



ONETECH SOLUTIONS HOLDINGS BERHAD

Company No. 201901002105 (1311431-K)
(Incorporated in Malaysia)

INFORMATION MEMORANDUM

For restricted circulation only

Proposed Placement Of 7,695,000 Ordinary Shares In OneTech Solutions Holdings Berhad ("OneTech") ("Issue Share(s)") To Investors Who Fall Within Part 1 Of Schedules 6 Or 7 Of The Capital Markets And Services Act, 2007 In Conjunction With The Proposed Listing Of And Quotation For The Entire Enlarged Issued Ordinary Share Capital Of OneTech On The LEAP Market Of Bursa Malaysia Securities Berhad At An Indicative Placement Price Of RM0.20 Per Issue Share, Payable In Full Upon Application

APPROVED ADVISER, PLACEMENT AGENT, CUSTODIAN AND CONTINUING ADVISER

 **cfSolutions**

cfSolutions Sdn Bhd

Reg. No. 198501004650 (137090-W)

licensed corporate finance adviser

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED COMPARED TO OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD. IT IS A QUALIFIED MARKET WHICH IS MEANT FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY ONETECH SOLUTIONS HOLDINGS BERHAD. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKERS, MANAGERS, SOLICITORS, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISERS.

This Information Memorandum is dated 21 December 2020

All defined terms used herein are set out under "Definitions" in pages ix - xii.

RESPONSIBILITY STATEMENTS

OUR BOARD AND PROMOTERS HAVE SEEN AND APPROVED THE CONTENTS OF THIS INFORMATION MEMORANDUM AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM THAT, AFTER MAKING ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

CFSOLUTIONS, AS OUR APPROVED ADVISER, PLACEMENT AGENT, CUSTODIAN AND CONTINUING ADVISER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AS AT LPD AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS INFORMATION MEMORANDUM CONSTITUTES SUFFICIENT AND ACCURATE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PROPOSED LISTING AND PROPOSED PLACEMENT.

STATEMENT OF DISCLAIMER

THIS INFORMATION MEMORANDUM HAS BEEN DRAWN UP IN ACCORDANCE WITH THE LISTING REQUIREMENTS FOR THE PROPOSED LISTING AND THE PROPOSED PLACEMENT. THIS INFORMATION MEMORANDUM IS NOT A PROSPECTUS AND HAS NOT BEEN REGISTERED, NOR WILL IT BE REGISTERED, AS A PROSPECTUS UNDER THE CMSA. THE PROPOSED PLACEMENT CONSTITUTES AN EXCLUDED ISSUE WITHIN THE MEANINGS OF SECTION 230 AND SCHEDULE 7 OF CMSA. THIS INFORMATION MEMORANDUM HAS BEEN PREPARED IN THE CONTEXT OF SECURITIES OFFERING UNDER THE LAWS OF MALAYSIA. IT DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS INFORMATION MEMORANDUM HAS BEEN DEPOSITED WITH THE SECURITIES COMMISSION MALAYSIA ("SC"). THE SC AND BURSA SECURITIES TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS INFORMATION MEMORANDUM, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSEDLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS INFORMATION MEMORANDUM. THE SC AND BURSA SECURITIES DO NOT MAKE ANY ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF OUR GROUP. SOPHISTICATED INVESTORS ARE EXPECTED TO MAKE THEIR OWN ASSESSMENT ON OUR GROUP OR SEEK APPROPRIATE ADVICE BEFORE MAKING THEIR INVESTMENT DECISIONS. THE APPROVED ADVISER HAS ASSESSED THE SUITABILITY OF OUR COMPANY FOR ADMISSION TO THE LEAP MARKET AS PER THE LISTING REQUIREMENTS.

AN APPLICATION HAS BEEN MADE TO BURSA SECURITIES FOR THE ADMISSION OF OUR COMPANY AND THE LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED ORDINARY SHARE CAPITAL OF OUR COMPANY ON THE LEAP MARKET. OUR PROPOSED PLACEMENT IS SUBJECT TO THE RECEIPT OF AN APPROVAL-IN-PRINCIPLE FOR OUR PROPOSED LISTING FROM BURSA SECURITIES, WHICH MAKES NO ASSESSMENT ON THE SUITABILITY, VIABILITY OR PROSPECTS OF OUR GROUP OR THE MERITS OF INVESTING IN OUR SHARES. NO MONIES SHALL BE COLLECTED FROM SOPHISTICATED INVESTORS FOR THE SUBSCRIPTION OF THE ISSUE SHARES, AND NO NEW SHARES SHALL BE ALLOTTED PURSUANT TO THE PROPOSED PLACEMENT UNTIL BURSA SECURITIES HAS GRANTED ITS APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE LEAP MARKET. APPROVAL FROM BURSA SECURITIES OF THE SAME IS NOT AN INDICATION OF THE MERITS OF OUR PROPOSED LISTING, PROPOSED PLACEMENT, OUR COMPANY OR OUR SHARES. CFSOLUTIONS, AS OUR APPROVED ADVISER, PLACEMENT AGENT, CUSTODIAN AND CONTINUING ADVISER HAS ASSESSED THE SUITABILITY OF OUR GROUP FOR ADMISSION TO THE LEAP MARKET AS REQUIRED UNDER RULE 4.10 OF THE LISTING REQUIREMENTS. THIS INFORMATION MEMORANDUM CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS INFORMATION MEMORANDUM.

SOPHISTICATED INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS AND REGULATIONS INCLUDING ANY STATEMENT IN THE INFORMATION MEMORANDUM THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION, OR FOR ANY MISLEADING OR DECEPTIVE ACT IN

RELATION TO THE INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM OR ANY DOCUMENT DELIVERED UNDER OR IN RELATION TO THE ISSUE, OFFER AND SALE OF OUR SHARES IS NOT AND SHOULD NOT BE CONSTRUED AS A RECOMMENDATION BY US AND/OR THE APPROVED ADVISER TO SUBSCRIBE FOR OR PURCHASE OUR SHARES.

THE PURPOSE OF THIS INFORMATION MEMORANDUM IS TO PROVIDE INFORMATION ON THE BUSINESS AND AFFAIRS OF OUR GROUP. THIS INFORMATION MEMORANDUM DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SUBSCRIBE FOR OR PURCHASE, OR SOLICITATION OF ANY OFFER TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES, NOR IS IT INTENDED TO INVITE OR PERMIT THE MAKING OF OFFERS TO THE PUBLIC TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES.

THIS INFORMATION MEMORANDUM IS NOT A SUBSTITUTE FOR AND SHOULD NOT BE REGARDED AS AN INDEPENDENT EVALUATION AND ANALYSIS AND DOES NOT PURPORT TO BE ALL INCLUSIVE. EACH SOPHISTICATED INVESTOR SHOULD PERFORM AND IS DEEMED TO HAVE MADE ITS OWN INDEPENDENT INVESTIGATION, ASSESSED THE MERITS AND RISKS OF THE INVESTMENT AND ANALYSIS OF OUR COMPANY AND ALL OTHER RELEVANT MATTERS. IN MAKING AN INVESTMENT DECISION, YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF AN INVESTMENT IN OUR COMPANY, AND SHOULD CONSULT TO THE EXTENT NECESSARY, YOUR OWN LEGAL, FINANCIAL, TAX, ACCOUNTING AND/OR OTHER PROFESSIONAL ADVISERS IN THIS RESPECT PRIOR TO ANY INVESTMENT IN OUR COMPANY.

THIS INFORMATION MEMORANDUM IS INTENDED FOR CIRCULATION ONLY TO PERSONS WHOM AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES OR AN ISSUE OF SECURITIES WOULD CONSTITUTE AN EXCLUDED ISSUE WITHIN THE MEANINGS OF SECTION 230 AND SCHEDULE 7 OF THE CMSA.

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE AND/OR CFSOLUTIONS SHALL DEEM FIT.

MODE OF COMMUNICATION

Upon successful listing on the LEAP Market, we may send notices and documents such as shareholders' circulars, annual reports and written resolutions to our securities holders ("**Holders**") by electronic means to the Holders' registered email address last maintained with either our Company Secretary or Bursa Depository, as the case may be. Our Holders have a right to request for a hard copy of such notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to the Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to the Holders' registered Malaysian address last maintained with either our Company Secretary or Bursa Depository, as the case may be, at their own risk.

We may also publish notices and documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following by way of:

- (i) ordinary mail;
- (ii) electronic means to the Holders' registered email address;
- (iii) advertisements in an English daily newspaper in Malaysia; and/or
- (iv) announcements on Bursa Securities.

TERMS AND CONDITIONS BINDING ALL RECIPIENTS

By accepting this Information Memorandum, you hereby agree and undertake to be bound by the following terms and conditions:

1. This Information Memorandum is issued by our Company and distributed by us as well as cfSolutions. The distribution of this Information Memorandum shall be in printed copy and/or electronic copy upon request by interested recipients, free of charge. This Information Memorandum is distributed to interested recipients for information purposes only and upon the express understanding that such recipients will use it only for the purposes set forth below.
2. The information contained in this Information Memorandum, including any statement or fact or opinion, is furnished solely for use by a limited number of prospective Sophisticated Investors for the purpose of evaluating their interest in investing in our Company ("**Proposed Investment**"). Nothing contained herein shall be taken as a recommendation or invitation by us and/or cfSolutions to undertake the Proposed Investment or as a commitment on our part to accept your Proposed Investment.
3. cfSolutions does not assume any obligation to provide any recipient with access to any additional information or to update or revise any information contained herein. Nevertheless, we undertake to inform cfSolutions who in turn will inform recipients in writing of any material development or of any material facts subsequent to the date of this Information Memorandum up to the date of closing of our Proposed Listing that will, directly or indirectly, affect our financial position or business. In all cases, you should rely on your own evaluation of the Proposed Investment.
4. You shall be solely responsible for your investment decision and are advised to seek independent financial, legal, tax or such other professional advice at your own cost and expense when making your independent appraisal, assessment, review and evaluation of our business, financial position, financial performance, prospects, the rights and obligations attaching to our Shares, the merits of investing in our Shares, and the extent of risk involved in doing so.
5. Subject to the provisions of any laws, regulations and guidelines ("**Applicable Laws**"), we and cfSolutions each reserve the right to negotiate with one or more prospective Sophisticated Investors at any time. Subject to the Applicable Laws, we and cfSolutions each also reserve the right (without notice or recourse) to terminate, at any time, further participation by all or any recipients without assigning any reasons thereof.
6. You shall not copy, reproduce, distribute, summarise, excerpt from or pass on any part of this Information Memorandum to any person at any time without the prior written consent of cfSolutions. You shall at all times keep confidential all information contained herein or any other information relating to the Proposed Investment, whether written, oral or in a visual or an electronic form, transmitted or made available to you in the course of your evaluation of the Proposed Investment. In the event that you do not undertake the Proposed Investment for any reason whatsoever, you shall upon request return all materials received from us or cfSolutions, including this Information Memorandum, without retaining any copies.
7. This Information Memorandum may not be distributed in any jurisdiction outside Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No recipient in any jurisdiction outside Malaysia may take any action upon this Information Memorandum if, in the relevant jurisdiction, such action cannot be taken by the recipient without contravention of any relevant legal requirements.

It is the sole responsibility of any recipient wishing to take any action upon this Information Memorandum to satisfy themselves as to the full observance of the laws of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of our securities or cash payments upon the sale of our securities by the recipients, the repatriation of any money by the recipients out of Malaysia, the obtaining of any governmental, exchange control or other consents which may be required, and the payment of any tax or duty due in such jurisdiction. We shall be entitled to be fully indemnified by such recipients for any tax or payment made on behalf, of which the recipients may be required to pay.

8. This Information Memorandum has not been made and will not be made to ensure that our Proposed Listing complies with the laws of any jurisdiction other than Malaysia. We and cfSolutions shall not accept any responsibility or liability in the event that any action taken by any recipient in any jurisdiction outside Malaysia is or shall become illegal, unenforceable, voidable or void in such jurisdiction.

Such recipients shall therefore immediately consult their professional advisers in relation to the observance of the relevant legal requirements and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction and shall keep us and cfSolutions fully indemnified for the payment of such taxes or payments.

PRIVACY NOTICE

The Personal Data Protection Act 2010 (“**PDPA**”) was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, “**Personal Data**”) that you provide will be used and processed by us in connection with our Proposed Placement only (“**Purpose**”), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be transferred to locations outside Malaysia or disclosed to our related corporations or our vendor, agent, contractor, service provider, consultant or adviser who provide services to us, including our Placement Agent, which may be located within or outside Malaysia. Save for the foregoing, your Personal Data will not be knowingly transferred to any place outside Malaysia or be knowingly disclosed to any other third party.

You may at any time hereafter make inquiries, complaints and, upon payment of a prescribed fee, request in writing for access to, or correction of, your Personal Data or limit the processing of your Personal Data (as described above) by submitting such request to the following:

Postal address : **OneTech Solutions Holdings Berhad**
 c/o Tricor Investor & Issuing House Services Sdn Bhd
 Unit 32-01, Level 32, Tower A,
 Vertical Business Suite, Avenue 3
 Bangsar South
 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Wilayah Persekutuan

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of your Personal Data in the manner described above.

This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

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	AND FPE 2020	Enclosed

INDICATIVE TIMETABLE AND KEY STATISTICS OF THE PROPOSED LISTING

All defined terms used herein are set out under "Definitions".

INDICATIVE TIMETABLE OF THE PROPOSED LISTING

The tentative dates for the events in relation to our Proposed Listing are as follows:-

Events	Tentative Dates
Date of Information Memorandum	21 December 2020
Expected approval from Bursa Securities	End January 2021*
Price fixing date for Issue Shares	Early February 2021*
Allotment of Issue Shares	Mid February 2021*
Listing of our Company on the LEAP Market	End February 2021*

Note:-

* Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing.

This timetable is indicative and is subject to receipt of approval-in-principle from Bursa Securities and/or changes which may be necessary to facilitate our Proposed Listing. An announcement for the key relevant dates will be made after obtaining the approval-in-principle from Bursa Securities for the Proposed Listing.

