF LTIP AWARD

- 8.1 An LTIP Award shall be accepted by an Eligible Person within the Validity Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only to accept the LTIP Award (regardless of the number of Shares comprised therein).
- 8.2 If the LTIP Award is not accepted in the manner set out in By-Law 8.1 above, the LTIP Award shall automatically lapse upon the expiry of the Validity Period and be null and void and be of no further force and effect (unless otherwise extended at any time and from time to time by the LTIP Committee). The Shares comprised in such LTIP Award may, at the discretion of the LTIP Committee, be re-offered to other Eligible Persons.
- 8.3 The number of Shares offered in the lapsed LTIP Award shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation of the Eligible Person, and the Eligible Person shall not be entitled to be offered the number of Shares offered in the lapsed LTIP Award, in any LTIP Award made in the future. However, Shares not taken up resulting from the non-acceptance of LTIP Award within the Validity Period shall thereafter form part of the balance of Shares available for future LTIP Award.
- 8.4 In respect of an ESGS Award, the Eligible Persons are not required to pay for the Shares they are entitled to receive upon vesting of the Shares pursuant to the ESGS Award.
- 8.5 In respect of an ESOS Award, the Company shall within 30 days of the acceptance of the ESOS Award by the Eligible Person, issue to the Eligible Person an Option Certificate in such form as may be determined by the LTIP Committee.

9. VESTING CONDITIONS AND SATISFACTION OF VESTING CONDITIONS

- 9.1 The LTIP Committee shall, as and when it deems practicable and necessary, review and determine at its own discretion the Vesting Conditions specified in respect of an LTIP Award. The Shares and/or ESOS Options or such part thereof as may be satisfied in the LTIP Award will only vest with the LTIP Grantee on the ESGS Vesting Date and/or the ESOS Vesting Date if the Vesting Conditions are fully and duly satisfied, including the following:
 - (a) the LTIP Grantee remains an Eligible Person and shall not have given notice of resignation or received a notice of termination as at the ESGS Vesting Date and/or the ESOS Vesting Date or has otherwise ceased or had his/her employment terminated;
 - (b) the LTIP Grantee has not been adjudicated a bankrupt;

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (c) the Performance Targets, including the target of the Group's financial performance and/or the LTIP Grantee's individual performance as determined by the LTIP Committee, are fully and duly satisfied; and/or
 - (d) any other conditions which are determined by the LTIP Committee.
- 9.2 The LTIP Committee shall have full discretion to determine whether the Performance Targets or performance period have been fully and duly satisfied. In the event that the LTIP Committee shall determine that the Performance Targets or performance period are not fully and duly satisfied, the LTIP Committee may, at its discretion, adjust the number of Shares and/or ESOS Options (if any) which may vest in the LTIP Grantee on the ESGS Vesting Date(s) and/or the ESOS Vesting Date(s).
- 9.3 Where the LTIP Committee has determined that the Vesting Conditions have been fully and duly satisfied, the LTIP Committee shall notify the LTIP Grantee of the number of Shares and/or ESOS Options vested or which will be vested in him/her on the ESGS Vesting Date(s) and/or the ESOS Vesting Date(s) ("**Vesting Notice**").
- 9.4 No LTIP Grantee shall have any right to or interest in the Shares and/or ESOS Options awarded to him/her under an LTIP Award until and unless the Shares and/or ESOS Options are vested in him/her on and with effect from the ESGS Vesting Date(s) and/or the ESOS Vesting Date(s).
- 9.5 In respect of an ESGS Award, the ESGS Grantee shall provide all information as required in the Vesting Notice and the LTIP Award Letter respectively and the Company shall within 8 Market Days after the Vesting Date or such other period as may be prescribed or allowed by Bursa Securities, and subject to the provisions of the Constitution, the SICDA and the Rules of Bursa Depository, allot and issue the relevant number of new Shares and/or transfer the relevant number of existing Shares to the ESGS Grantee(s) accordingly and apply to Bursa Securities for the quotation of new Shares arising from the vesting of an ESGS Award. The Shares to be issued pursuant to the vesting of an ESGS Award will be credited directly into the CDS Account and no physical share certificates will be delivered to the ESGS Grantee or his authorised nominee (as the case may be).

10. EXERCISE OF ESOS OPTIONS

- 10.1 Each ESOS Option shall be exercisable into one Share, in accordance with the provisions of these By-Laws.
- 10.2 Subject to By-Laws 15, 20, 21, 22 and 23, an ESOS Grantee shall be allowed to exercise the ESOS Options granted to him/her as provided in these By-Laws whilst he/she is in the employment of the Group and within the ESOS Option Period.
- 10.3 An ESOS Grantee shall exercise the ESOS Options granted to him/her in whole or part in multiples of 100 Shares. Notwithstanding anything herein to the contrary in the event of any alteration in the share capital of the Company during the ESOS Option Period in accordance with By-Law 19 which result in the number of Shares comprised in an ESOS Option not being in multiples of not less than 100, then the requirement that an ESOS Option shall be exercised in multiples of not less than 100 Shares shall not be applicable for the ESOS Grantee's final exercise of the ESOS Option.
- 10.4 An ESOS Grantee shall exercise his/her ESOS Options in such form and manner as the LTIP Committee may prescribe or approve ("**Notice of Exercise**"), which will be attached to LTIP Award Letter. The procedure for the exercise of ESOS Options to be complied with by the ESOS Grantee shall be determined by the LTIP Committee from time to time. Any ESOS

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

Options which remain unexercised at the expiry of the ESOS Option Period shall be automatically terminated and lapse without any claim against the Company.