KEY STATISTICS OF THE PROPOSED LISTING

	No. of Shares	RM
i. Share capital		
Issued share capital of our Company as at LPD	69,255,000	1,773,025
New Shares to be issued pursuant to the Proposed Placement	7,695,000	1,539,000
Enlarged issued share capital upon completion of the Proposed Listing	76,950,000	3,312,025
Percentage of enlarged issued share capital represented by the Issue Shares (%)		10.00%
ii. Indicative Placement Price per Issue Share		0.20
iii. Market capitalisation at the Indicative Placement Price upon completion of the Proposed Listing		15,390,000
iv. Gross proceeds of the Proposed Placement		1,539,000

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DEFINITIONS

For the purpose of this Information Memorandum, except where the context otherwise requires, the following definitions shall apply:-

Acquisition of Business Assets	– Acquisition by iTech Plantation of certain business assets including customer contracts, trademarks, copyrights of source code, domain name and fixed assets from iTech Worldwide
Act	– Companies Act 2016
APAC CIO Countries	– Refers to the countries under APAC CIO Outlook magazine's coverage namely Australia, Singapore, China, India, Taiwan, Malaysia, New Zealand, Hong Kong, Japan, Bangladesh, Thailand, Sri Lanka, South Korea, Vietnam, Pakistan, Philippines and Indonesia
Board	– The Board of Directors of OneTech
Bursa Depository	– Bursa Malaysia Depository Sdn Bhd, company no.: 198701006854 (165570-W)
Bursa Securities	– Bursa Malaysia Securities Berhad, company no.: 200301033577 (635998-W)
CAGR	– Compound annual growth rate
cfSolutions	– cfSolutions Sdn Bhd, company no. 198501004650 (137090-W), being the Approved Adviser, Placement Agent, Custodian and Continuing Adviser for our Proposed Placement and Proposed Listing
China	– People's Republic of China
CMSA	– Capital Markets and Services Act 2007
COVID-19	– An infectious disease caused by a newly discovered strain of coronavirus which causes respiratory infections in humans
CPO	– Crude palm oil
Director(s)	– Executive director or non-executive director of our Company within the meaning of Section 2 of the Act
EBITDA	– Earnings before interest, taxation, depreciation and amortisation
EPS	– Earnings per Share
FFB	– Fresh fruit bunch
Financial Years and Periods under Review	– FYE 2018, FYE 2019, FPE 2019 and FPE 2020 collectively
FPE	– 7-month financial period ended 31 July
FYE	– Financial year ended/ending 31 December, as the case may be
GDP	– Gross domestic product

DEFINITIONS (cont'd)

GP	– Gross profit
Implementation Period	– 6 months from the date of Bursa Securities' approval for the Proposed Listing or such further extension of time as Bursa Securities may allow
IMR	– Independent market research
Providence	– Providence Strategic Partners Sdn Bhd, company no. 201701024744 (1238910-A), being the independent market researcher
Indicative Placement Price	– The indicative placement price of RM0.20 per Issue Share
Information Memorandum	– This information memorandum dated 21 December 2020 in relation to our Proposed Placement and Proposed Listing
IPO	– Initial public offering
Issue Share(s)	– 7,695,000 new Shares to be issued pursuant to the Proposed Placement
iTech Worldwide	– iTech Worldwide Sdn Bhd, company no.: 200001004052 (506657-X)
LEAP Market	– Leading Entrepreneur Accelerator Platform Market of Bursa Securities
Listing Requirements	– LEAP Market Listing Requirements of Bursa Securities
LPD	– 1 December 2020, being the latest practicable date prior to the date of this Information Memorandum
Market Day(s)	– Any day(s) from Mondays to Fridays (both inclusive) which Bursa Securities is open for trading of securities
MCO	– The Government of Malaysia announced the imposition of the Movement Control Order effective 18 March 2020 to 3 May 2020 to curb the spread of the COVID-19, followed by the Conditional Movement Control Order (4 May 2020 to 9 June 2020) and subsequently Recovery Movement Control Order (10 June 2020 to 31 December 2020) as well as any extension or variation thereof
MFRS	– Malaysian Financial Reporting Standard
Modern OPN or Modern Oracle PartnerNetwork	– The new OPN introduced in 1 December 2019 to replace the Oracle PartnerNetwork
NA	– Net assets
NBV	– Net book value
Official List	– A list specifying all securities listed on Bursa Securities
OneTech or the Company	– OneTech Solutions Holdings Berhad, company no.: 201901002105 (1311431-K)
OneTech Group or the Group	– OneTech and its subsidiaries

DEFINITIONS (cont'd)

- OPN or Oracle PartnerNetwork** – Oracle PartnerNetwork of Oracle Corporation, USA
- PAT** – Profit after tax
- PBT** – Profit before tax
- Person(s) Connected** – A person shall be deemed to be connected with a director if the person is:-
- (a) A member of the director's family;
 - (b) A body corporate which is associated with that director;
 - (c) A trustee of a trust, other than a trustee for an employee share scheme, under which that director or a member of the director's family is a beneficiary; or
 - (d) A partner of that director or a partner of a person connected with that director.
- For the purpose of this definition:-
- (a) "a member of the director's family" means the director's spouse, parent, child, including adopted child and stepchild, brother, sister and the spouse of the director's child, brother or sister;
 - (b) A body corporate is associated with a director if-
 - (i) The body corporate is accustomed or is under an obligation, whether formal or informal, or the majority of directors of the body corporate is accustomed to act in accordance with the directions, instructions or wishes of the director;
 - (ii) That director has a controlling interest in the body corporate; or
 - (iii) That director, or persons connected with that director, or that director and persons connected with him, are entitled to exercise, or control the exercise of, not less than twenty per centum of the votes attached to voting shares in the body corporate.
- A "person connected with a substantial shareholder" has the same meaning assigned to a "person connected with a director" save that all references to a director as listed above shall be read as a reference to a substantial shareholder.
- Promoter(s)** – Lau King Yew and Tan Yuh Pei, collectively
- Proposed Listing** – Proposed listing of and quotation for 76,950,000 Shares representing the entire enlarged issued share capital of OneTech on the LEAP Market
- Proposed Placement** – Proposed placement of 7,695,000 Shares at the Indicative Placement Price to selected Sophisticated Investors in conjunction with the Proposed Listing
- Public** – All persons but excluding the Group's Directors, Substantial Shareholders and persons associated with them
- Related Party(ies)** – Director(s), Substantial Shareholder(s) or Person(s) Connected with such Director(s) or Substantial Shareholder(s)

DEFINITIONS (cont'd)

R&D	– Research and development
RM and sen	– Ringgit Malaysia and sen respectively
Sage Group	– The Sage Group Plc and its subsidiaries
SGD	– Singapore Dollar
Share(s)	– Ordinary share(s) in the Company
SME(s)	– Small and medium-sized enterprise
Sophisticated Investor(s)	– A person(s) who falls within any of the categories of investors set out in Part I of Schedules 6 or 7 of the CMSA
Substantial Shareholder(s)	– A person who has an interest or interests in one or more voting shares in the Company and the total number of voting shares, is not less than 5% of the total number of voting shares in the company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.
USA	– United States of America
USD	– United States Dollar
<u>Subsidiaries of OneTech</u>	
iTech Plantation	– iTech Plantation Soft Sdn Bhd, company no.: 201901007977 (1317304-M), a wholly-owned subsidiary of OneTech
One ERP	– One ERP Solutions Sdn Bhd, company no.: 201201035732 (1020214-T), a wholly-owned subsidiary of OneTech

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GLOSSARY OF TECHNICAL TERMS

For the purpose of this Information Memorandum, except where the context otherwise requires, the following definitions shall apply:-

- Android OS** — The Android OS is an open source operating system primarily used in mobile devices.
- ERP** — Enterprise resource planning is a business process management software that allows an organisation to use a system of integrated applications to electronically capture, store, manage and process information in real time. It integrates most of the crucial operational processes within an organisation (such as finance, procurement, warehouse, manufacturing and sales), allowing an enterprise to automate its business operations.
- iOS** — The iOS is a mobile operating system for Apple-manufactured devices.
- IoT** — The Internet of Things is a system of interrelated computing devices, mechanical and digital machines provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.
- IT** — Information technology, which is the use of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data.
- JD Edwards ERP** — An ERP system owned by Oracle Corporation and marketed under the brand JD Edwards EnterpriseOne. JD Edwards EnterpriseOne is an ERP software suite designed to support a wide range of business processes including supply chain management, financial management, project management, enterprise asset management, order management, manufacturing operation management and operational reporting. The software suite also features mobile applications that support both iOS and Android OS and can be used on smartphones and tablets. JD Edwards EnterpriseOne ERP is generally used by mid to large sized companies.
- RFgen** — RFgen is a mobile data collection and warehouse automation software solution owned by DataMAX Software Group, Inc.
- SaaS** — Software as a service, which is a software licensing model in which access to the software is provided on a subscription basis, with the software being located on external servers rather than on servers located in-house. SaaS is typically accessed through a web browser, with users logging into the system using a username and password. Instead of each user having to install the software on their computer, the user is able to access the program via the internet.
- Sage X3 ERP** — An ERP software owned by Sage Group and marketed under the Sage X3 brand. It is an ERP software that includes integrated functionality for financial management, sales, customer service, distribution, inventory, manufacturing and business intelligence.
- Software customisation and upgrade** — Software customisation is the process of changing the application software source codes to modify and support new or additional requirements and functions. Software upgrade is the process of replacing the hardware, software or firmware with a newer or better version, in order to bring the system up to date or to improve its characteristics.

PRESENTATION OF INFORMATION

All defined terms used in this Information Memorandum are set out under “Definitions” and “Glossary of Technical Terms”.

This Information Memorandum shall not be, in whole or in part, reproduced, disclosed or distributed to any other person or used for any other purpose. By accepting this Information Memorandum, Sophisticated Investors agree to be bound by the limitations and restrictions described herein.

This Information Memorandum includes certain historical information, estimates or reports thereon derived from sources mentioned in this Information Memorandum. Such information, estimates or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimate and or report thereon derived from such and other third party sources.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, body corporates and corporations.

References in this Information Memorandum to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as 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-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force. References to a time of day in this Information Memorandum shall be a reference to Malaysian time, unless otherwise stated.

All references to “our Company” or “the Company” or “OneTech” in this Information Memorandum are made to OneTech Solutions Holdings Berhad, all references to “Our Group” or “the Group” or “OneTech Group” are made to our Company and our subsidiaries and all references to “we” or “us” or “our” or “ourselves” are made to our Company, and where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Information Memorandum, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

This Information Memorandum includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Information Memorandum, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Information Memorandum is extracted or derived from report(s) provided by Providence for inclusion in this Information Memorandum. We have appointed Providence to provide an independent market and industry review relating to an overview of the economy and industry in which we operate. In compiling their data for the review, Providence relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Information Memorandum are useful in helping you understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to our website does not form part of this Information Memorandum and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements can be identified by the use of forward-looking terminology such as the words “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “aim”, “forecast”, “may”, “will”, “would”, and “could” or similar expressions and include all statements that are not historical facts. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management’s current view with respect to future events and are not a guarantee of future performance.

Such forward looking statements involve known and unknown risks, uncertainties and other factors beyond our control that cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors that could cause our actual results, performance or achievements to differ materially include, but not limited to:-

- (i) the general economic, business, social, political and investment environment in Malaysia and other countries in which we conduct business;
- (ii) our future capital needs and the availability of financing and capital to fund such needs, and interest rates and tax rates; and
- (iii) those discussed in **Section 6** of this Information Memorandum on “Risk Factors” and **Section 8.2** of this Information Memorandum 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 Information Memorandum will be realised. Such forward-looking statements are made only as at the LPD.

Save as required by Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Information Memorandum to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Sophisticated Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statement that are contained herein.

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1. CORPORATE DIRECTORY

- DIRECTORS** : Lau King Yew
(*Managing Director*)
- Tan Yuh Pei
(*Executive Director, Operations and R&D*)
- Koh Kean Mum
(*Non-Independent Non-Executive Director*)
- Yeoh Aik Cheong
(*Independent Non-Executive Director*)
- HEAD/MANAGEMENT OFFICE** : B-SG-36, Level SG, Block B,
Sunway Geo Avenue
Jalan Lagoon Selatan
Sunway South Quay
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
- Telephone No. : (03) 5611 8782
E-mail address : enquiry@onetechholdings.com
Website : www.onetechholdings.com
- REGISTERED OFFICE** : 6-3A, 3rd Mile Square
No. 151, Jalan Kelang Lama
Batu 3 1/2
58100 Kuala Lumpur
Wilayah Persekutuan
- Telephone No. : (03) 7980 7717
Facsimile No. : (03) 7981 1717
- COMPANY SECRETARY** : Pang Kah Man (MIA 18831 & SSM PC No.
202008000183)
c/o KMP Corporate Consultancy Sdn. Bhd.
6-3A, 3rd Mile Square
No. 151, Jalan Kelang Lama
Batu 3 1/2
58100 Kuala Lumpur
Wilayah Persekutuan
- Telephone No. : (03) 7980 7717
Facsimile No. : (03) 7981 1717
- APPROVED ADVISER,
PLACEMENT AGENT, CUSTODIAN
AND CONTINUING ADVISER** : cfSolutions Sdn Bhd
Unit 711, 7th Floor, Block B
Phileo Damansara 1
9, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
- Telephone No. : (03) 7958 3228
Facsimile No. : (03) 7932 0118

1. CORPORATE DIRECTORY (cont'd)

- EXTERNAL AUDITORS AND REPORTING ACCOUNTANTS** : Crowe Malaysia PLT
(LLP 0018817-LCA & AF 1018)
Level 16, Tower C
Megan Avenue II
No 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan

Telephone No. : (03) 2788 9999
Facsimile No. : (03) 2788 9998
- DUE DILIGENCE SOLICITORS** : Teh & Lee Advocates & Solicitors
Unit A-3-3 & A-3-4
Northpoint Offices
Mid Valley City
No. 1 Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan

Telephone No. : (03) 2283 2800
Facsimile No. : (03) 2283 2500
- SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

Telephone No. : (03) 2783 9299
Facsimile No. : (03) 2783 9222
- INDEPENDENT MARKET RESEARCHER** : Providence Strategic Partners Sdn Bhd
67-1, Block D, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan

Telephone No. : (03) 7625 1769
- INTERNAL CONTROL AND RISK MANAGEMENT CONSULTANTS** : NGL Tricor Governance Sdn Bhd
Unit 29-01, Level 29, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

Telephone No. : (03) 2783 9646
Facsimile No. : (03) 2783 9666
- PRINCIPAL BANKER** : Alliance Bank Malaysia Berhad
71, Jalan Bandar Rawang 2
Bandar Baru Rawang
48000 Rawang
Selangor

Telephone No. : (03) 5516 9988
Facsimile No. : (03) 6091 7922
- LISTING SOUGHT** : LEAP Market of Bursa Securities

2. DETAILS OF OUR PROPOSED LISTING

2.1 Details of our listing scheme

Our listing scheme entails the following:-

(i) Proposed Placement

In conjunction with our Proposed Listing, we intend to undertake a proposed placement of 7,695,000 Shares, representing approximately 10% of our enlarged issued share capital at an Indicative Placement Price of RM0.20 per Issue Share to selected Sophisticated Investors.

The Issue Shares shall, upon allotment and issuance, rank equally in all respects with our existing Shares, save and except that the holders of Issue Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions, where the entitlement date precedes the date of allotment and issuance of the Issue Shares.

(ii) Proposed Listing

Upon completion of the Proposed Placement, OneTech shall be admitted to the Official List and our entire enlarged issued share capital comprising 76,950,000 Shares will be listed and quoted on the LEAP Market.

2.2 Basis of arriving at the Indicative Placement Price

Our Board, together with Approved Adviser, have determined and agreed on the Indicative Placement Price of RM0.20 per Issue Share after taking into consideration the following factors:-

- (i) Our operating history and financial performance as set out in in **Sections 3.1, 3.2 and 8** of this Information Memorandum;
- (ii) Our competitive strengths, business strategies, future plans, and prospects as described in **Sections 4.4, 4.16 and 4.17** of this Information Memorandum;
- (iii) Based on historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 2019, we recorded a PAT attributable to the owners of the Company of RM1,273,075 representing:
 - (a) EPS of approximately 1.84 sen based on existing issued share capital of 69,255,000 Shares as at LPD, resulting in a price-to-earnings multiple of approximately 10.88 times; and
 - (b) EPS of approximately 1.65 sen based on our enlarged issued share capital of 76,950,000 Shares, resulting in a price-to-earnings multiple of approximately 12.09 times; and
- (iv) Current market trends, investors' sentiment and other prevailing market conditions.

There was no public market for our Shares within or outside Malaysia prior to our Proposed Listing. You should note that the market price of our Shares subsequent to our Proposed Listing is subject to the vagaries of market forces and other uncertainties which may affect the price of our Shares being traded. You are reminded to carefully consider the risk factors as set out in **Section 6** of this Information Memorandum and form your own views on the valuation of our Shares before deciding to invest in them.

2. DETAILS OF OUR PROPOSED LISTING (cont'd)

2.3 Share capital

	No. of Shares	RM
Issued share capital of our Company as at LPD	69,255,000	1,773,025
New Shares to be issued pursuant to the Proposed Placement	7,695,000	1,539,000
Enlarged issued share capital upon completion of the Proposed Listing	76,950,000	3,312,025
Indicative Placement Price per Issue Share		0.20
Market capitalisation at the Indicative Placement Price upon completion of the Proposed Listing		15,390,000

Our Company has only one class of shares, namely ordinary shares as at LPD. The Issue Shares will, upon allotment and issue, rank pari-passu in all respects with our existing issued Shares, including voting rights, and entitlement to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the number of Shares held by them, be entitled to share in the distributable profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus in accordance with our Constitution.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney or by duly authorised representative. Each shareholder shall be entitled to appoint more than one proxy to attend and vote at any general meeting of our Company. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy. On a poll, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have one vote for each Share held.

2.4 Shareholding structure

Our shareholding structure before and after the Proposed Listing is set out below:-

	Before the Proposed Placement and Proposed Listing		After the Proposed Placement and Proposed Listing	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
<u>Promoters, Substantial Shareholders and Directors</u>				
Lau King Yew	34,627,500	50.0	34,627,500	45.0
Tan Yuh Pei	26,905,176	38.8	26,905,176	35.0
<u>Substantial Shareholder and Director</u>				
Koh Kean Mum	7,722,324	11.2	7,722,324	10.0
<u>Public shareholders</u>				
Public	-	-	7,695,000	10.0
	69,255,000	100.0	76,950,000	100.0

2. DETAILS OF OUR PROPOSED LISTING (cont'd)

Notes:-

- (1) Based on our existing issued share capital as at LPD comprising 69,255,000 Shares.
 (2) Based on our enlarged issued share capital comprising 76,950,000 Shares after the Proposed Placement.

As at LPD, there are no shareholder agreements entered between existing shareholders and our Company.

2.5 Objectives of our Proposed Listing

The objectives of our Proposed Listing are as follows:-

- (i) to enhance the visibility and credibility of our Group's corporate profile for widening customer base locally and internationally;
- (ii) to gain access to cost-effective fund raising through capital markets for anticipated future expansion and growth of our Group;
- (iii) to provide Sophisticated Investors an opportunity to participate in the ownership of equity and future growth of our Group; and
- (iv) to enable our Group to raise funds for the purposes specified in **Section 2.6** below.

2.6 Utilisation of proceeds

Based on the Indicative Placement Price, gross proceeds amounting to RM1.54 million are expected to be raised from the Proposed Placement and are intended to be used in the manner as set out below:-

Details of utilisation	RM	% of gross proceeds	Estimated timeframe for utilisation upon Proposed Listing
R&D expenditure ⁽¹⁾	250,000	16.2	Within 24 months
Working capital ⁽²⁾	529,000	34.4	Within 24 months
Estimated listing expenses ⁽³⁾	760,000	49.4	Immediate
Total	1,539,000	100.0	

Notes:-

- (1) We have earmarked approximately RM0.25 million of the proceeds to enhance our proprietary software solutions, develop proprietary functional modules and customise third party ERP solutions as outlined in **Section 4.6** of this Information Memorandum. We intend to recruit additional personnel, increase our employees' technical trainings and certifications, as well as acquire hardware and software to enhance our R&D capabilities.
- (2) As our working capital requirement is expected to increase in line with our business strategies and future plans as set out in **Section 4.16** of this Information Memorandum, we intend to utilise approximately RM0.53 million of the proceeds as follows:

2. DETAILS OF OUR PROPOSED LISTING (cont'd)

Working Capital	RM'000
Recruitment of personnel as well as sales and marketing expenses ^(a)	300
General working capital ^(b)	229
	529

- (a) We intend to allocate RM0.30 million of the proceeds towards strengthening our staff force as well as undertaking sales and marketing activities to grow the customer base of our proprietary and third-party enterprise software solutions.
- (b) We intend to allocate RM0.23 million of the proceeds for the day to day operations of our Group, which shall include but are not limited to, payments to suppliers (RM0.20 million) as well as administrative expenses (RM0.03 million).
- (3) We intend to allocate RM0.76 million of the proceeds raised for estimated listing expenses in relation to our Proposed Listing. The breakdown of the estimated listing expenses is as follows:

Estimated listing expenses	RM'000
Professional fees	650
Placement fees in relation to the Proposed Placement	46
Miscellaneous (including regulatory fees)	64
Total	760

In the event that the actual listing expenses vary from the estimates in the table above, the excess or deficit, as the case may be, will be reallocated to/from the amount earmarked for working capital.

Pending the deployment of proceeds from the Proposed Placement for the abovementioned purposes, the funds will be placed in short-term deposits with licensed financial institutions or invested in short-term money market instruments.

2.7 Approvals required, conditions and undertakings**2.7.1 Approvals and conditions required**

Our Proposed Listing is subject to the following:-

- (i) receipt of approval-in-principle from Bursa Securities for our submitted application in connection with the admission of our Company to the Official List as well as the listing of and quotation for our enlarged issued share capital on the LEAP Market; and
- (ii) the successful completion of the Proposed Placement.

2.7.2 Details of moratorium and undertakings

In compliance with Rule 3.07 of the Listing Requirements, our Promoters have provided written undertakings not to sell, transfer or assign their respective shareholdings in OneTech during the moratorium period as follows:-

- (i) the moratorium applies to our Promoters' entire shareholdings for a period of 12 months from the date of admission of OneTech to the Official List ("**First 12-Month Moratorium**"); and

2. DETAILS OF OUR PROPOSED LISTING (cont'd)

- (ii) upon expiry of the 12-month period stated above, our Promoters' aggregate shareholdings amounting to at least 45% of the total number of issued Shares remain under moratorium for another period of 36 months ("**Subsequent 36-Month Moratorium**").

In addition to our Promoters, Koh Kean Mum has also provided a written undertaking that he will not sell, transfer or assign his respective shareholdings in OneTech during the First 12-Month Moratorium.

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

Name	First 12-Month Moratorium		Subsequent 36-Month Moratorium	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Promoters</u>				
Lau King Yew	34,627,500	45.0	19,477,969	25.3
Tan Yuh Pei	26,905,176	35.0	15,149,531	19.7
Subtotal	61,532,676	80.0	34,627,500	45.0
<u>Substantial Shareholder</u>				
Koh Kean Mum	7,722,324	10.0	-	-
Total	69,255,000	90.0	34,627,500	45.0

Note:-

(1) Based on the enlarged issued share capital of 76,950,000 Shares upon Proposed Listing.

2.7.3 Undertakings in relation to the Proposed Placement

Pursuant to Rule 3.10 of the Listing Requirements:-

- (i) OneTech undertakes that all monies received from the Sophisticated Investors pursuant to subscription of the Issue Shares will be deposited and held in trust in a trust account with a financial institution licensed by Bank Negara Malaysia ("**Trust Account**") and jointly operated by OneTech and cfSolutions;
- (ii) OneTech and cfSolutions undertake that all monies deposited and held in the Trust Account will not be withdrawn until the date of listing of Shares on the LEAP Market; and
- (iii) OneTech undertakes to forthwith repay without interest all monies received from the Sophisticated Investors if:
- (a) the Proposed Listing does not take place within 6 months from the date of Bursa Securities' approval for the Proposed Listing or such further extension of time as Bursa Securities may allow ("**Period**"); or
- (b) the Proposed Listing is aborted by OneTech.

In such event, the monies will be repaid within 14 days from the end of the Period or the date when OneTech notifies Bursa Securities of our decision to abort our Proposed Listing. Should OneTech fail to do so, in addition to our Company's liability, our Board shall be jointly and severally liable to repay such money with interest at the rate of 10% per annum from the end of the 14-day period or such other rate as Bursa Securities may prescribe.

2. DETAILS OF OUR PROPOSED LISTING (cont'd)

2.8 Dividend policy

We recognise the importance of rewarding our investors with dividends. Our Board will determine the declaration and payment of dividends. In doing so, our Board will consider factors including our level of cash and retained earnings, gearing, financial performance, capital expenditure requirements, general financial conditions and any other factors considered relevant by our Board. Our Board intends to retain adequate reserves for our future growth as well as to reward our shareholders with dividends from our Group's profits. The declaration of interim dividends and recommendation of final dividends are subject to our Board's discretion and any final dividends for the year are subject to shareholders' approval.

Upon completion of Proposed Listing, our Board intends to recommend the adoption of a dividend policy to distribute a dividend of at least 25% of audited consolidated PAT attributable to our shareholders for each financial year, after excluding non-operating income that is capital in nature. However, you should take note that this dividend policy merely describes our present intention as it may be waived if the payment of dividends would adversely affect the cash flows and operations of our Group, and shall not constitute legally binding statements in respect of our future dividends which will be subject to our Board's absolute discretion.

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3. INFORMATION ON OUR GROUP

3.1 Overview and history

3.1.1 Overview

We are an enterprise software solutions provider offering third party and proprietary enterprise software solutions. In order to deliver these third party and proprietary enterprise software solutions, we provide software licensing and IT services which include IT consulting, training, system integration, software customisation and upgrade, implementation and maintenance support services based on our customers' needs. With our knowledge and understanding of our customers' industry and business needs, we assist our customers to implement these enterprise software solutions to manage their businesses.

We have a diverse customer base which includes enterprises in the industrial products, food and beverages, consumer goods, engineering, construction, property and oil palm plantation and milling industries. As at the LPD, our main markets are in Malaysia, Singapore, Vietnam, and Mongolia.

3.1.2 History

Our Company was incorporated in Malaysia under the Act as a private limited company on 16 January 2019 under the name OneTech Solutions Holdings Sdn Bhd. On 2 September 2020, our Company was converted into a public limited company and assumed our present name to facilitate the listing of our Group on the LEAP Market of Bursa Securities.

Our Company is principally an investment holding company, whilst our wholly-owned subsidiaries, namely One ERP and iTech Plantation, are principally involved in the provision of enterprise software solutions.

Our Group's history began with the founding of One ERP by Lau King Yew and Tan Yuh Pei on 9 October 2012 to undertake the provision of IT consulting, training, system integration, software customisation and upgrade, as well as implementation of JD Edwards ERP. In 2013, One ERP successfully secured a project with a multinational company in Singapore, marking our first foray in the regional ERP solutions market.

In 2015, One ERP was appointed as an authorised licenced Gold Partner of Oracle Corporation under the Oracle PartnerNetwork. Oracle PartnerNetwork, also known as OPN, was a channel partner program that provided resources and benefits for value-added distributors, resellers and independent software vendors that wanted to collaborate with Oracle Corporation. As a Gold Partner, One ERP was eligible to develop, sell and implement the full suite of Oracle products and solutions. In addition, One ERP also had access to Gold Partner level training, resources, go-to-market tools and support. Subsequently Oracle had on 1 December 2019 introduced the Modern OPN, where partners will select their membership types based on their go-to-market strategy ("**Track**"). One ERP selected the Licensing and Hardware Track which is in line with their target market, customer base and expertise. One ERP had maintained its Gold Partner status since 2015 and subsequently updated its membership under the Modern OPN's Licensing and Hardware Track in March 2020.

In 2016, One ERP was appointed as a RFgen Certified Partner which allows us to market, distribute, customise and implement the RFgen software to any users that acquire RFgen software to satisfy its internal data processing needs in Malaysia and such other countries as may be authorised by DataMAX Software Group, Inc. from time to time on a non-exclusive basis. RFgen is a mobile data collection and warehouse automation software solution owned by DataMAX Software Group, Inc, a company based in the United States of America.

In 2018, One ERP was recognised by APAC CIO Outlook magazine in its Oracle Special edition dated August 2018 as one of the top 10 Oracle solution companies in the APAC CIO Countries.

3. INFORMATION ON OUR GROUP (cont'd)

On 8 March 2019, iTech Plantation was incorporated as a wholly-owned subsidiary of our Company to undertake the provision of proprietary software solutions for the upstream and midstream oil palm plantation industry. The upstream segment of the oil palm value chain refers to planting, cultivation and harvesting activities; while the midstream segment of the oil palm value chain refers to refining and processing activities including fresh fruit bunch milling and palm kernel crushing.

iTech Plantation acquired certain business assets including customer contracts, trademarks, copyrights of source code, domain name and fixed assets for a cash consideration of RM250,000 from iTech Worldwide on 1 April 2019. The intellectual properties being acquired are the source codes for the eFLEX Plantware and eFLEX Millware plantation and mill management software, and related trademarks.

On 23 December 2019, we acquired One ERP from Lau King Yew, Tan Yuh Pei and Koh Kean Mum, who are our Substantial Shareholders and Directors, for a total purchase consideration of RM1,772,925 which was fully satisfied via the issuance of 69,254,900 Shares. As a result, One ERP became a wholly-owned subsidiary of our Company.

To further expand our range of third party enterprise software solutions, One ERP became a partner of Sage Software Asia Pte Ltd in January 2020, which allows us to market, resell, customise and implement the Sage X3 ERP software for customers in Malaysia on a non-exclusive basis. Sage X3 ERP is an ERP software solution owned by Sage Group, a group of companies with its headquarters based in the United Kingdom.

In April 2020, we launched eFLEX Fieldware, a proprietary information management solution for mobile data collection by using Android OS devices to electronically capture in-field plantation data and store the collected data in the management system.

3.2 Key milestones and achievements

The table below sets out our key milestones and achievements of our Group:

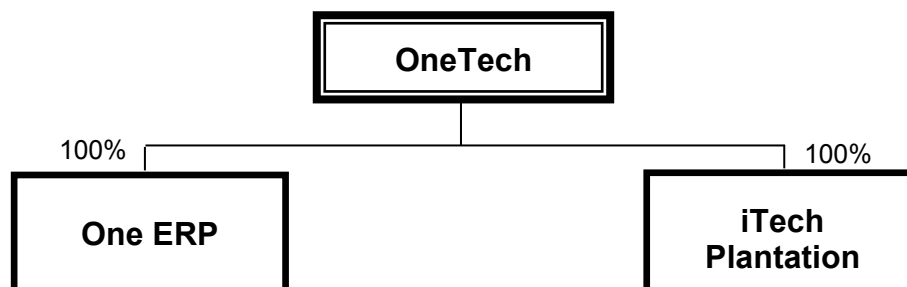
Year	Key Milestones / Achievements
2012	<ul style="list-style-type: none"> • Incorporation of One ERP • Secured our first multi-national customer in Malaysia for the upgrading of JD Edwards ERP
2013	<ul style="list-style-type: none"> • Secured a multi-national customer in Singapore for the implementation of JD Edwards ERP, marking our foray into the regional ERP market • We penetrated the Vietnam market by securing a multi-national customer in the alcoholic beverage sector for the customisation of JD Edwards ERP • We penetrated the food manufacturing sector by securing a contract with a multi-national company in Malaysia supplying protein products to quick service restaurants, retailers and food service businesses throughout Malaysia for the upgrading of JD Edwards ERP
2014	<ul style="list-style-type: none"> • We penetrated the electronics sector by securing a contract with a public listed company in Singapore involved in the manufacturing and sale of wireless connectivity products and related services for the upgrading of JD Edwards ERP

3. INFORMATION ON OUR GROUP (cont'd)

Year	Key Milestones / Achievements
2015	<ul style="list-style-type: none"> Appointed as an authorised licenced Gold Partner of Oracle Corporation under the OPN in Malaysia
2016	<ul style="list-style-type: none"> Expanded our solution offerings through our appointment as a licensed channel partner of DataMAX Software Group, Inc. to provide RFgen software for mobile data collection and warehouse automation software solution in Malaysia and such other countries as may be authorised by DataMAX Software Group, Inc. from time to time on a non-exclusive basis We penetrated the consumer discretionary sector by securing a contract with a multi-national company in Malaysia involved in the manufacturing and sale of home appliances for the implementation of JD Edwards ERP. Consumer discretionary sector refers to goods and services that are considered non-essential by consumers and can include durable goods, high-end apparel, entertainment, leisure activities, and automobiles
2017	<ul style="list-style-type: none"> We penetrated the quick service restaurant sector by securing a contract with a local company with quick service restaurants throughout Malaysia, Singapore, Cambodia and Brunei for the upgrading, implementation and annual maintenance support of JD Edwards ERP at the headquarters
2018	<ul style="list-style-type: none"> One ERP was recognised by APAC CIOoutlook magazine in its Oracle Special edition dated August 2018 as one of the top 10 Oracle solution companies in the APAC CIO Countries We secured a client in Mongolia which is involved in the manufacture of alcoholic beverages for the implementation of JD Edwards ERP
2019	<ul style="list-style-type: none"> Incorporation of iTech Plantation iTech Plantation launched its plantation and mill management solutions after the Acquisition of Business Assets
2020	<ul style="list-style-type: none"> Appointed as an authorised partner of Sage Software Asia Pte Ltd for the provision of Sage X3 ERP in Malaysia on a non-exclusive basis Launched eFLEX Fieldware, a proprietary information management solution for mobile data collection One ERP updated its membership under the Oracle Modern OPN's Licensing and Hardware Track in March 2020

3.3 Group structure

Our Group structure comprises 2 subsidiaries as at the LPD is as follows:-



3. INFORMATION ON OUR GROUP (cont'd)

3.4 Share capital

As at the LPD, our issued share capital is RM1,773,025 comprising 69,255,000 Shares. None of our Shares were issued at a discount or based on instalment payment and other special terms. Neither our Company nor our subsidiaries has any outstanding warrants, options, convertible securities or uncalled capital as at the LPD.