- 10.5 Subject to By-Law 10.4, an ESOS Grantee shall exercise his/her ESOS Options by executing and delivering to the Company the Notice of Exercise, stating the number of ESOS Options to be subscribed and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the LTIP Committee for the full amount of the Exercise Price in relation to the number of Shares in respect of which the notice is given **PROVIDED THAT** the number of Shares stated therein shall not exceed the amount granted to such ESOS Grantees and be subject to By-Laws 10.2 and 10.3 above. The LTIP Committee may pursuant to By-Law 25 hereof, at any time and from time to time, before or after the ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of Shares and/or such percentage of total Shares comprised in the ESOS Option during such periods within the ESOS Option Period and impose any other terms and/or conditions deemed appropriate by the LTIP Committee in its sole discretion including amending or varying any terms and conditions imposed earlier. The exercise by an ESOS Grantee of some but not all of the ESOS Options which have been offered to and accepted by him/her shall not preclude the ESOS Grantee from subsequently exercising any other ESOS Options which have been or will be offered to and accepted by him/her, during the ESOS Option Period.
- 10.6 The ESOS Grantee shall provide all information as required in the Notice of Exercise. Within 8 Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, in the event that the Shares are delivered to the ESOS Grantee via issuance of new Shares, the Company shall allot and issue the relevant number of Shares to the ESOS Grantee and apply to Bursa Securities for the quotation for such new Shares arising from the exercise of the ESOS Options. The said Shares will be credited directly into the CDS Account of the ESOS Grantee or his/her financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the ESOS Grantee. No physical share certificates will be issued to the ESOS Grantee or his/her authorised nominee (as the case may be).
- 10.7 The Group, the Board (including Directors that had resigned but were on the Board during the ESOS Option Period) and the LTIP Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing and/or transferring the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by an ESOS Grantee or any delay in receipt or non-receipt by the Company of the Notice of Exercise in respect of the ESOS Options or for any errors in any ESOS Award.
- 10.8 Any failure to comply with the procedures specified by the LTIP Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the discretion of the LTIP Committee, and the LTIP Committee shall inform the ESOS Grantee of the rejection of the Notice of Exercise within 14 Market Days from the date of rejection and the ESOS Grantee shall be deemed to not have exercised his/her ESOS Option.
- 10.9 Every ESOS Options shall be subjected to the condition that no Shares shall be issued and/or transferred pursuant to the ESOS Options if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Duration of the Scheme or such period as may be extended.

11. EXERCISE PRICE

Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be –

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (a) in respect of any ESOS Award which is made in conjunction with the listing of the Company, the Final Retail Price; and
- (b) in respect of any ESOS Award which is made subsequent to the listing of the Company, as determined by the LTIP Committee and shall be based on the 5-day volume weighted average market price of the Shares for the 5 Market Days immediately preceding date of the ESOS Award with a discount of not more than 10%, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the ESOS Option Period.

For the purposes of By-Law 11(a) above, "Final Retail Price" shall refer to the final price paid by the investors for the Shares issued by the Company under its retail offering pursuant to its initial public offering, as determined in the manner described in the Company's prospectus for the said initial public offering.

The Exercise Price as determined in the manner set out above shall be conclusive and binding on the ESOS Grantees.

PART IV**12. NON-TRANSFERABILITY**

- 12.1 An LTIP Award and an ESOS Option are personal to the LTIP Grantee and subject to the provisions of By-Laws 12.2, 12.3 and 15, are exercisable/vested only by/in the LTIP Grantee personally during the Duration of the Scheme whilst he/she is in the employment of any company in the Group.
- 12.2 An LTIP Award shall not be transferred, assigned, disposed of or subject to any encumbrances by the LTIP Grantee save and except in the event of the death of the LTIP Grantee as provided under By-Law 15.5. Any attempt to transfer, assign, dispose or encumber any LTIP Award shall result in the automatic cancellation of the LTIP Award.
- 12.3 Notwithstanding this By-Law 12, in the event an LTIP Grantee is transferred to another company within the Group which has its own share issuance scheme, the LTIP Grantee shall be entitled to continue to be vested with such number of unvested Shares and/or exercise all unexercised ESOS Options granted under the Scheme, in accordance with these By-Laws, unless the Board otherwise determines in its absolute discretion.

13. RIGHTS ATTACHING TO SHARES AND ESOS OPTIONS

- 13.1 The new Shares to be allotted and issued upon the vesting of any ESGS Awards and/or exercise of any ESOS Options under the Scheme will be subject to the provisions of the Constitution of the Company and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to shareholders, the Entitlement Date of which precedes the date of allotment and issuance of such new Shares.
- 13.2 In respect of the existing Shares to be transferred to the LTIP Grantees, such Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to shareholders, the Entitlement Date of which precedes the date on which the existing Shares are credited into the CDS Accounts of the LTIP Grantees.
- 13.3 The LTIP Awards and the ESOS Options shall not carry any rights to vote at any general meeting of the Company. For the avoidance of doubt, the LTIP Grantee shall not in any event be entitled to any dividends, rights, allotments or other distributions on his/her unvested Shares.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS****14. RESTRICTION ON DEALING/RETENTION PERIOD**

The Shares to be allotted and issued and/or transferred to an LTIP Grantee under the Scheme may be subject to such reasonable retention period or restriction on transfer (if any/applicable) imposed/determined by the LTIP Committee at its discretion. The Company encourages LTIP Grantees to hold the Shares granted to and/or subscribed for by them for as long as possible although an LTIP Grantee or his/her financier, as the case may be, may sell the Shares granted to and/or subscribed by the LTIP Grantee at any time after such Shares have been credited to the LTIP Grantee's or his/her financier's CDS Account. An LTIP Grantee should note that the Shares are intended for him/her to hold as an investment rather than for any speculative purposes and/or for the realization of any immediate gain.