Details of the changes in our issued share capital since incorporation up to the LPD are set out as follows:-

Date of allotment	Nature of transaction	Mode of consideration	No. of Shares allotted	Share capital (RM)
16 January 2019	Incorporation	Cash	100	100
31 October 2019	Acquisition of One ERP	Other than cash ⁽¹⁾	69,254,900	1,772,925
		Cumulative as at LPD	69,255,000	1,773,025

Note:-

(1) Acquisition by OneTech of entire equity interests in One ERP from Lau King Yew, Tan Yuh Pei and Koh Kean Mum by way of issuance of shares in OneTech, which was completed on 23 December 2019.

3.5 Our subsidiaries

Save as disclosed below, we do not have any other subsidiary or associate companies as at LPD:-

	One ERP	iTech Plantation
Date of incorporation	9 October 2012	8 March 2019
Company number	201201035732 (1020214-T)	201901007977 (1317304-M)
Country of incorporation	Malaysia	Malaysia
Commencement of business	November 2012	April 2019
Issued share capital as at LPD	RM350,000	RM100
Effective equity interest of OneTech in its subsidiary (%)	100%	100%
Business activities	Principally engaged in the business of providing enterprise software solutions and its related support services such as IT consulting, training, system integration, software customisation and upgrade, implementation and maintenance support services	Principally engaged in the business of providing enterprise software solutions to the plantation industry
Principal place of business	B-SG-36, Level SG, Block B, Sunway Geo Avenue, Jalan Lagoon Selatan, Sunway South Quay, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan	

3. INFORMATION ON OUR GROUP (cont'd)

3.6 Pre-IPO reorganisation

Our Company had undertaken the following corporate exercises in order to facilitate the Proposed Listing:-

(i) Acquisition of business assets

Our Company incorporated iTech Plantation on 8 March 2019 as its wholly-owned subsidiary. iTech Plantation acquired certain business assets including customer contracts, trademarks, copyrights of source code, domain name and fixed assets for a cash consideration of RM250,000 from iTech Worldwide, a company in which Lau King Yew and Koh Kean Mum were shareholders and directors, on 1 April 2019.

Pursuant to the agreement on the Acquisition of Business Assets, iTech Worldwide will not conduct, carry on or promote any business or operation directly competitive with business of iTech Plantation in Malaysia, Indonesia and Singapore which were the key markets where iTech Worldwide had a customer base within the period of 36 months from the date of the agreement. iTech Plantation imposed a non-direct competition period of 36 months to protect its interests as iTech Worldwide had already disposed its customer contracts, trademarks, copyrights of source code, domain name and fixed assets to iTech Plantation. Please refer to **Section 4.16** of this Information Memorandum for more information on the market presence of iTech Plantation as at LPD.

The intellectual properties acquired were source codes for eFLEX Plantware and eFLEX Millware, which are plantation and mill management software and trademarks. Please refer to **Section 4.14** of this Information Memorandum for more information on trademarks; and

(ii) Acquisition of One ERP

On 23 December 2019, our Company completed the acquisition of 128,702 ordinary shares representing entire equity interests of One ERP for a purchase consideration of RM1,772,925 which was fully satisfied via the issuance of 69,254,900 Shares. The purchase consideration was arrived based on a willing-buyer willing-seller basis after taking into consideration One ERP's audited NA of RM1,776,214 as at 31 December 2018.

The vendors of One ERP and the number of Shares issued to them are as follows:-

Vendor of One ERP	No. of One ERP shares acquired by OneTech	% of issued share capital in One ERP	Purchase consideration (RM)	No. of OneTech Shares issued
Lau King Yew	64,351	50.00	886,462.72	34,627,450
Tan Yuh Pei	50,000	38.85	688,771.51	26,905,137
Koh Kean Mum ⁽¹⁾	14,351	11.15	197,691.21	7,722,313
Total	128,702	100.00	1,772,925.44	69,254,900

Note:

(1) Details of Koh Kean Mum's cost of investment in One ERP are as follows:-

Date of investment	No. of One ERP shares	Purchase consideration (RM)	Event
16 July 2019	1,010	55,000	Subscription of shares
19 July 2019	13,341	93,944	Subscription of shares pursuant to a renounceable rights issue
	14,351	148,944	

4. OVERVIEW OF OUR BUSINESS

4.1 Principal activities and key products

4.1.1 Principal activities

We are an enterprise software solutions provider offering third party and proprietary enterprise software solutions. In order to deliver these third party and proprietary enterprise software solutions, we provide software licensing and IT services which include IT consulting, training, system integration, software customisation and upgrade, implementation and maintenance support services based on our customers' needs. These services are predominantly performed by our in-house IT consultants. We engage third party consultants' services mainly to assist us to meet project deadlines if required. These third party consultants are usually engaged to support our in-house IT consultants in areas involving software customisation and upgrade as well as its implementation. With our knowledge and understanding of our customers' industry and business needs, we assist our customers to implement these enterprise software solutions to manage their businesses.




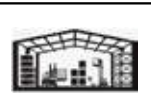



Enterprise software solutions are business process management software that allow an enterprise to automate its business operations, including sales, inventory management, procurement, finance and accounting, manufacturing, resource planning and execution and human resources.

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4. OVERVIEW OF OUR BUSINESS (cont'd)

4.1.2 Key products and services

Our key products and services are as illustrated below:

Principal activities	Types of solutions	Major industries served	
<p>Provision of third party enterprise software solutions</p> <ul style="list-style-type: none"> • Sale of licenses • IT consulting • System integration • Software customisation • System upgrade • Implementation • Training • Maintenance support services 	<p>ERP solutions comprising</p> <ol style="list-style-type: none"> 1. JD Edwards ERP An ERP software solution offered by Oracle Corporation for mid to large companies 2. Sage X3 ERP An ERP software solution offered by Sage Group for SMEs <p>Data collection solution comprising</p> <ol style="list-style-type: none"> 3. RFgen A mobile data collection and warehouse automation solution offered by DataMAX Software Group, Inc. 	 <p>Construction</p>	 <p>Manufacturing</p>
<p>Provision of proprietary enterprise software solutions</p> <ul style="list-style-type: none"> • Sale of licenses • Customisation • Installation and implementation of solutions • System integration • System upgrade • Training • Maintenance support services 	<p>Plantation and mill management solutions comprising</p> <ol style="list-style-type: none"> 1. eFLEX Plantware An information management solution catering for primary business functions of plantation operations 2. eFLEX Fieldware An information management solution catering for in-field mobile data collection 3. eFLEX Millware An information management solution catering for primary business functions of milling operations 	 <p>Plantation</p>	 <p>Industrial</p>
		 <p>Consumer goods</p>	 <p>Food and beverages</p>
		 <p>Mill</p>	

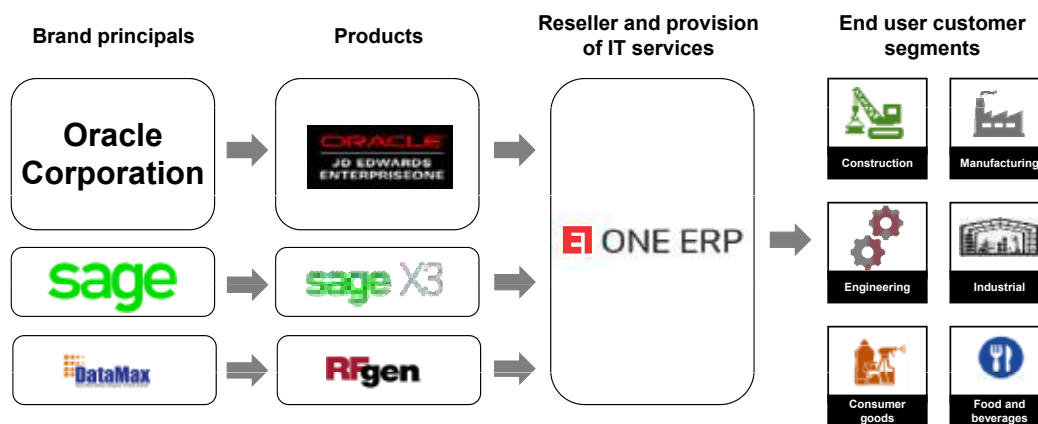
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4. OVERVIEW OF OUR BUSINESS (cont'd)

Our principal activities are further detailed below:

A. Provision of third-party enterprise software solutions

We are involved in the sale of software licensing and the provision of IT services for third party enterprise software solutions.



(i) ERP Solutions

ERP solutions are key enterprise software applications used by organisations to manage their business functions within a centralised and integrated system. As an ERP solution stores all entered data into a common database, various departments of an organisation such as sales, procurement, logistics, inventory, supply chain, finance and accounting, and manufacturing resource planning, can work with the same set of information. Thus, the ERP solution ties together a multitude of business processes and enables the flow of data between them. By collecting an organisation's shared transactional data from multiple departments, an ERP solution eliminates data duplication and provides data integrity with a single source of reference, thus reducing errors and streamlining work processes more efficiently.

We offer our customers JD Edwards ERP and Sage X3 ERP solutions. We are able to offer both ERP solutions as our agreements with our principal suppliers for both ERP software solutions do not prohibit us from offering other solutions.

a) JD Edwards ERP

We are a Modern OPN partner for JD Edwards ERP and have been granted rights to market, distribute, customise and implement JD Edwards ERP solutions in Malaysia. JD Edwards ERP is an ERP software solution for use mainly by mid to large companies in diverse industries including manufacturing, construction, engineering and consumer goods industries.

We are authorised to resell JD Edwards ERP licenses and maintenance support in Malaysia on a non-exclusive basis. There is no restriction to the geographical market that we are able to offer our professional services to support and implement JD Edwards ERP.

b) Sage X3 ERP

We are an appointed reseller for Sage X3 ERP, where we have been granted rights to market, distribute, customise and implement Sage X3 ERP solutions and licenses in Malaysia on a non-exclusive basis. Sage X3 is an ERP software solution that includes integrated functionality for financial management, supply chain management and production management for mainly SMEs.

4. OVERVIEW OF OUR BUSINESS (cont'd)

(ii) Data Collection Solution

a) RFgen

We are a RFgen Certified Partner with the right to market, distribute, customise and implement the RFgen software to any users that acquire RFgen software to satisfy internal data processing needs in Malaysia and such other countries as may be authorised by DataMAX Software Group, Inc. from time to time on a non-exclusive basis.

RFgen is a mobile data collection and warehouse automation software solution for supply chain management that supports real-time warehouse, supply chain and manufacturing workflows using mobile devices such as barcode scanners, tablets and smartphones, and enables real-time information exchange between these mobile devices with various ERP software. RFgen is owned by DataMAX Software Group, Inc, a company based in the USA.

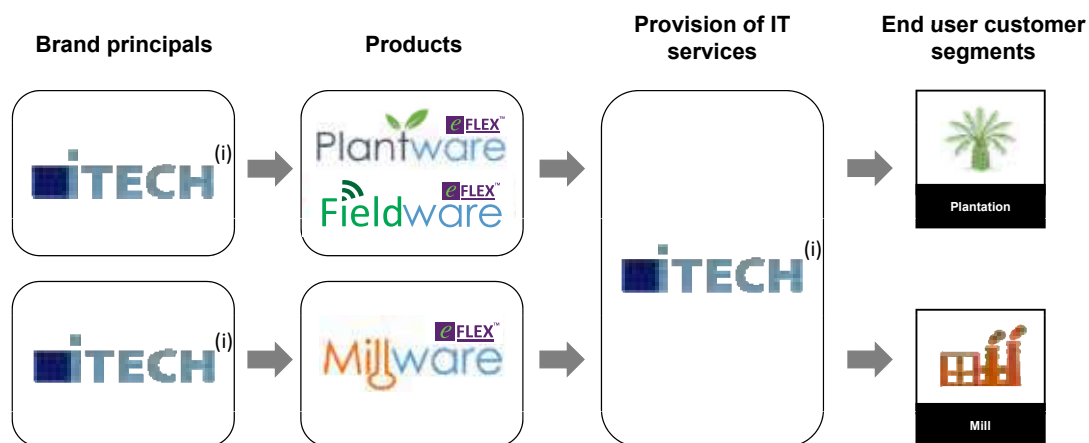
RFgen has the following functions and benefits:

- Supports real-time warehouse and manufacturing workflows for mobile devices such as barcode scanners, tablets and smartphones;
- Suitable for enterprises of all sizes;
- Provides validated connectivity to various major ERP software brands such as JD Edwards ERP, SAP, Oracle SCM Cloud and Microsoft Dynamics;
- Offers mobile application support for off-line, roaming operations; and
- Includes an integrated development environment that supports customisation and new workflow creation.

Our software team provides software customisations to our customers based on their requirements.

B. Provision of proprietary enterprise software solutions

We are involved the design, development, marketing, sale and implementation of proprietary enterprise software solutions.



Note:

(i) Refers to iTech Plantation

4. OVERVIEW OF OUR BUSINESS (cont'd)

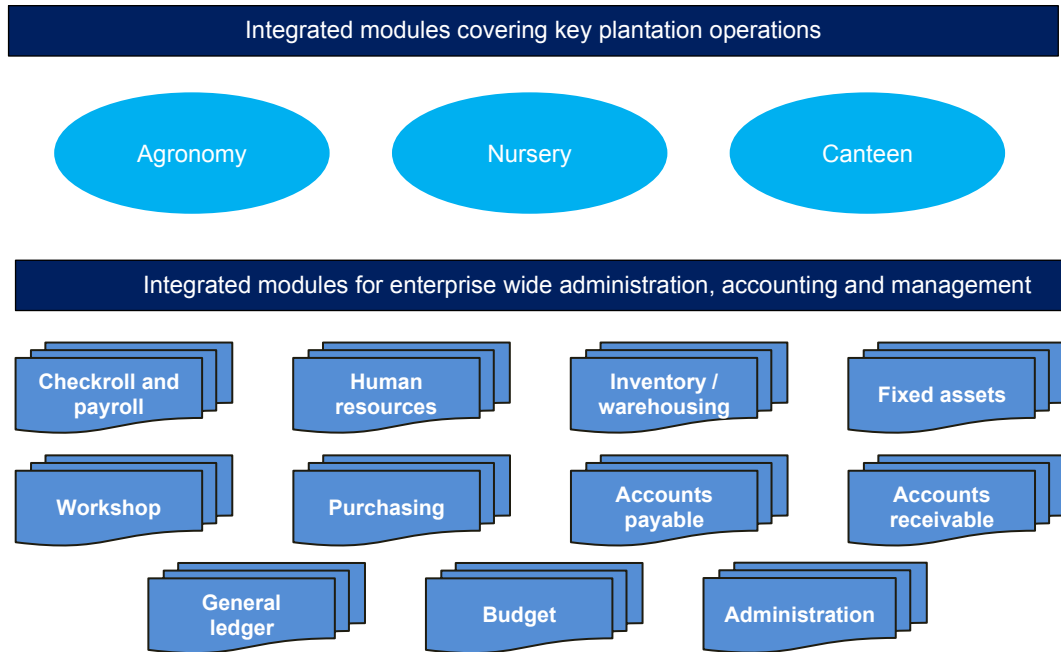
We offer our customers the following proprietary enterprise software solutions:

a) eFLEX Plantware

eFLEX Plantware is a web-based integrated plantation management solution to assist oil palm plantation companies manage and improve plantation operations. With the use of this solution, oil palm plantation companies will be able to electronically capture, store, manage and process information such as seed cataloguing and germination, planted area and crop yield in real time. eFLEX Plantware’s functionalities cover key plantation operations. These operational functions are integrated into a built-in finance and accounting system.



An overview of eFLEX Plantware’s modules is as described below:



	Module	Description
Key plantation operations	Agronomy	<ul style="list-style-type: none"> The agronomy module enables management to monitor and analyse rainfall patterns over a period of time, and its impact on crop productivity.
	Nursery	<ul style="list-style-type: none"> The nursery module enables management to manage its inventory of seedlings by tracking the available quantity, transferred quantity and germinated quantity.
	Canteen	<ul style="list-style-type: none"> The canteen module enables management to manage its inventory of grocery items by tracking purchase requisitions, stock received, stock returns, stock adjustments, stock transfers and stock issued. The scope of this module covers all items that are used in the day-to-day operations of a canteen or cooperative.

4. OVERVIEW OF OUR BUSINESS (cont'd)

	Module	Description
Enterprise wide administration, accounting, and management	Checkroll and payroll	<ul style="list-style-type: none"> The payroll module facilitates the plantation payroll processing in calculating and tracking each employee's checkroll. It enables the plantation to manage employees' remuneration based on task and allowances as well as canteen, levy and tax payments. This module also includes payslips, component-based cheque printing and pay format for various bank requirements.
	General ledger	<ul style="list-style-type: none"> The general ledger module provides an overview of activity-based plantation cost accounting which is integrated with transactions from all other modules, and provides balance sheet, profit or loss and well as other financial breakdown analysis for plantation operating expenses. This module also enables the user to automatically allocate general expenses to individual cost units based on the user-defined drivers to track and manage operating cost.
	Budget	<ul style="list-style-type: none"> The budgeting module enables management to set up its budgeting information based on budget periods, vehicle usage, plantation overheads, manuring schedules, vehicle distribution, mature crop activity and immature crop activity.
	Human resources	<ul style="list-style-type: none"> The human resource module has a wide range of features for employee management and manpower planning. This module enables an organisation to track personal details, employee qualifications and skills, evaluations, career progression as well as compliance of statutory payments.
	Inventory/ warehousing	<ul style="list-style-type: none"> The inventory module enables management to manage and keep track of its inventories in terms of quantity and cost for items. This module enables management to track purchase requisitions, stock received, stock returns, stock adjustments, stock transfers and stock issued. The scope of this module covers items such as fertilisers, chemicals, tools and fuel that are not held in the Canteen and Workshop modules.
	Fixed assets	<ul style="list-style-type: none"> The fixed assets module allows management to manage and monitor its fixed assets in a structured manner based on purchase requisitions, assets received, assets returned to suppliers, assets transferred to estates and asset depreciation.
	Workshop	<ul style="list-style-type: none"> The workshop module caters for plantations with workshops, and enables the tracking of vehicle repair and maintenance activities.
	Purchasing	<ul style="list-style-type: none"> The purchasing module essentially tracks all the purchase orders, goods received and goods returned from and to suppliers as well as goods dispatched to the estates. This module enables management to track purchases and fulfil requests from the inventory/ canteen/ workshop module purchase requisitions. It also tracks the efficiency of suppliers in terms of timeliness of delivery.
	Accounts Payable	<ul style="list-style-type: none"> The accounts payable module enables users to track suppliers' account information such as invoices and payments. It also enables an organisation to track the ageing account of a supplier in conjunction with the purchasing module. This module is the accounting module for plantation purchasing activities.

4. OVERVIEW OF OUR BUSINESS (cont'd)

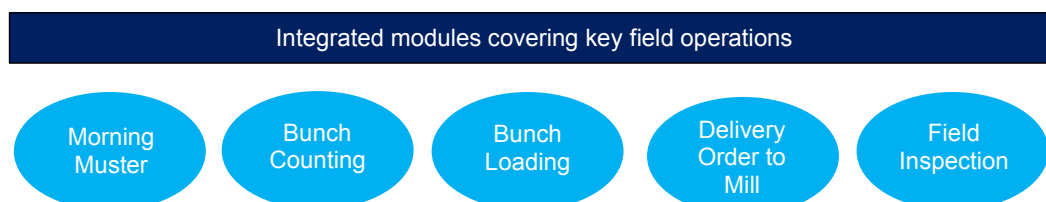
Module	Description
Accounts Receivable	<ul style="list-style-type: none"> The accounts receivable module enables users to track customers' account information such as purchase orders and collections. This module is the accounting module for sales activities.
Administration	<ul style="list-style-type: none"> The administration function allows a designated administrator to setup the system with the company's information, and determine parameters such as location of operations, measurement units as well as the applicable accounting periods.

b) eFLEX Fieldware

eFLEX Fieldware comprising Fieldware Mobile and Fieldware Management System is a mobile data collection and management system that supports and improves plantation operations. Fieldware Mobile installed in mobile devices electronically captures in-field's activity data such as morning muster, bunch counting, bunch loading, delivery order to mill and field inspection. Transactions captured are subsequently uploaded to and stored in Fieldware Management System for daily reports generation and eFLEX Plantware for the financial transactions. eFLEX Fieldware facilitates and improves efficiency of data housekeeping process of plantation operations.



An overview of eFLEX Fieldware's modules is as described below:



Module	Description
Key field operations	<p>Morning muster</p> <ul style="list-style-type: none"> Morning muster module allows the estate's user to scan and electronically record daily attendance of workers with different task category. This module also captures inventory item usage, if any. The date and time will be automatically captured in accordance with date and time set in the system.
	<p>Bunch counting</p> <ul style="list-style-type: none"> Bunch counting module counts the bunches that have been harvested in the estate's platform. This module will capture the grading (ripe, unripe, under ripe, over ripe, rotten and abnormal) of the bunches and workers who harvest a particular bunch.
	<p>Bunch loading</p> <ul style="list-style-type: none"> Bunch loading module is used by drivers to capture the number of bunches loaded onto trucks or lorries. Drivers also need to scan the bunch counting chip for check and balance verification.

4. OVERVIEW OF OUR BUSINESS (cont'd)

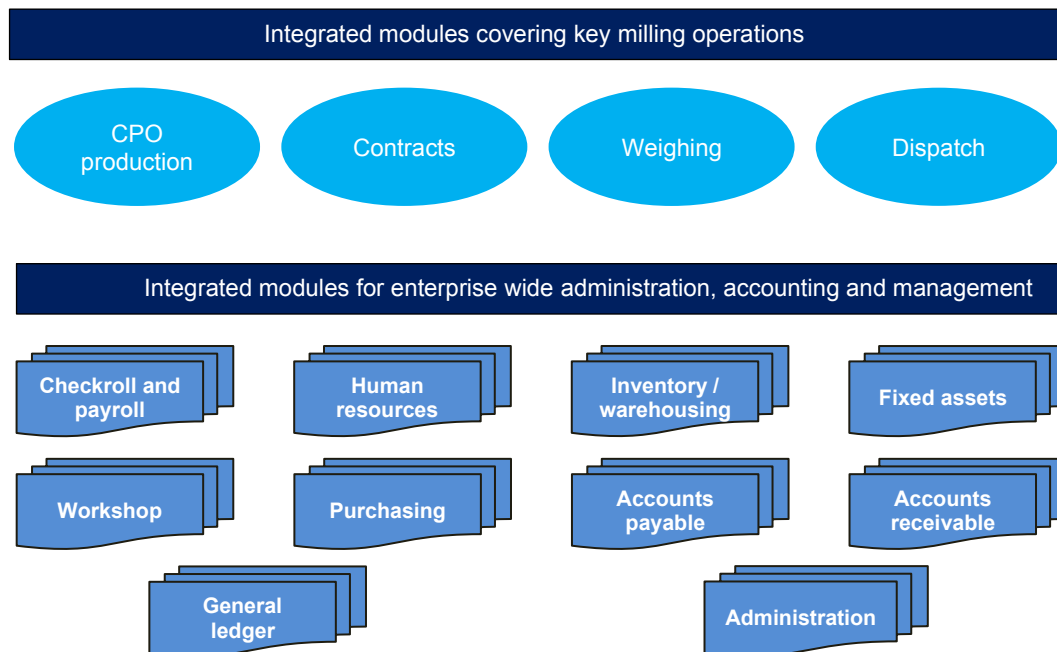
Module	Description
Delivery order to mill	<ul style="list-style-type: none"> Delivery order to mill module combines all bunches loaded onto the trucks or lorries and create the delivery order for sending the bunches to the mill.
Field Inspection	<ul style="list-style-type: none"> Field inspection module captures the actual plantation environment in the estate by photo snapping as evidence of work done and depiction of the on-site situation for management review.

c) eFLEX Millware

eFLEX Millware is a web-based solution to help oil palm mills to monitor and manage milling operations. Oil palm mills need to manage their productivity and efficiency in terms of increasing oil extraction rate and reducing operational costs. Hence, eFLEX Millware can be used to support integrated mill operation management.



An overview of eFLEX Millware’s modules is as described below:



Module	Description
Key mill operations	<p>CPO production</p> <ul style="list-style-type: none"> The CPO production module enables management to monitor FFB input and the resulting CPO production on a daily, monthly and annual basis. This module also tracks the inventory of FFB and CPO produced.
	<p>Contracts</p> <ul style="list-style-type: none"> The contracts module enables management to manage contracts that the mill has with its customers, based on parameters including CPO contract volume, CPO price, contract date and delivery date.

4. OVERVIEW OF OUR BUSINESS (cont'd)

	Module	Description
	Weighing	<ul style="list-style-type: none"> The weighing module enables management to monitor in real time weighbridge activities relating to the weight measurement of vehicles transporting FFBs to the mills prior and post unloading of FFBs to determine the weight of FFB input and the resultant CPO production.
	Dispatch	<ul style="list-style-type: none"> The dispatch module enables management to manage and monitor CPO deliveries to customers by tracking detailed information such as dispatch order volume, delivery vehicle driver, vehicle registration details and load volume.
Enterprise wide administration, accounting and management	Checkroll and payroll	<ul style="list-style-type: none"> The payroll module facilitates the payroll processing in calculating and tracking each employee's checkroll. It enables the mill to manage employees' allowances as well as canteen, levy and tax payments. This module also includes payslips, component-based cheque printing and pay format for various banks' requirements.
	Accounts payable	<ul style="list-style-type: none"> The accounts payable module enables users to track suppliers' account information such as invoices and payments. It also enables an organisation to track the ageing account of a supplier in conjunction with the purchasing module. The module is the accounting module for mill purchasing activities.
	Accounts receivable	<ul style="list-style-type: none"> The accounts receivable module enables users to track customers' account information such as purchase orders, sales invoices and collections. This module is the accounting module for sales activities.
	General ledger	<ul style="list-style-type: none"> The general ledger module provides an overview of activity-based mill cost accounting which is integrated with transactions from all other modules, and provides balance sheet, profit or loss and well as other financial breakdown analysis for mill operating expenses. This module also enables the user to automatically allocate general expenses to individual cost units based on the user-defined drivers to track and manage operating cost.
	Human resources	<ul style="list-style-type: none"> The human resource module has a wide range of features for employee management and manpower planning. This module enables management to track personal details, employees' qualifications and skills, evaluations, career progression as well compliance of statutory payments.
	Inventory / warehousing	<ul style="list-style-type: none"> The inventory module enables management to manage and keep track of its inventories in terms of quantity and cost for items. This module enables management to track purchase requisitions, stock received, stock returns, stock adjustments, stock transfers and stock issued. The scope of this module covers items such as machine and vehicle parts.
	Fixed assets	<ul style="list-style-type: none"> The fixed assets module allows management to manage and monitor its fixed assets in a structured manner based on purchase requisitions, assets received, assets transferred/disposed and asset depreciation.
	Workshop	<ul style="list-style-type: none"> The workshop module caters for mills with workshops, and enables the tracking of equipment as well as vehicle repair and maintenance activities.

4. OVERVIEW OF OUR BUSINESS (cont'd)

Module	Description
Purchasing	<ul style="list-style-type: none"> The purchasing module essentially tracks all the purchase orders, goods received from and goods returned to suppliers. The purchasing module enables management to track purchases and fulfil requests from the inventory/workshop module purchase requisitions. It also tracks the efficiency of suppliers in terms of timeliness of delivery.
Administration	<ul style="list-style-type: none"> The administration function allows a designated administrator to setup the system with the company's information, and determine parameters such as location of operations, measurement units as well as the applicable accounting periods.

4.2 Revenue model

Our revenues are derived from the following:

(i) Professional services and maintenance support sales

Professional services sales are professional services fees for projects that we secure. Our professional services encompass IT consulting, training, system integration, software customisation and upgrade as well as software implementation of third party or proprietary enterprise software solutions. These professional services can have a delivery period ranging from 1 day up to 18 months.

We also secure retainer based contracts that generate recurring revenue when our customers pay for software maintenance support, usually on an annual basis.

(ii) Licensing based sales

Licensing based sales generate licensing fees when customers acquire new software licenses for third party or proprietary enterprise software solutions.

4.3 Principal markets

Our Group's principal market for our software solutions is Malaysia, which contributed 64.7%, 67.5%, 63.4%, and 82.7% of our revenue for the Financial Years and Periods under Review as set out below:-

Geographical revenue	Audited				Unaudited			
	FYE 2018		FYE 2019		FPE 2019		FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	2,839	64.7	3,547	67.5	1,862	63.4	2,428	82.7
Singapore	925	21.1	776	14.8	459	15.6	132	4.5
Vietnam	297	6.8	254	4.8	175	6.0	105	3.6
Mongolia	109	2.5	320	6.1	233	8.0	113	3.9
Others	217 ⁽¹⁾	4.9 ⁽¹⁾	359 ⁽²⁾	6.8 ⁽²⁾	206 ⁽³⁾	7.0 ⁽³⁾	157 ⁽⁴⁾	5.3 ⁽⁴⁾
Total	4,387	100.0	5,256	100.0	2,935	100.0	2,935	100.0

Note:-

(1) Others comprising China, Indonesia and Myanmar.

(2) Others comprising China, Indonesia, Myanmar, Philippines, Sri Lanka and Timor-Leste.

(3) Others comprising China, Indonesia, Myanmar, Philippines and Timor-Leste.

(4) Others comprising Indonesia, Myanmar, Sri Lanka and USA.

4. OVERVIEW OF OUR BUSINESS (cont'd)

4.4 Our competitive strengths

We believe that our historical successes and future prospects are underpinned by the following competitive strengths:

(i) We have the expertise and experience to serve a diverse customer base

We serve a diverse customer base as the enterprise software solutions that we provide can be customised to meet the business needs of customers from various industries. Through our third party enterprise software solutions, we serve customers in the construction, manufacturing, engineering, industrial, consumer goods as well as food and beverages industries. Through our proprietary enterprise software solutions, we serve customers in the oil palm plantations and palm oil milling industry.