Notwithstanding the above, a LTIP Grantee who is a non-executive Director must not sell, transfer or assign his/her Shares obtained through the LTIP Award(s) pursuant to the Scheme within one (1) year from the date of the LTIP Award Letter or such period as may be prescribed by Bursa Securities.

15. TERMINATION OF THE LTIP AWARD

15.1 Prior to the full vesting of any LTIP Award and/or the allotment or satisfaction by any other means of an LTIP Award in the manner as provided for under By-Law 26.2, such LTIP Award that remain unvested or unsatisfied (as the case may be) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group in the following circumstances:

- (a) Termination or cessation of employment of the LTIP Grantee with the Group for any reason whatsoever, in which event the LTIP Award shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any other member of the Group on the day the LTIP Grantee's employer accepts his/her notice of resignation or the LTIP Grantee's employer notifies the LTIP Grantee of termination of his/her employment or on the day the LTIP Grantee notifies his/her employer of his/her resignation or on the LTIP Grantee's last day of employment, whichever is the earlier; or
- (b) Bankruptcy of the LTIP Grantee, in which event the LTIP Award shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the date a receiving order is made against the LTIP Grantee by a court of competent jurisdiction; or
- (c) Upon the happening of any other event which results in the LTIP Grantee being deprived of the beneficial ownership of the LTIP Award, in which event the LTIP Award shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the date such event occurs; or
- (d) Winding up or liquidation of the Company, in which event the LTIP Award shall be automatically terminated and/or cease to be valid on the following date:
 - (i) In the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) In the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (e) Termination of the Scheme pursuant to By-Law 23.5, in which event the LTIP Award shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Group on the Termination Date (as defined below) pursuant to By-Law 23.5,

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

whichever shall be applicable.

Upon the termination of the LTIP Award(s) pursuant to By-Laws 15.1(a), (b), (c), (d) or (e) above, the LTIP Grantee shall have no right to compensation or damages or any claim against the Company or any other member of the Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any LTIP Award(s) or his/her LTIP Award(s) ceasing to be valid.

- 15.2 Notwithstanding By-Law 15.1 above, the LTIP Committee may at its discretion allow for (i) all or any part of any unvested LTIP Awards to vest in accordance with the provisions of these By-Laws and/or (ii) any unexercised ESOS Option to remain exercisable during the ESOS Option Period on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

- (a) Ill-health, injury, physical or mental disability; or
- (b) Transfer to any company outside the Group at the direction of the Company; or
- (c) Any other circumstance as may be deemed as acceptable to the LTIP Committee in its sole and absolute discretion.

- 15.3 Applications under By-Law 15.2 shall be made:-

- (a) in a case where By-Law 15.2(a) is applicable, within 3 months after the LTIP Grantee notifies his/her employer of his/her resignation due to ill health, injury, physical or mental disability, the LTIP Grantee may be vested with such number of unvested Shares and/or exercise all his/her unexercised ESOS Options within the said 3 months period. In the event that no application is received by the LTIP Committee within the said period, any such number of unvested Shares and/or unexercised ESOS Options held by the LTIP Grantee at the expiry of the said period shall be automatically terminated; and;
- (b) in a case where By-Law 15.2(b) is applicable, the LTIP Grantee may be vested with such number of unvested Shares and/or exercise all his/her unexercised ESOS Options within one month after he/she is notified. Thereafter, any such number of unvested Shares and/or unexercised ESOS Options held by the LTIP Grantee at the expiry of the said period shall be automatically terminated.

- 15.4 in the event that an LTIP Grantee is notified that he/she will be made redundant or retrenched or participate in a voluntary separation scheme or where he/she is given an offer by his/her employer as to whether he/she wishes to accept redundancy or retrenchment or participate in a voluntary separation scheme upon certain terms, the LTIP Grantee may be vested with such number of unvested Shares and/or exercise his/her unexercised ESOS Options within one month after he/she receives such notice or accepts such offer, as the case may be. Thereafter, any such number of unvested Shares and/or unexercised ESOS Options held by the LTIP Grantee at the expiry of the said period shall be automatically terminated.

- 15.5 In the event that an LTIP Grantee dies before the Date of Expiry and, at the date of death, holds any Shares under the ESGS which remain unvested and/or ESOS Options which are unvested / unexercised, the following provisions shall apply:

- (a) Such unvested Shares and/or unexercised ESOS Options may be exercised and/or be vested by/in (as the case may be) the personal or legal representative of the deceased LTIP Grantee ("**Representative**") within 12 months after the LTIP Grantee's death ("**Permitted Period**") or within the Date of Expiry, whichever expires first, subject to the approval of the LTIP Committee;

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (b) In the event that the Date of Expiry expires before the Permitted Period, any unvested LTIP Awards and/or ESOS Options which have not been exercised by the Representative at the Date of Expiry shall be automatically lapsed / terminated and the Representative shall not be entitled to apply for any extension of time;
 - (c) In the event that the Permitted Period expires before the Date of Expiry, the following provisions shall apply:
 - (i) The Representative may, at any time before the expiry of the Permitted Period, apply in writing to the LTIP Committee for an extension of the Permitted Period, stating the reasons as to why the extension is required. In the event no application is received by the LTIP Committee before the expiry of the Permitted Period, any unvested LTIP Awards and/or ESOS Options which have not been exercised by the Representative at the expiry of the Permitted Period shall be automatically lapsed / terminated.
 - (ii) The LTIP Committee shall consider such applications on a case-by-case basis and may at its discretion approve or reject an application in whole or in part without giving any reasons therefor and may impose any terms and conditions in granting an approval. The decision of the LTIP Committee shall be final and binding. In the event that the LTIP Committee approves an application in whole or in part, the Representative may be vested with the Shares and/or exercise the ESOS Options which are the subject of the approval within such extension of the Permitted Period as is approved (which shall not exceed the Date of Expiry).
- 15.6 The provisions of By-Law 15.5 constitute exception to the provisions of By-Law 5.1 and By-Law 12.
- 15.7 Notwithstanding anything to the contrary herein contained in these By-Laws, the LTIP Committee shall have the right, at its absolute discretion by notice in writing to that effect to the LTIP Grantee, to suspend the right of any LTIP Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such LTIP Grantee or are found to have had no basis or justification) to exercise his/her ESOS Options and/or have Shares vested in him/her pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate at its sole and absolute discretion, on the LTIP Grantee's right to exercise his/her ESOS Options and/or have Shares vested in him/her having regard to the nature of the charges made or brought against such LTIP Grantee, **PROVIDED ALWAYS** that:
- (a) in the event such LTIP Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the LTIP Committee shall reinstate the right of such LTIP Grantee to their LTIP Award and/or ESOS Option;
 - (b) in the event the Disciplinary Proceedings result in a recommendation for the dismissal or termination of service of such LTIP Grantee, all unvested LTIP Awards and/or unexercised and partially exercised ESOS Options of the LTIP Grantee shall immediately lapse / terminate and be null and void and of no further force and effect, without notice to the LTIP Grantee, upon pronouncement of the dismissal or termination of service of such LTIP Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the LTIP Grantee in any other forum;
 - (c) in the event the LTIP Grantee is found guilty but no dismissal or termination of service is recommended, the LTIP Committee shall have the right to determine at its absolute discretion whether or not the LTIP Grantee may continue to exercise his/her ESOS Options and/or have the Shares vested in him/her or any part thereof and if so,

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

to impose such terms and conditions as it deems appropriate, on such exercise rights; and

- (d) in the event that no decision is made and/or Disciplinary Proceedings are not concluded prior to the Date of Expiry, the LTIP Awards and/or ESOS Options of such LTIP Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the LTIP Committee to enquire into or investigate the substantiveness and/or validity of such Disciplinary Proceeding(s) and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the LTIP Committee's exercise of or failure to exercise any of its rights under this By-Law.

16. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

All LTIP Grantees shall be entitled to inspect a copy of the latest annual audited consolidated financial statements of the Company, which shall be made available on Bursa Securities' website as well as the Company's website.

17. SCHEME NOT A TERM OF EMPLOYMENT

The Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any employee of the Group.

18. TAXES

For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including, without limitation, income taxes) that are incurred by an LTIP Grantee pursuant to or relating to the exercise of any ESOS Options, vesting of any Shares under the LTIP Awards, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that LTIP Grantee for his/her own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

PART V**19. ALTERATION OF SHARE CAPITAL AND ADJUSTMENTS**

19.1 In the event of any alteration in the capital structure of the Company during the Duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction or any other alteration of capital or otherwise howsoever, the LTIP Committee may, in its discretion, determine whether the Exercise Price, the number of unexercised ESOS Options and/or the ESOS Options and Shares comprised in the unvested LTIP Awards, shall be adjusted, and if so, the manner in which such adjustments should be made.

19.2 The provisions of this By-Law 19 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (a) An issue of Shares pursuant to the exercise of ESOS Options and vesting of Shares under the Scheme; or

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (b) An issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
 - (c) An issue of securities via a placement; or
 - (d) Any special issuance of new Shares or other securities to Bumiputera investors nominated by the Malaysian government and/or any other relevant authority of the Malaysian government to comply with the Malaysian government's policy on Bumiputera capital participation; or
 - (e) A restricted issue of securities; or
 - (f) An issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities; or
 - (g) An issue of new Shares arising from the conversion of securities with a right of conversion into new Shares; or
 - (h) A purchase by the Company of its own Shares of all or a portion of such Shares purchased pursuant to Section 127 of the Act.
- 19.3 Save as expressly provided for herein, the external auditors or Principal Adviser (acting as an expert and not as an arbitrator) must confirm in writing that the adjustments are in their opinion, fair and reasonable. The opinion of such external auditors or Principal Adviser shall be final, binding and conclusive.
- 19.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part III, Division 7 of the Act, By-Law 19.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 19.1 is applicable, but By-Law 19.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 19.1 is not applicable as described in By-Law 19.2.
- 19.5 An adjustment pursuant to By-Law 19.1 shall be made according to the following terms:
- (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the next Market Day immediately following the Entitlement Date in respect of such issue; or
 - (b) In the case of a consolidation or subdivision of Shares or reduction of capital, on the next Market Day immediately following the date on which the consolidation, subdivision or reduction becomes effective.
- 19.6 Upon any adjustment required to be made pursuant to this By-Law 19, the Company shall notify the LTIP Grantee (or his/her duly appointed personal representatives where applicable) in writing and deliver to him/her (or his/her duly appointed personal representatives where applicable) a statement setting forth:
- (a) In respect of the ESOS, the adjusted Exercise Price, number of unexercised ESOS Options and/or the ESOS Options which are the subject of the adjusted ESOS Award; and
 - (b) In respect of ESGS, the number of Shares comprised in the unvested ESGS Awards which are the subject of the adjusted ESGS Award.