We have developed our business model to meet the needs of multinational and local organisations that have complex enterprise software solutions requirements. In delivering our enterprise software solutions, our team spends time understanding and studying the business operations of our customers, so that we can propose and implement customised solutions that meet their business and operating requirements. Having served customers from diverse industries, we have developed knowledge and understanding of the business cycle and operational requirements of organisations from multiple industries as well as best practices, and this serves as a foundation for the solutions that we propose to our current and prospective customers.

(ii) We have intellectual property rights to our proprietary enterprise software and technical know-how to further develop this solution

We own the intellectual property to the eFLEX Plantware, eFLEX Millware and eFLEX Fieldware software solutions which are marketed to oil palm plantation and palm oil milling companies.

We have in-house software development capabilities which allow us to further develop new functions for our proprietary software solutions, undertake modifications, customisations and software solutions updates. Our proprietary enterprise software solutions operate on flexible platforms that are used to create mobile, desktop and web applications.

Our ability to provide customisation and localisation is an important feature in our proprietary enterprise software solutions business. Our customers from the oil palm plantation and palm oil mill industries have their own unique requirements and specifications. A flexible platform allows us to meet our customers' requirements and specifications. This flexibility enables us to maintain our competitiveness in the marketplace.

(iii) We have direct engagement with our end-user customers

Our business model entails our direct engagement with end-user customers, from the generation of sales leads to customer relationship management for the provision of third party and proprietary enterprise software solutions. We further secure maintenance contracts with our end-user customers, which are a source of recurring revenue for our Group. In addition, we are well positioned to secure software implementation, customisation and upgrade projects from our customers as we have insights into their business systems.

Having adopted this approach, we have developed long term relationships with our customers. Repeated sales from customers are testimony of our market standing as well as evidence of our proven track record.

We believe that our network of customers will allow us to successfully expand our range of solutions, allowing us to develop new solutions and/or market as well as sell other third-party

4. OVERVIEW OF OUR BUSINESS (cont'd)

solutions. More importantly, we recognise that our business model has enabled us to build a resilient market presence over the years, and will continue to be fundamental for our Group's future sustainability in the business.

(iv) We have an experienced and committed management and technical team

We are led by an experienced and committed Board and management team. Our key management team, led by our Managing Director, Lau King Yew and Executive Director, Operations and R&D, Tan Yuh Pei, has extensive experience across a broad spectrum of business activities, from operations to finance to sales and marketing. Their experience, drive and passion for our business have been instrumental to our Group's vision and growth strategies.

Further, our key management team is supported by an experienced technical team. Our technical team enables us to have a comprehensive understanding of our customers' business and industry requirements, thus facilitating us in adding value to our customers.

4.5 Quality assurance and control procedure

We have adopted an internal set of guidelines under our project implementation methodology pertaining to quality assurance that is subject to the acceptance and confirmation by our customers. This ensures that our solutions and services are implemented through procedures and processes which allow us to monitor performance and control output quality.

Upon securing a customer, we adhere to the following project implementation methodology:



- a) Scope** Under this phase, we will establish a project team, project charter and project plan. Our project team will engage with the customer, to define the objectives, assumptions, constraints, risks, critical path activities, strategies, scope and business needs of the project. Upon obtaining this understanding, our project team will propose a project plan detailing the solutions and system requirements that best meet the requirements of the customer, for the customer's acceptance and confirmation. Once the customer's acceptance and confirmation has been received, our project team will proceed to perform hardware installation and configuration, and install the solution for relevant modules.
- b) Study** Under this phase, our project team will perform a detailed study on the customer's requirements to identify the gaps in the customer's business processes and requirements of the software system to be installed. The findings from business analysis study will be presented to the customer for confirmation before our project team proceeds to perform configuration of the system modules.
- c) Customise** The project team will proceed to customise and localise the system modules to meet the objectives and requirements of the customer. Several tests will be carried out by our project team on the functional specification of customised module to ensure its operability and a testing report will be issued to customer. The testing report together with the user acceptance test form will be then presented to the customer for acceptance.

4. OVERVIEW OF OUR BUSINESS (cont'd)

- d) Train** Our project team will train identified employees in the customer’s organisation on how to use the software solution. These employees will take on the role of trainers to train other users in the organisation. The staff training attendance and confirmation will be obtained at the end of the training.
- e) Simulate** The users in the customer’s organisation test the entire software solution using operational data from their organisation in a user acceptance test. The objective of this phase is to determine the ability of the software solution to function with large data volumes and multiple users using the system simultaneously, identify issues for rectification and fine tuning of the solution. The customer’s acceptance and confirmation of the simulation results will be obtained prior to launching the solution live organisation-wide.
- f) Go-live** The software solution will be launched organisation-wide under this phase for use in daily business operations. A project evaluation will be carried out at the end of this phase. The project delivery documentation will be prepared for the customer’s acceptance and confirmation.

For projects in which we have been engaged for ERP solution upgrade, we adhere to the following project implementation methodology:



- a) Migrate** This phase entails the migration of an ERP system to new servers upon approval of the migration plan has been obtained from the customer. We will undertake software installation and configuration, prepare an environment for upgrade and set up the base application in the ERP system. We perform data integrity tests prior to and after migration of data. Upon migration, we perform installation acceptance test.
- b) Retrofit** Under this phase, we will identify customisation, localisation and sub-system interfaces and to re-develop in the upgraded ERP system. The findings from this study will be presented to the customer for confirmation before our project team proceeds to perform configuration of the system modules.
- c) Train** Training will be provided to identified employees in the customer’s organisation on net change, technical aspect and applications of upgraded ERP system. These employees will take on the role of trainers to train other users in the organisation. The customer’s acceptance and confirmation will be obtained at the end of the training.
- d) Simulate** The users in the customer’s organisation test the entire upgraded solution using operational data from their organisation in a user acceptance test. The objective of this phase is to determine the ability of the software solution to function with large data volumes and multiple users using the system simultaneously, identify issues for rectification and fine tuning of the solution. The customer’s acceptance and confirmation of the simulation test results will be obtained prior to launching the solution live organisation-wide.

4. OVERVIEW OF OUR BUSINESS (cont'd)

- e) **Go-live** The upgraded ERP software solution will be launched organisation-wide under this phase for use in daily business operations. A project evaluation will be carried out at the end of this phase. The project delivery documentation will be prepared for the customer's acceptance and confirmation.

4.6 R&D

Our R&D activities are led by Tan Yuh Pei, our Executive Director, Operations and R&D, and are carried out by our technical team. Our technical team is responsible for the system analysis and specifications, system architecture design, programming and coding, and also the testing of the software that we develop.

We currently outsource the screen and user interface design to our IT sub-contractors to speed up the development of new software. We are not dependent on our IT sub-contractors for our R&D activities as our technical team and our Executive Director, Operations and R&D undertake key development processes of our R&D activities.

Our long-term strategy involves introducing entirely new or upgraded proprietary enterprise software solutions and functional modules to our customers in various industries based on our expertise, in-depth knowledge and industry know-how that we have accumulated over the years.

R&D activities by our Group mainly involve:-

(i) Enhancement of eFLEX Plantware, eFLEX Millware and eFLEX Fieldware

Our R&D efforts are focused on developing new functions for eFLEX Plantware, eFLEX Millware and eFLEX Fieldware, undertake modifications, customisations and software solutions updates. This would allow us to expand the application of eFLEX Plantware, making it relevant to companies that are involved in the cultivation of other types of crops such as rubber and durian crops.

Through our R&D efforts, we have successfully developed and launched our eFLEX Fieldware software in April 2020, which can be used either as a separate application on a standalone basis or integrate with eFLEX Plantware and eFLEX Millware.

eFLEX Fieldware is able to connect with eFLEX Plantware and eFLEX Millware, providing users with a more comprehensive view of plantation, harvesting and milling operations in the upstream and midstream oil palm value chain. As an integrated solution, the eFLEX software suite improves decision making as:

- eFLEX Plantware captures, stores, manages and processes data pertaining to plantation operations;
- eFLEX Fieldware captures, stores, manages and processes data pertaining to harvesting operations; and
- eFLEX Millware captures, stores, manages and processes data pertaining to milling operations.

Thus, by adopting eFLEX Plantware, eFLEX Millware and eFLEX Fieldware, an organisation will be able to view, manage and analyse its plantation, harvesting and milling operations on one integrated platform.

(ii) Development of proprietary functional modules

Our R&D efforts have also been on the development of a customer ordering portal as well as an ordering and delivery scheduling system that would enable real time credit limit checking, promotion information, stock availability checking, product ordering and delivering order scheduling system. The application can be interfaced with JD Edwards ERP via web services.

4. OVERVIEW OF OUR BUSINESS (cont'd)

(iii) Customisation of third party ERP solutions to meet evolving market trends, customer demands and emerging technologies

We have conceptualised and developed base solution frameworks for various industries such as industrial products, food and beverage, consumer goods, engineering, construction and property. With these frameworks, we have accumulated a depository of knowledge and best practices from different industries. Hence, we can configure these base solution frameworks for the implementation of ERP solutions for current and prospective customers.

We continually invest in upgrading the skills of our technical team to ensure that we keep abreast of latest technological developments, especially in the areas of cloud computing and IoT.

4.7 Marketing and sales strategies

All of our sales are carried out by our sales team led by our Managing Director. We market our solutions through the following means:

(i) Personal and professional referrals

Our business approach of adding value to our customers has cultivated brand loyalty and goodwill. Our customers routinely refer new business to us by 'word of mouth'.

(ii) Seminars and events

We organise or participate in seminars and events to share our knowledge and expertise in enterprise software solutions. In 2019, we organised a JD Edwards ERP Update event in Petaling Jaya, Selangor, which was attended by our current and prospective customers.

We believe these events allow us to attract prospective customers and business associates while keeping our existing customers and business associates up-to-date with enterprise software solutions available in the market. Further, it also allows us to create market awareness for our brand, our services and range of enterprise software solutions.

(iii) Corporate websites

Our corporate websites detail our software solutions and services, and are also an avenue for us to educate the public on our brand, vision and values. We invest in increasing our corporate websites' visibility and traffic count through search engine optimisation.

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4. OVERVIEW OF OUR BUSINESS (cont'd)

4.8 Major customers

Top 5 customers of our Group for FYE 2018, FYE 2019 and FPE 2020 are as follows:-

No.	Customer	Country	FYE 2018 %	FYE 2019 %	FPE 2020 %	Length of business relationship as at FPE 2020 (years)
1.	QSR Brands (M) Holdings Bhd ⁽¹⁾	Malaysia	25.8	17.8	39.4	4
2.	Customer A ⁽²⁾	Malaysia	~	12.9	5.3	1.5
3.	Heineken Asia Pacific Pte Ltd ⁽³⁾	Singapore	~	9.7	~	1.5
4.	Customer B ⁽⁴⁾	Malaysia	~	9.5	9.1	7
5.	Customer C ⁽⁵⁾	Singapore	17.8	~	~	2
6.	Customer D ⁽⁶⁾	Malaysia	9.6	~	~	1.5
7.	Mekong Flour Mills Ltd ⁽⁷⁾	Vietnam	6.0	~	~	5
8.	Customer E ⁽⁸⁾	Malaysia	5.3	8.6	6.8	4
9.	Malayan Flour Mills Bhd ⁽⁹⁾	Malaysia	~	~	8.0	4
Total contribution to Group revenue (%)			64.5	58.5	68.6	

Notes:-

- (1) A private company based in Malaysia which is principally involved in the operation of quick service restaurants throughout Malaysia, Singapore, Cambodia and Brunei.
 - (2) A private company based in Malaysia and is within a group of multinational companies, which is principally involved in the manufacturing and offering of commercial heating and air conditioning unit.
 - (3) A private company based in Singapore and subsidiary of a listed company on Euronext Amsterdam, which is principally involved in brewing alcoholic beverages.
 - (4) A private company based in Malaysia which is principally involved in manufacturing, fabricating, purchase and selling of disposable baby diapers, adult incontinence and training pants products.
 - (5) A private company based in Singapore which is principally involved in the wholesale of computer hardware and peripheral equipment.
 - (6) A private company based in Malaysia and subsidiary of a listed company on Bursa Malaysia, which is principally involved in the supply of bakery, confectionary and dairy products.
 - (7) A private company based in Vietnam and subsidiary of a listed company on Bursa Malaysia, which is principally involved in the milling and selling wheat flour together with its related products.
 - (8) A private company based in Malaysia and subsidiary of a listed company in London Stock Exchange, which is principally involved in sales, marketing and distribution of natural sweeteners and flavours.
 - (9) A public company listed in Bursa Malaysia, through its subsidiaries, which is principally involved in milling and selling wheat flour and trading in grains and other related products as well as manufacture and sale of animal feeds, processing and sale of poultry products, poultry grow-out farm, breeding and sale of day-old-chicks and contract farming activities.
- ~ Not applicable

The change in our top 5 customers for FYE 2018 and FYE 2019 reflects that we are not significantly reliant on any one major customer. This is because we have a diverse customer base comprising customers who operate in various industries.

4.9 Major suppliers

Top 5 suppliers of our Group for FYE 2018, FYE 2019 and FPE 2020 are as follows:-

4. OVERVIEW OF OUR BUSINESS (cont'd)

No.	Supplier	FYE	FYE	FPE	Length of business relationship as at FPE 2020 (years)
		2018	2019	2020	
		%	%	%	
1.	Supplier A ⁽¹⁾	45.9	61.8	52.8	5
2.	Computrade Technology (Malaysia) Sdn Bhd ("Computrade") ⁽²⁾	20.5	19.1	35.4	4.5
3.	DataMax Software Group, Inc.	13.6	4.4	2.1	3.5
4.	Supplier B ⁽³⁾	8.9	2.0	~	1.5
5.	Supplier C ⁽⁴⁾	3.1	~	~	Less than a year
6.	Case Solutions Sdn Bhd	~	2.6	~	1
7.	Supplier D ⁽³⁾	~	~	3.6	2.5
8.	Supplier E ⁽⁵⁾	~	~	1.3	Less than a year
	Total contribution to Group purchases (%)	92.0	89.9	95.2	

Note:-

- (1) A private company based in Malaysia and subsidiary of a listed company on New York Stock Exchange, which is principally involved in the distribution of sublicenses and marketing of Oracle software products and the provision of consulting, education and support services associated with the Oracle software products. We procure both licences and maintenance support for JD Edwards ERP from Supplier A.
- (2) Computrade is an authorised distributor of Supplier A. As a member of the Modern OPN, we are not prohibited by Supplier A to procure both licences and maintenance support for JD Edwards ERP from Computrade due to its favourable credit terms.
- (3) Third party independent IT consultants engaged by our Group. They support our Group to meet its project deadlines by assisting in software customisation and upgrade as well as software implementation.
- (4) A private company based in Malaysia which is principally engaged in the provision of software development and integrated business software systems.
- (5) A private company based in Malaysia which is principally engaged in the provision of IT software and hardware related services including implementation, maintenance and support services.
- ~ Not applicable

Supplier A had contributed 45.9%, 61.8% and 52.8% of our Group's total purchases for FYE 2018, FYE 2019 and FPE 2020 respectively. The material contribution by Supplier A was primarily due to the following:-

- (i) as a member of the Modern OPN, we are able to offer a comprehensive suite of Oracle products including JD Edwards ERP to our customers;
- (ii) the current nature of business of One ERP which mainly specialises in the provision of JD Edwards ERP and One ERP is an authorised reseller for Oracle software licenses and maintenance support;
- (iii) our Group's confidence in Oracle Corporation's JD Edwards ERP due to its comprehensive functionalities, technology, innovation, quality and strong brand acceptance;
- (iv) Supplier A participates in promotional activities organised by One ERP thereby providing brand partnership opportunities and improves the effectiveness of its marketing programs; and
- (v) the acceptance by companies around the world of Oracle Corporation's software solutions. Accordingly, we are able to export our services to other countries and regions such as China, Mongolia, India, United States of America and South East Asia.