Any adjustment shall take effect upon such written notification being given or such date as may be specified in such written notification.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- 19.7 In respect of the ESOS Options or the ESOS, any adjustment pursuant to this By-Law 19 shall be made in accordance with the following formula below, pursuant to By-Law 19.6:

(a) **Consolidation, Subdivision, Conversion**

If and whenever Shares shall be consolidated, subdivided or converted, the Exercise Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{P}{Q} \right]$$

- (1) For consolidation of Shares,

$$\text{Additional number of Options} = T \times \left[\frac{Q}{P} \right]$$

- (2) For subdivision of Shares,

$$\text{Additional number of Options} = T \times \left[\frac{Q}{P} \right] - T$$

Where:

P = the aggregate number of issued Shares immediately before such consolidation, subdivision or conversion;

Q = the aggregate number of issued Shares immediately after the consolidation, subdivision or conversion;

S = Existing Exercise Price; and

T = Number of existing Options held

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the date on which the consolidation, subdivision, conversion or reduction becomes effective.

(b) **Capitalisation of Profits or Reserves**

If and whenever the Company shall make any issue of new Shares to ordinary shareholders, by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature), in respect of ESOS Options, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the additional number of ESOS Options to be issued shall be calculated as follows:

$$\text{Additional number of ESOS Options} = T \times \left[\frac{A+B}{A} \right] - T$$

Where:

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

A = the aggregate number of issued Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature); and

T = Number of existing ESOS Options held

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for such issue.

(c) If and whenever the Company shall make:

- (1) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (2) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or
- (3) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

then and in respect of each such case, the Exercise Price for ESOS Options shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 19.7(c)(2) hereof, the number of additional ESOS Options to be issued shall be calculated as follows:

$$\text{Additional number of ESOS Options} = T \times \left(\frac{C}{C - D^*} \right) - T$$

Where:

T = T as in By-Law 19.7(b) above;

C = the prevailing market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation or (where appropriate) any relevant date as may be determined by the Company; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 19.7(c)(2) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 19.7(c)(3) above, the value of rights attributable to one existing Share (as defined below); or

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (bb) in the case of any other transaction falling within By-Law 19.7(c) hereof, the fair market value as determined by the external auditors or Principal Adviser of that portion of the Capital Distribution attributable to one existing Share.

D^* = The value of rights attributable to one Share (as defined below).

For the purpose of definition (aa) of “ D^* ” above, the “value of rights attributable to one existing Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

C = C as in By-Law 19.7(c) above;

E = the subscription price for one additional Share under the terms of such offer or invitation to acquire or subscribe for Shares or subscription price of one Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one Share under the offer or invitation; and

F = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share or security convertible into Shares or one additional security with right to acquire or subscribe for one additional Share; and

D^* = The “value of rights attributable to one existing Share” (as defined below).

For the purpose of definition “ D^* ” above, the “value of the rights attributable to one existing Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = C as in By-Law 19.7(c) above;

E^* = the subscription price for one additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

F^* = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share.

For the purpose of By-Law 19.7(c) hereof, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (not falling under By-Law 19.7(b) hereof) or other securities by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature).

Any dividend charged or provided for in the audited financial statements of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statement of comprehensive income of the Company for any period as shown in the audited consolidated profit and loss accounts of the Company.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for such issue or the closing date for the acceptance of the rights, as the case may be, for such issue.

(d) **Capitalisation of Profits/Reserves and Rights Issue of Shares or Convertible Securities**

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 19.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 19.7(c)(2) or (3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 19.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 19.7(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated as follows:

$$\text{Additional number of ESOS Options} = T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

B = B as in By-Law 19.7(b) above;

G = the aggregate number of issued Shares on the Entitlement Date;

C = C as in By-Law 19.7(c) above;

H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;

H* = the aggregate number of Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

I = the subscription price of one additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one additional Share, as the case may be;

I* = the subscription price of one additional Share under the offer or invitation to acquire or subscribe for Shares;

T = T as in By-Law 19.7(b) above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

by Bursa Securities) immediately following the Entitlement Date for such issue or the closing date for the acceptance of the rights, as the case may be, for such issue.

(e) Rights Issue of Shares and Convertible Securities

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 19.7(c)(2) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 19.7(c)(3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional ESOS Options to be issued shall be calculated as follows:

$$\text{Additional number of ESOS Options} = T \times \left(\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = G as in By-Law 19.7(d) above;

C = C as in By-Law 19.7(c) above;

H = H as in By-Law 19.7(d) above;

H* = H* as in By-Law 19.7(d) above;

I = I as in By-Law 19.7(d) above;

I* = I* as in By-Law 19.7(d) above;

J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one additional Share; and

T = T as in By-Law 19.7(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the Entitlement Date for the above transactions or the closing date for the acceptance of the rights, as the case may be, for such issue.

(f) Capitalisation of Profits/Reserves and Rights Issue of Shares and Convertible Securities

If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 19.7(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in By-Law 19.7(c)(2) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for Shares as provided in By-Law

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

19.7(c)(3) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional Options to be issued shall be calculated as follows:

$$\text{Additional number of ESOS Options} = T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = G as in By-Law 19.7(d) above;

C = C as in By-Law 19.7(c) above;

H = H as in By-Law 19.7(d) above;

H* = H* as in By-Law 19.7(d) above

I = I as in By-Law 19.7(d) above;

I* = I* as in By-Law 19.7(d) above

J = J as in By-Law 19.7(e) above;

T = T as in By-Law 19.7(b) above;

K = K as in By-Law 19.7(e) above; and

B = B as in By-Law 19.7(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day (or such other period as may be prescribed by Bursa Securities) immediately following the Entitlement Date for the above transactions or the closing date for the acceptance of the rights, as the case may be, for such issue.

(g) **Others**

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 19.7(c)(2), 19.7(c)(3), 19.7(d), 19.7(e) or 19.7(f) above) the Company shall issue either any Shares or any security convertible into new Shares or with rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than 90% of the Average Price for one Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

Where:

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- L = the number of Shares in issue at the close of business on Bursa Securities on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustments of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of this By-Law 19.7(g), “**Total Effective Consideration**” shall be determined by the LTIP Committee with the concurrence of the external auditors or Principal Adviser and shall be:

- (i) in case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into new Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case, without any deduction of any commission, discount or expenses paid, allowed or incurred in connection with the issue thereof, and the “Total Effective Consideration per Share” shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 19.7(g), “**Average Price**” of a Share shall be the average market price of one Share as derived from the last traded prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the next Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the next Market Day immediately following the date on which the Company determines the subscription price of such Shares. Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

- (h) For the purpose of By-Laws 19.7(c), (d), (e) and (f), the current market price in relation to one existing Share for any relevant day shall be the average of the last traded prices for the 5 consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- 19.8 In respect of the ESGS, any adjustment pursuant to By-Law 19.1 shall be made in such a manner as to give the ESGS Grantee a fair and reasonable ESGS Award entitlement after taking into consideration the nature and effect of the relevant alteration in the capital structure of the Company.
- 19.9 If an event occurs that is not set out in By-Law 19.7 or if the application of any of the formula set out in By-Law 19.7 to an event results in a manifest error or does not, in the opinion of the LTIP Committee, achieve for any reason whatsoever the desired result of preventing the dilution or enlargement of the Eligible Person's rights or providing a fair and reasonable entitlement, the LTIP Committee may effect an adjustment in such manner deemed appropriate by the LTIP Committee provided that the Eligible Persons shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the LTIP Committee.
- 19.10 Notwithstanding the provisions of this By-Law, the LTIP Committee may exercise its discretion to determine whether any adjustments to the Exercise Price, the number of ESOS Options and/or Shares (as the case may be) be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Exercise Price and/or the number of ESOS Options notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.
- 19.11 Any adjustment to the Exercise Price shall be rounded down to the nearest RM0.01.
- 19.12 In the event that a fraction of a Share arises from the adjustments pursuant to this By-Law 19, the number of Shares comprised in an LTIP Award shall automatically be rounded down to the nearest whole number.

20. TAKE-OVER OFFER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

In the event of:

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital (or such part of the issued share capital not at the time owned by the person making the general offer ("Offeror") or any persons acting in concert with the Offeror); or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date; or
- (c) the court sanctioning a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act,

then –

- (1) LTIP Committee may at its discretion to the extent permitted by law allow the vesting of any ESGS Awards (or any part thereof) by the ESGS Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that the ESGS Vesting Date is not due or has not occurred and/or the other terms and conditions set out in the ESGS Award have not been fulfilled or satisfied; and
- (2) an ESOS Grantee who is holding outstanding exercisable ESOS Options shall be entitled to exercise all or any of his/her unexercised ESOS Options in accordance with By-Law 10.4, within 60 days from the date of his/her receipt of the notice by the Company in respect of any

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

of the events in paragraphs (a), (b) and (c) as above. In the event that the ESOS Grantee elects not to so exercise some or all of the ESOS Options held by him/her, the unexercised ESOS Options shall be automatically terminated and lapse by the date prescribed and be null and void and of no further force and effect.

21. DIVESTMENT FROM THE GROUP, ETC

21.1 In the event that a company within the Group shall be divested from the Group, an LTIP Grantee who is employed by such company –

- (a) shall remain entitled to receive those Shares which have been granted but not vested under the ESGS Awards granted to him/her under the Scheme;
- (b) shall not be entitled to continue to hold and to exercise all unexercised vested ESOS Options held by him/her from the date of completion of such divestment, within a period of 3 months from the date of completion of such divestment or the Date of Expiry, whichever expires first, and in accordance with the provisions of By-Law 10.4. In the event that the ESOS Grantee does not so exercise some or all of such ESOS Options, the unexercised ESOS Options shall be automatically terminated upon the expiry of the relevant period; and
- (c) shall no longer be eligible to participate for further LTIP Awards under the Scheme as from the date of completion of such divestment, unless approved by the LTIP Committee in writing.

21.2 For the purposes of By-Law 21.1, a company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act or such company ceases to form part of the Group for such reason(s) as determined by the LTIP Committee at its absolute discretion.

22. WINDING UP

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

PART VI**23. EFFECTIVE DATE, DURATION, TERMINATION AND EXTENSION OF SCHEME**

23.1 The Effective Date for the implementation of the Scheme shall be such date following full compliance with all relevant requirements of the Listing Requirements, including the following:

- (a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Rule 2.12 of the Listing Requirements and a checklist

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

showing compliance with Appendix 6E of the Listing Requirements (and/or such other documents as may be determined by Bursa Securities from time to time);

- (b) receipt of the approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the Scheme;
- (c) procurement of shareholders' approval for the Scheme;
- (d) receipt of approval of any other relevant authorities, where applicable; and
- (e) fulfilment or waiver (as the case may be) of all conditions attached to the above proposals, if any.

The Scheme shall be in force for a duration of 5 years from the Effective Date subject however to any extension of the Scheme as provided under By-Law 23.3 below. The date of expiry of the Scheme shall be at the end of the 5 years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended.