4. OVERVIEW OF OUR BUSINESS (cont'd)

Whilst Supplier A is our key supplier, reliance on the supply of products from Supplier A is mitigated by the following factors:-

- (i) One ERP has been a licensed partner of Oracle Corporation since 2015 and has never been disrupted or suspended;
- (ii) Our Group is able to source similar ERP software solutions such as Sage X3 ERP from other ERP brand owners as our contract with Supplier A does not prohibit us from offering other ERP solutions;
- (iii) Our Group also distributes other third party enterprise software solutions such as RFgen. We have plans to secure distribution rights for other third party IT solutions to expand our product offerings; and
- (iv) our Group provides a range of IT consulting, training, system integration, software customisation and upgrade as well as software implementation services, which are not reliant on us being a member of the Modern OPN. Professional fees accounted for 57.7%, 51.9% and 33.0% of our Group's revenue for FYE 2018, FYE 2019 and FPE 2020 respectively.

Save for Supplier A, we are not materially dependent on any one of our major suppliers as we are able to source similar solutions or services from other suppliers.

4.10 Seasonality

We do not experience any seasonality in our business as the demand for enterprise software solutions is not subject to major seasonal fluctuations.

4.11 Interruptions to the business and operations

Our business and operations were interrupted when the COVID-19 pandemic caused state of emergencies being declared in various countries, travel restrictions being imposed, quarantines been established and various institutions and companies being requested to halt operations in 2020.

In response to the COVID-19 pandemic, the Government of Malaysia announced a nationwide Movement Control Order which was effective from 18 March 2020 to 3 May 2020, which only allowed businesses which are in essential services to operate. This was followed by the Conditional Movement Control Order ("**CMCO**") which was effective from 4 May 2020 to 9 June 2020, and subsequently Recovery Movement Control Order ("**RMCO**") which is supposed to end on 31 December 2020 to ease the movement restriction. Certain local economic sectors were allowed to resume operations progressively during this period subject to the adherence to a set of strict standard operating procedures.

The Government of Malaysia declared the re-imposition of the CMCO in Selangor, Kuala Lumpur, Putrajaya, Sabah and Sarawak effective from 14 October 2020 to 27 October 2020 upon receiving the advice from Malaysia's Ministry of Health and taking into consideration the increasing cases of COVID-19. The CMCO was then further extended to 9 November 2020. Due to the sustained high number of positive Covid-19 cases, the Government of Malaysia announced that the CMCO would be enforced in all states in Peninsular Malaysia, except for Kelantan, Perlis and Pahang from 9 November 2020 to 6 December 2020. The Government of Malaysia lifted the CMCO on all states in Malaysia commencing 6 December 2020, save for the states of Sabah, Selangor (except the districts of Sabak Bernam, Hulu Selangor, Kuala Selangor), Kuala Lumpur, as well as selected districts in Johor, Kedah, Penang, Perak, Kelantan and Negeri Sembilan, which will be under CMCO until 20 December 2020. The states that are no longer under CMCO will be under RMCO until 31 December 2020.

4. OVERVIEW OF OUR BUSINESS (cont'd)

We temporarily suspended our office operations from 18 March 2020 to 12 May 2020 in compliance with the Restriction of Movement Order introduced by the Government of Malaysia as a result of the COVID-19 outbreak. Our employees were only allowed to return to work in our office and to visit the premises of our local customers from 13 May 2020 onwards. Nevertheless, we were able to continue providing professional services and maintenance support services during the period when we suspended office operations by working remotely.

(i) Impact on our financials and operations

The COVID-19 outbreak had affected certain of our customers' business operations resulting in ongoing projects being rescheduled. Accordingly, project delivery schedules from our ongoing professional service projects were delayed by up to 3 months. However, the provision of our maintenance support services was not materially affected as we can support the maintenance of enterprise software solutions remotely without having to be present at the premises of our customers.

Our existing and prospective customers whose operations are adversely affected by the COVID-19 pandemic may have a tighter budget in place and opt to temporarily delay or abort their plan for implementation of enterprise software solutions. This in turn will negatively affect the procurement of professional services from us. As a result of weaker demand for professional services since the MCO, our financial performance for FYE 2020 and subsequent financial years may be affected depending on the situation of the COVID-19 pandemic.

On the other hand, demand for maintenance support services is quite stable as the existing customers of our enterprise software solutions are expected to renew the annual maintenance support agreement with us so that their business operations can be supported without adverse interruption.

In addition, we are restricted from carrying out sales and marketing activities involving physical interaction such as participating roadshows, attending exhibitions and organising workshops and seminars to promote our third party and proprietary enterprise software solutions due to regulatory enforcement of the MCO. In order to mitigate the impact arising from physical distancing measures, we have been actively performing sales and marketing activities through online channels such as online video conferencing and virtual products demonstration, to increase public awareness of the offering of our enterprise software solutions.

Save for the deferment of certain professional services projects, our Group has not received any notice from existing customers to terminate the projects that we have secured, alter the terms of agreement or claim for any liquidated damages as at LPD. As at the LPD, our order book stood at approximately RM1.7 million.

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

As our customers in the domestic and foreign markets are affected by the COVID-19 pandemic, the project delivery schedules of our on-going professional projects were adversely affected. As such, our billing schedules for these projects are expected to be delayed for a period of up to 3 months from the second quarter of 2020 onwards. Consequently, our financial performance may be affected in FYE 2020.

Our Board are of the opinion that, we will have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Information Memorandum by taking into account of our Group's existing fixed deposit with licensed banks as well as cash and bank balances of RM2.3 million as at FPE 2020, no bank borrowings (excluding lease liabilities), the expected funds to be generated from our continuing operations as well as the net proceeds to be raised from the Proposed Placement.

4. OVERVIEW OF OUR BUSINESS (cont'd)

(iii) Impact to our business and earnings prospects

Demand for our professional services will be temporarily affected due to the following:-

- (a) slowdown in demand for IT professional services as organisations affected by the COVID-19 pandemic are cautious in their IT investments or delayed their IT project implementations; and
- (b) we are restricted from undertaking physical sales and marketing activities especially to our overseas markets.

Nonetheless, our maintenance revenue is not expected to be significantly affected as:

- (a) we are able to provide off-site maintenance support services; and
- (b) maintenance support for enterprise software solutions are required for organisations to ensure their business operations are not interrupted by any software related issues or disruptions.

According to the IMR Report, while enterprise IT spending is expected to be subdued in 2020 as companies focus on cost-cutting measures, Providence anticipates that the demand for ERP solutions will improve over the long term as organisations acknowledge the role of ERP solutions in the continuity of business activities. Further, higher levels of digital adoption and internet penetration will continue to support the adoption of ERP solutions over the long term in Malaysia. The ERP solutions industry in Malaysia is forecast to grow from an estimated RM1.28 billion in 2019 to RM2.48 billion in 2025, at a CAGR of 11.7%.

(iv) Disease control measures in our workplace

We have put in place the following disease control measures to curb the spread of COVID-19:-

- (a) Wearing of face masks is made compulsory in our workplace;
- (b) Conduct daily body temperature measurement and symptom screening to employees and visitors at our workplace;
- (c) Anyone entering our workplace is required to sanitise his or her hands;
- (d) Sanitise common areas of workplace frequently;
- (e) Practise at least one metre of physical distancing at workplace;
- (f) Avoidance of unnecessary work activities which require travelling and face-to-face meetings; and
- (g) All employees are encouraged to work from home if they are not feeling well.

Our Group incurred approximately RM1,000 as at FPE 31 July 2020 to implement COVID-19 disease control measures. The costs incurred were mainly for the procurement of thermometers, provision of masks for employees and visitors, purchase of disinfectant sprays and hand sanitisers as well as payment of workplace cleaning fees.

Save for the interruptions to our business operations as a result of the COVID-19 pandemic, our Group has not experienced any other interruptions in our operations which had a significant impact on our operations during the past 12 months preceding the LPD.

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4. OVERVIEW OF OUR BUSINESS (cont'd)**4.12 Major approvals, licences and permits**

Our Group has obtained all approvals/licences/permits required to carry out our operations. As at LPD, the details of our general business licence are disclosed below:-

Company	Issuing authority	Description	Licence, certification or reference no.	Issue date/ Expiry date	Major condition imposed
One ERP	Majlis Bandaraya Subang Jaya	A business licence for One ERP's premises at B-SG-36, Level SG, Block B, Sunway Geo Avenue, Jalan Lagoon, Bandar Sunway, 47500 UEP Subang Jaya, Selangor, Malaysia to be utilised for the purposes of management office and advertisement board	MPSJ/LES/600/03/01880-20	19 August 2020/ 26 August 2021	None

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4. OVERVIEW OF OUR BUSINESS (cont'd)

4.13 Principal agreements

As at LPD, our Group has entered into agreements with the principals for our enterprise software solutions as follows:

Principal	Date / Duration of Contract	Salient Terms
Supplier A	23 April 2020 / The one-year contract remains effective by yearly renewal (subject to annual payment of membership fee to Supplier A) unless it is terminated by either party during the term of the contract by providing 30 days written notice.	One ERP has entered into an agreement with Supplier A to enable the former to build, sell, or service Oracle software licenses or hardware products as well as provide services in term of project management, implementation, training, outsourcing and upgrading of the Oracle JD Edwards software to its customers. The salient terms of the agreement with Supplier A are not disclosed in this Information Memorandum as One ERP is bound to adhere to a confidentiality obligation as described in such agreement between One ERP and Supplier A.
The DataMax Software Group, Inc. (" DataMax ")	23 September 2016 / The three-year contract remains effective by additional three year automatic renewal unless it is terminated by DataMax after providing 30 days written notice for breach and One ERP has failed to remedy the breach within such 30 days period.	DataMax grants One ERP rights to market and distribute DataMax's licensed data processing program consisting of a series of instructions or statements in object readable form and related materials which known commercially as "RFgen" (" Software ") to users that acquire the Software to satisfy internal data processing needs (" End Users ") on a non-exclusive basis by providing One ERP with a 5 user developer edition of the Software and training or certification. One ERP shall not, without the express written consent of DataMax, make copies of the Software. All right, title and interest except licenses as granted in the Software belong exclusively to DataMax. Each party shall indemnify the other against any infringement of intellectual property right.
Sage Software Asia Pte Ltd (" Sage ")	15 January 2020 / The contract will continue in force until it is terminated by, inter alia, mutual agreement of the parties.	Sage grants to One ERP, amongst others, a limited, non-transferable, non-sublicensable, revocable and non-exclusive: (a) license to resell, among other, the license permitting a person or entity talking delivery of software for its own use (" Sage End Users ") to use the software (" Software Licenses ") to Sage End Users; (b) license to install and run the demonstration version of the relevant Sage software product set authorized solely on computers owned or controlled exclusively by One ERP for demonstration purposes and One ERP's internal purposes such as to provide support to Sage End Users;

4. OVERVIEW OF OUR BUSINESS (cont'd)

Principal	Date / Duration of Contract	Salient Terms
		<ul style="list-style-type: none"> (c) license to provide copies of the evaluation version of Sage software product intended for evaluation purposes only containing built-in features preventing extended use, such as a 30-day use limit to potential Sage End Users; (d) right to distribute portions of code contained within the source code versions, as well as any compiled versions that may be made available to One ERP by Sage, of Sage products ("Source Code Products") to develop, amongst other, any customisation made by One ERP directly to the Source Code Products and to provide support and training for such customisation; (e) right to distribute such customisation to Sage End Users and other resellers of Sage; and (f) right to distribute portions of code contained within the Source Code Products within One ERP's customisation to Sage End Users and other resellers of Sage subject to such restriction as provided in the contract.

Other than for the purpose of promoting and/or identifying the services and/or Sage software product in furtherance of the contract, One ERP does not have any right to use Sage trademarks, service marks, trade names, icons or logos ("**Sage Marks**"). Sage retains all title and interest except licenses as granted in Sage software product, Sage Marks and any and all relevant intellectual property rights as well as any proprietary or confidential information owned or controlled by, or licensed to, Sage.







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4. OVERVIEW OF OUR BUSINESS (cont'd)

4.14 Patents and trademarks

(i) Registered trademarks

As at LPD, our subsidiary, iTech Plantation, has registered certain trademarks with the Intellectual Property Corporation of Malaysia (“MyIPO”) and Ministry of Legal Affairs and Human Rights of Indonesia respectively to protect our intellectual property rights as follows:-

No.	Intellectual Property	Registered Owner/ Country	Issuing Authority/ Trademark No.	Issuance Date / Expiry Date	Class
1.	 Trademark	iTech Plantation / Malaysia	MyIPO / 00007337	19 April 2006 / 8 June 2030 *	42 (a)
2.		iTech Plantation / Malaysia	MyIPO / 03005197	09 August 2005 / 6 May 2023 *	42 (b)
3.		iTech Plantation / Malaysia	MyIPO / 06019836	10 September 2008 / 1 November 2026*	38 (c)
4.		iTech Plantation / Malaysia	MyIPO / 06019837	3 December 2008 / 1 November 2026*	42 (d)
5.		iTech Plantation / Indonesia	Ministry of Legal Affairs and Human Rights / IDM000004988	19 April 2004 / 5 May 2023~	42 (e)
6.		One ERP/ Malaysia	MyIPO / TM2019027489	17 September 2020 / 29 July 2029	42 (f)

Notes:-

* The trademarks were transferred from iTech Worldwide to iTech Plantation on 14 May 2019. The validity of the trademarks is 10 years and may be renewed at the expiration of the period and upon the expiration of each succeeding 10 years period.

~ The trademark was transferred from iTech Worldwide to iTech Plantation on 15 July 2019. The validity of the trademarks is 10 years and may be renewed at the expiration of the period and upon the expiration of each succeeding 10 years period.

(a) Technical research; technical project studies; computer programming; computer software design; updating of computer software; leasing access time to a computer data base; licensing of intellectual property; rental of computer software; intellectual property consultancy; recovery of computer data; maintenance of computer software; computer systems analysis; all included in class 42. Registration of this trademark shall give no right to the exclusive use of the letter “e”.


(b) Design and development of computer hardware and software, geographical information systems, management (copyright); updating of computer software, leasing access time to computer data base, maintenance of computer software, rental of computer software, computer software analysis, internal imaging services, namely creation, support maintenance, and design of web sites or internet sites for other parties; all included in class 42.