- 23.2 The LTIP Award can only be made during the Duration of the Scheme before the Date of Expiry.
- 23.3 On or before the Date of Expiry, the Board shall have the discretion, without having to obtain approval of the Company's shareholders, to extend the Duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of 10 years from the Effective Date. In the event the Scheme is extended in accordance with this provision, the LTIP Committee shall furnish a written notification to all LTIP Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme. For the avoidance of doubt, no further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting is required for any such extension.
- 23.4 Notwithstanding anything to the contrary, all unvested Shares under the ESGS Awards which are not vested and all ESOS Options shall lapse on the Date of Expiry.
- 23.5 The Scheme may be terminated by the Board, upon the recommendation of the LTIP Committee at any time before the Date of Expiry **PROVIDED THAT** the Company makes an announcement immediately to Bursa Securities. The announcement shall include:
 - (a) the effective date of termination ("**Termination Date**");
 - (b) the number of Shares vested under the ESGS; and
 - (c) the reasons and justification for termination.
- 23.6 The Company may implement more than one employee share scheme provided that the aggregate number of Shares available under all the employee share schemes implemented by the Company is not more than 15% of its issued and paid-up share capital (excluding treasury shares, if any) at any one time or any other limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.
- 23.7 In the event of termination as stipulated in By-Law 23.5 above, the following provisions shall apply:
 - (a) No further LTIP Awards shall be made by the LTIP Committee from the Termination Date;
 - (b) All LTIP Awards which have yet to be accepted by Eligible Persons shall automatically lapse on the Termination Date;

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (c) All LTIP Awards which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
 - (d) All outstanding ESOS Options which have yet to be exercised by ESOS Grantees and/or vested shall be automatically terminated on the Termination Date.
- 23.8 For the avoidance of doubt, approval or consent of the shareholders of the Company by way of a resolution in an EGM and written consent of LTIP Grantees who have the LTIP Awards vested in them are not required to effect a termination of the Scheme.

24. NO COMPENSATION FOR TERMINATION

No Eligible Persons shall be entitled to any compensation for damages arising from the termination of any LTIP Award or the Scheme pursuant to the provisions of these By-Laws. Notwithstanding any provisions of these By-Laws:

- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person of any company of the Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within the Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the LTIP Award or consideration for the LTIP Award afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable right or other rights under any other theory of law (other than those constituting the LTIP Award themselves) against the Board, the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no LTIP Grantee or his/her Representative shall bring any claim, action or proceeding against any company of the Group, the LTIP Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights of his/her LTIP Award or his/her rights to exercise his/her ESOS Options or his/her LTIP Award ceasing to be valid pursuant to the provisions of these By-Laws; and
- (d) the Company, the Board or the LTIP Committee shall in no event be liable to the LTIP Grantee or his/her personal or legal representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the Board, the Company or the LTIP Committee has been advised of the possibility of such damage.

25. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME

- 25.1 Subject to the compliance with the Listing Requirements and any other relevant authorities, the LTIP Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its discretion think fit. The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to, or modifications and/or deletions of these By-Laws **PROVIDED THAT** no additions, modifications or amendments to or deletions of these By-Laws shall be made which will:

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- (a) prejudice any rights which have accrued to any LTIP Grantee without the prior consent or sanction of that LTIP Grantee; or
 - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 4.1; or
 - (c) alter any matter which are required to be contained in these By-Laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or LTIP Grantee.
- 25.2 For the purpose of complying with the provisions of the Listing Requirements, By-Laws 4, 5, 6, 7.4, 8.1, 10.2, 10.5, 11, 12, 13, 14, 19, 22 and 23 shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons and/or LTIP Grantees without the prior approval of shareholders obtained at a general meeting and subject to any applicable laws.
- 25.3 Upon amending and for modifying all or any of the provisions of the Scheme, the Company shall within 5 Market Days after the effective date of the amendments, cause to be submitted to Bursa Securities the amended By-Laws and a confirmation letter that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements in relation to the Scheme.

PART VII**26. ADMINISTRATION AND TRUST**

- 26.1 The Scheme shall be administered by the LTIP Committee. The LTIP Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit and with such powers and duties as are conferred upon it by the Board. The decision of the LTIP Committee shall be final and binding.
- 26.2 In implementing the Scheme, the LTIP Committee may in its absolute discretion, after taking into consideration, amongst others, factors such as prevailing market price of the Shares, funding considerations and dilutive effects on the Company's capital base, future returns and cash requirements of the Group, decide that the Shares to be awarded under this Scheme shall be satisfied by any of the following methods:
- (a) Issuance of new Shares;
 - (b) Acquisition and transfer of existing Shares;
 - (c) Any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or
 - (d) A combination of any of the above.
- 26.3 For the purposes of facilitating the implementation and administration of the Scheme, the Company and/or the LTIP Committee may (but shall not be obliged to) establish a trust to be administered by trustee(s) to be appointed by the Company for the Scheme from time to time ("Trustee"), if required, for the purposes of subscribing for new Shares and/or acquiring existing Shares from the Main Market of Bursa Securities and transferring them to LTIP Grantees at such times as the LTIP Committee shall direct ("Trust"). To enable the Trustee to subscribe for new Shares and/or acquire existing Shares for the purpose of the Scheme and to pay expenses in relation to the administration of the Trust, the Trustee may, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Group and/or any third party to be paid into the bank account(s) to be established by the Trustee for the purpose of the Trust as the Trustee may direct for any such payment.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- 26.4 The Trustee, if and when the Trust is established, shall administer the Trust in accordance with the terms of the trust deed to be entered into between the Company and the trustee constituting the trust ("**Trust Deed**"). For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements or make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the LTIP Committee may in its sole and absolute discretion direct for the implementation and administration of the Trust.
- 26.5 The Company or LTIP Committee shall have power from time to time, at any time, to appoint or rescind/terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The Company or LTIP Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.
- 26.6 Without limiting the generality of By-Law 26.1, the LTIP Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in the LTIP Award, execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 26.7 The Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the LTIP Committee as it shall deem fit.

27. DISPUTES

- 27.1 In case any dispute or difference shall arise between the LTIP Committee and an Eligible Person or an LTIP Grantee or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the LTIP Committee during the Duration of the Scheme. The LTIP Committee shall then determine such dispute or difference by a written decision (without the obligation to give any reason therefor) given to the Eligible Person and/or LTIP Grantee, as the case may be, PROVIDED THAT where the dispute is raised by a member of the LTIP Committee, the said member shall abstain from voting in respect of the decision of the LTIP Committee in that instance.
- 27.2 In the event the Eligible Person or LTIP Grantee, as the case may be, shall dispute the same by written notice to the LTIP Committee within 14 days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, provided that any Director of the Company who is also in the LTIP Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the LTIP Committee shall be borne by such party.
- 27.3 Notwithstanding the foregoing provisions of By-Laws 27.1 and 27.2 above, matters concerning adjustments made pursuant to By-Law 19 shall be referred to external auditors of the Company or Principal Adviser, who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

28. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment and/or transfer of the Shares pursuant to the LTIP Award and/or ESOS Option, shall be borne by the Company. Notwithstanding this, the LTIP Grantee shall bear any fees, costs, expenses and stamp duty incurred in relation to his/her acceptance of the LTIP Award and exercise of the ESOS Options under the Scheme.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS****29. CONSTITUTION**

In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the Constitution of the Company shall at all times prevail.

30. NOTICE

30.1 Subject to By-Law 32.5, any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the LTIP Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the LTIP Grantee at the last address known to the Company as being his/her address, such notice or request shall be deemed to have been received 3 Market Days after posting;
- (b) if it is delivered by hand to the Eligible Person or the LTIP Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the LTIP Grantee, such notice or request shall be deemed to have been received by the recipient on the Market Day immediately following the day on which the electronic mail is sent or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected or otherwise upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the LTIP Grantee shall be communicated in writing to the Company.

30.2 Where any notice which the Company or the LTIP Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or all the LTIP Grantee (as the case may be) pursuant to the Scheme, the Company or the LTIP Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the LTIP Committee (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 30.1 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or LTIP Grantee, as the case may be.

31. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is or becomes illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

32. GOVERNING LAW AND JURISDICTION

32.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Eligible Person and/or LTIP Grantee shall, subject to the provisions of By-Law 27, submit to the exclusive jurisdiction of the courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.

ANNEXURE A: BY-LAWS (Cont'd)**BY-LAWS**

- 32.2 Any proceeding or action shall subject to the provisions of By-Law 27, be instituted or taken in Malaysia and the Eligible Person and/or LTIP Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 32.3 Any notice/process required to be given to or served upon the Eligible Person and/or LTIP Grantee by the Board or the LTIP Committee shall be given or shall be deemed to be sufficiently given, served or made if it is given served or made by hand, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person and/or LTIP Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last-known address. Any notice/process served by hand, by facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.
- 32.4 Any notice/process required to be given to or served upon the Board or the LTIP Committee by an Eligible Person and/or LTIP Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the LTIP Committee may have stipulated for this purpose). Any notice/process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) three 5 Market Days after postage.
- 32.5 Any LTIP Award to be made and acceptances thereof, and normal correspondence (other than notice/process) under the Scheme (“**Normal Correspondence**”) to be given to or served upon the Board or the LTIP Committee, Eligible Person, as the case may be, shall be given, served or made in writing and delivered by electronic mail to such e-mail address specified by the Company (if to be given to or served upon the Board of the LTIP Committee) or to such e-mail address of the employee provided by the Company (if to be given to or served upon the Eligible Person) or such communication by other digital means as may be prescribed by the Board and/or LTIP Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediately following the day on which the electronic mail is sent or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected.
- 32.6 Notwithstanding By-Law 32.5, where any Normal Correspondence is required to be given by the Company or the LTIP Committee or the Trustee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons and/or LTIP Grantees, the Company or the LTIP Committee may give the Normal Correspondence through an announcement to all employees of the Group to be made in such manner deemed appropriate by the LTIP Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 32.5 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons and/or LTIP Grantee.
- 32.7 In order to facilitate the offer of any LTIP Award (and/or the benefit thereof) under this Scheme, the LTIP Committee may provide for such special terms to the Eligible Persons who are employed by any corporation in the Group in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the LTIP Committee may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The LTIP Committee may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without affecting the terms of the Scheme as in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect unless this Scheme has been amended to eliminate such

ANNEXURE A: BY-LAWS (Cont'd)

BY-LAWS

inconsistency. Notwithstanding the above, any LTIP Award offered to such Eligible Person pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the LTIP Committee in the LTIP Award.

- 32.8 No action has been or will be taken by the Company to make the LTIP Award valid in any country or jurisdiction other than Malaysia or to ensure compliance of the LTIP Award with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Eligible Person to whom the LTIP Award is offered, with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the LTIP Award or will be vested with Shares pursuant to the LTIP Award.
- 32.9 Any Eligible Person to whom the LTIP Award is offered is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the LTIP Award or be vested with Shares pursuant to the LTIP Award. By their acceptance of the LTIP Award, each LTIP Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the LTIP Award or will exercise the ESOS Option or be vested with Shares pursuant to the LTIP Award.