4. OVERVIEW OF OUR BUSINESS (cont'd)

- (c) *Communications by computer terminals; communications by fiber optic networks; computer aided transmission of messages and images; providing telecommunications connections to a global computer network; satellite transmission; all included in class 38.*
- (d) *Design and development of computer hardware and software; computer programming; computer software design; computer software analysis; computer systems analysis; updating of computer software; maintenance of computer software; rental of computer software; internal imaging services namely creation, support, maintenance and design of web sites or internet sites for other parties; recovery of computer data; geographical information systems; technical research; technical project studies; copyright management; licensing of intellectual property; intellectual property consultancy; all included in class 42.*
- (e) *Design and development of computer hardware and software; geographical information system, management (copyright), updating of computer software, leasing access time to computer database, rental of computer software, maintenance of computer software, computer software analysis, internal imaging services namely creation, support, maintenance and design of websites or internet sites for other parties; all included in class 42.*
- (f) *Cloud computing; computer programming; computer software design; rental of computer software; computer system analysis; computer system design; computer software consultancy; computer technology consultancy; computer security consultancy; consultancy in the design and development of computer hardware; creating and maintaining web sites for others; creating and designing website-based indexes of information for others (information technology; services); digitisation of documents (scanning); duplication of computer programs; information technology consultancy; providing information on computer technology and programming via a web site; installation of computer software; maintenance of computer software; monitoring of computer systems by remote access; monitoring of computer systems to detect breakdown; off-site data backup; outsource service providers in the field of information technology; recovery of computer data; research and development of new products for others; software as a service (SaaS); technological consultancy; telecommunications technology consultancy; all included in class 42.*

(ii) Trademarks applications

In addition, we have applied for the registration of following trademarks with MyIPO and is currently being examined by MyIPO on each respective application:-

No.	Intellectual Property	Applicant/ Country	Registrar/ Application No.	Application Date	Class of Trademarks
1.	<u>Trademark</u> 	iTech Plantation/ Malaysia	MyIPO / TM2019027488	29 July 2019 ^	42 (a)

Notes:-

^ MyIPO had on 17 June 2020 issued a Trade Mark Search and Examination Refused letter stating several grounds of objection with regards to iTech Plantation's application and requested iTech Plantation to submit their written appeal together with proof of evidence within two months therefrom, of which iTech Plantation had on 13 July 2020 filed in their appeal and it is currently pending decision from MyIPO. In the event the appeal is unsuccessful, we would not be able to register this trademark. We do not expect this to have a significant impact on the business and operations of our Group as our plantation and mill management software are marketed mainly under the eFLEX and plantware trademarks detailed in the Section 4.14 (i) above.

4. OVERVIEW OF OUR BUSINESS (cont'd)

- (a) *Cloud computing; computer programming; computer software design; rental of computer software; computer system analysis; computer system design; computer software consultancy; computer technology consultancy; computer security consultancy; consultancy in the design and development of computer hardware; creating and maintaining web sites for others' creating and designing website-based indexes of information for others (information technology; services); digitisation of documents (scanning); duplication of computer programs; information technology consultancy; providing information on computer technology and programming via a web site; installation of computer software; maintenance of computer software; monitoring of computer systems by remote access; monitoring of computer systems to detect breakdown; off-site data backup; outsource service providers in the field of information technology; recovery of computer data; research and development of new products for others; software as a service (SaaS); technological consultancy; telecommunications technology consultancy.*

Save as disclosed above in paragraph (i) and (ii) above, we have not registered or applied to register any other patents, trademarks or intellectual property which are material to our business as at LPD.

4.15 Properties

Our Group does not own any properties. As at the LPD, we have rented the following properties for our operations:

Landlord	Details of the premises	Existing Use	Built-up area (sq. ft.)	Annual Rental (RM)	Terms
Wong Weng Kee	B-SG-32A, Level SG, Block B, Sunway Geo Avenue, Jalan Lagoon Selatan, Sunway South Quay, Bandar Sunway, 47500 Subang Jaya, Selangor	Office space	992.4	30,000	1 March 2019 to 28 February 2021, with an option to renew for another 2 years
P.K.S. Properties Sdn Bhd	B-SG-36, Level SG, Block B, Sunway Geo Avenue, Jalan Lagoon Selatan, Sunway South Quay, Bandar Sunway, 47500 Subang Jaya, Selangor	Office space	992.4	36,000	1 March 2019 to 28 February 2021, with an option to renew for another 2 years

4.16 Business strategies and future plans

Our business strategies and future plans are as follows:

- (i) **We intend to increase the adoption of our proprietary enterprise software solutions**

Our target customers for our proprietary enterprise software solutions, namely the eFLEX software suite comprising eFLEX Plantware, eFLEX Millware and eFLEX Fieldware, are organisations in the oil palm cultivation and palm oil milling businesses based in Malaysia and Indonesia. As at LPD, our eFLEX Plantware and/or eFLEX Millware are used by 14 direct customers of iTech Plantation in the following locations:

4. OVERVIEW OF OUR BUSINESS (cont'd)

	<u>Location</u>	<u>Country</u>	<u>Number of customers</u>
(a)	Peninsular Malaysia	Malaysia	2
(b)	Sabah	Malaysia	3
(c)	Sarawak	Malaysia	8
(d)	Kepulauan Bangka Belitung	Indonesia	1
	Total customers		14

We aim to promote our eFLEX software suite to organisations that do not use dedicated plantation and mill management software. In order to increase the adoption of our eFLEX software suite, we intend to increase our sales and marketing activities such as sales promotion, advertising, on-site product demonstrations, participation in exhibitions, trade fairs and conferences to promote our plantation management solution and services. Further, we intend to collaborate with channel partners in Indonesia and Thailand, comprising local software and/or system integration firms who can undertake product localisation and professional services to support training, implementation and maintenance support services for our eFLEX software suite. As at LPD, iTech Plantation does not have any channel partner.

From July 2019, we have offered the subscription model for the distribution of our eFLEX software suite to potential customers and expect this model to be an ongoing strategy moving forward. Under the subscription model, customers pay a recurring price at regular intervals for the usage of eFLEX software suite as opposed to the perpetual licensing model which require a significant upfront investment. As customers subscribe for the usage of the software solutions on an annual basis, the initial outlay for the adoption of these software solutions are lowered. We envisage that adopting the subscription model will allow us to grow the distribution of the eFLEX software suite given the lower upfront capital expenditures by our customers.

Progress/status	:	On-going
Timeframe	:	24 months from the Proposed Listing

(ii) We intend to continue R&D efforts to enhance the value proposition of our proprietary enterprise software solutions to suit other crops

Rubber is Malaysia's second largest commodity crop, after oil palm. Between 2010 and 2019, the planted area for natural rubber increased from 1.02 million hectares to 1.08 million hectares. In 2019, Malaysia was the world's fifth largest producer of natural rubber with a production volume of 0.64 million tonnes behind Thailand (4.90 million tonnes), Indonesia (3.10 million tonnes), Vietnam (1.22 million tonnes) and China (0.77 million tonnes). According to the Department of Agriculture Malaysia, durian production in 2019 is estimated to reach 348.17 thousand metric tonnes from an estimated planted area of 72.54 thousand hectares. (Source: IMR Report by Providence)

As such, we see the potential of expanding and developing the application of eFLEX Plantware to meet the needs of customers that are involved in the cultivation of rubber and durian crops.

Agriculture 4.0, which has a greater focus on precision agriculture, the IoT and the use of big data to drive greater business efficiencies in the face of rising populations and climate change, is anticipated to be a key trend that will impact the agriculture sector in Malaysia. We envisage that our eFLEX Plantware will be able to support Malaysia's efforts to digitalise agriculture in an effort to improve the food value chain. Accordingly, we will identify suitable IoT and other applicable technological devices to integrate with eFLEX Plantware to develop reference projects for the cultivation of rubber and durian crops.

Progress/status	:	On-going
Timeframe	:	24 months from the Proposed Listing

4. OVERVIEW OF OUR BUSINESS (cont'd)

(iii) We intend to grow our customer base for third-party enterprise software solutions

We have identified an increasing demand for enterprise resource management solutions among enterprises. Enterprises have a growing need for solutions that can automate their business processes through the electronic capture, storage, management and processing of information in real time. Our portfolio of solutions which include JD Edwards ERP, Sage X3 ERP and RFgen supports this need.

We intend to recruit 2 new sales and technical personnel in next 24 months to focus on the sales, implementation and after-sales technical support for our portfolio of solutions. Further, we will train our personnel to create awareness and educate potential customers on the benefits and advantages of our portfolio of solutions.

Progress/status	:	On-going
Timeframe	:	24 months from the Proposed Listing

(iv) We intend to increase the market penetration for our product offerings in the enterprise solutions market

We maintain close and direct business relationships with customers and keep regular contact with them to better understand the requirements and specifications of enterprise application solutions that they require. With this insight and our knowledge of the latest available ERP technologies, enterprise performance management solutions and industry trends, we are able to formulate appropriate strategies to broaden our range of enterprise application solutions to meet the requirements and specifications of our current and prospective customers.

Currently, we have a customer base that spans across several regions and countries in South East Asia, China, Mongolia and the USA. We see the potential of increasing our market penetration by strengthening sales and marketing efforts. We intend to achieve this by expanding our third party enterprise software solutions to include ERP cloud solutions to complement on-premise ERP solutions, and growing third party solutions which can be integrated with JD Edwards ERP and Sage X3 ERP.

ERP cloud solutions refer to ERP software and tools that are offered and managed using cloud computing, as opposed to the business hosting their system on premises. Cloud computing refers to the practice of using a network of remote servers hosted on the Internet to access hardware, software and other services on-demand, anywhere, anytime from any device. ERP cloud solutions are offered on a SaaS basis.

Among the benefits that our prospective customers can derive from this service are as follows:

- **Access to expertise and the technological benefits of ERP** – Our customers will be able to leverage on our expertise in ERP solutions and the technological benefits offered by ERP solutions.
- **Subscription model** – Rather than investing heavily in IT infrastructure technology such as servers or licensing software, our customers will pay a recurring price at regular intervals for access to software. Furthermore, the management, software updates and maintenance of the ERP solution lies with the vendor rather than the users.
- **Flexibility and scalability** – ERP cloud solutions are particularly well-suited to businesses which are growing and have dynamic computing needs, and as such may require the flexibility to scale their backup and storage capacities as needed, and in line with business growth.

4. OVERVIEW OF OUR BUSINESS (cont'd)

We believe that ERP cloud solutions offer strong opportunities among SMEs and large sized companies due to the relatively large upfront investment costs required for conventional ERP solutions coupled with the benefits mentioned above. The SaaS model of ERP cloud solutions provide us an avenue to generate a recurring and stable revenue stream.

Progress/status	:	On-going
Timeframe	:	24 months from the Proposed Listing

(v) We intend to strengthen business relationships with existing customers to increase revenue contribution from professional services

We aim to support our customers' business and operational functions to be more efficient and competitive by helping them to leverage on IT systems. We also aim to assist them in ERP software implementation, software customisation and upgrade of new functions and reporting requirements.

To further grow our professional services revenue, we intend to expand our solutions to customers in new industries such as poultry and livestock industry. In addition, we aim to grow our IT consulting and professional services team to become the IT partner of choice to support our customers' IT needs.

Progress/status	:	On-going
Timeframe	:	24 months from the Proposed Listing

(vi) We intend to expand our senior management team and professional IT services team

Our Group's success from future expansion will depend upon on our ability to hire and cultivate experienced and motivated members of our senior management team. As such, we intend to recruit individuals with suitable talents and skills. We believe that expanding our senior management team will allow us to enhance our Group's leadership and vision, and contribute towards the continued growth of our business.

Progress/status	:	On-going
Timeframe	:	24 months from the Proposed Listing

4.17 Prospects of our Group

Our Board is optimistic of our Group's long term prospects, taking into consideration our competitive strengths as elaborated in **Section 4.4**, our future plans as elaborated in **Section 4.16** and the following industry trends based on the IMR report by Providence:

- (i) In Southeast Asia, the ERP solutions market was valued at USD9.32 billion in 2019 and is expected to reach USD21.88 billion by 2025, at a CAGR of 15.3% over the period from 2020 to 2025.
- (ii) The ERP solutions industry in Malaysia grew from RM1.09 billion in 2018 to an estimated RM1.28 billion in 2019 at a CAGR of 17.4%. The ERP solutions industry in Malaysia is forecast to grow from an estimated RM1.28 billion in 2019 to RM2.48 billion in 2025, at a CAGR of 11.7%.
- (iii) The increasing demand for ERP software from SMEs is one of the major reasons behind the growth of the ERP solutions market. ERP solutions have become essential for enterprises across all industries as they help in improving operations and business process efficiency. ERP solutions offer advantages such as better planning and resource management, regulating operational costs, streamlining of data under one platform, enhanced decision-making, and increased sales. As a result, SMEs are shifting from using

4. OVERVIEW OF OUR BUSINESS (cont'd)

standalone applications for each of their business functions to ERP solutions that allow the integration of multiple functions into a single application.

- (iv) The agriculture sector contributed 7.1% (RM101.55 billion) to Malaysia's GDP in 2019. Oil palm was the major contributor to the GDP of agriculture sector in 2019. Between 2014 and 2019, crude palm oil production rose from 19.67 million tonnes to 19.86 million tonnes. Digital management of agriculture through the adoption of plantation and mill management solutions help plantations become more efficient, easy to supervise and less dependent on manual labour. A digital agriculture management platform can support the goals of increasing productivity, profitability and sustainability of plantation companies and agricultural stakeholders.
- (v) Indonesia's palm oil production has grown significantly in volume from 28.00 million tonnes in 2013 to 41.50 million tonnes in 2019. A structured manner of collecting and analysing plantation data in a plantation management solution will also aid plantation companies to identify factors affecting production yield and make informed decisions on its improvement.
- (vi) Rubber is Malaysia's second largest commodity crop, after oil palm. Between 2010 and 2019, the planted area for natural rubber increased from 1.02 million hectares to 1.08 million hectares. In 2019, Malaysia was the world's fifth largest producer of natural rubber with a production volume of 0.64 million tonnes behind Thailand (4.90 million tonnes), Indonesia (3.10 million tonnes), Vietnam (1.22 million tonnes) and China (0.77 million tonnes). Malaysia's exports of natural rubber contributed RM6.06 billion in terms of trade receipts in 2019, with major importing nations being China, Germany and Finland.
- (vii) The growing durian industry in Malaysia presents opportunities for the adoption of plantation management solutions. In Malaysia, the durian has been highlighted as one of the nine selected premium fruits under the Malaysian National Agro-food Policy (2011 – 2020). This fruit has also been identified as a new source of agricultural wealth for Malaysia. The Government of Malaysia is leading the charge for the large-scale farming of durians, in hopes of achieving a 50% rise in exports for the fruit by 2030 and boosting the country's declining agricultural industry.
- (viii) The growing popularity of precision agriculture promotes the adoption of plantation management solutions. Precision agriculture uses hardware and software tools and applies advanced technologies for the collection, analysis and handling of information such as soil and agronomic conditions to maximise farm production.
- (ix) The COVID-19 pandemic has created a case for the adoption of ERP solutions by organisations in terms of addressing work-from-home policies to managing swings in demand and uncertain supply chains. The COVID-19 pandemic has highlighted an aspect of ERP that is not as distinctly apparent in more normal times – business continuity. While the ability of ERP solutions to mitigate abrupt business changes has been noted in the past, the extensive reliance on ERP solutions to maintain widespread, fundamental business continuity, as we are seeing today, has never been experienced on such a large scale. During the COVID-19 response, organisations have relied on their ERP solutions to sustain business operations through remote access, automated reporting, electronic data exchange, and real-time factory controls. While enterprise IT spending is expected to be subdued in 2020 as companies focus on cost-cutting measures, Providence anticipates that the demand for ERP solutions will improve over the long term as organisations acknowledge the role of ERP solutions in the continuity of business activities. Further, higher levels of digital adoption and internet penetration will continue to support the adoption of ERP solutions over the long term in Malaysia.

(Source: IMR Report by Providence)

4. OVERVIEW OF OUR BUSINESS (cont'd)**4.18 Employees**

A summary of our Group's total workforce which comprises entirely Malaysians as at FYE 31 December 2019 as well as at the LPD is set out below:

Category	No. of Employees	
	As at 31 Dec 2019	As at the LPD
Directors	3	4
Key management (IT)	2	2
Key management (Finance)	1	1
IT consultants	6	6
Human resources and administration	1	1

None of our employees belong to any trade unions and we enjoy a good working relationship with our employees. Thus, we have not experienced any major turnover in our workforce.

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5. INDUSTRY OUTLOOK



PROVIDENCE STRATEGIC PARTNERS SDN BHD
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67-1, Block D, Jaya One, No. 72A, Jalan Universiti,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

21 DEC 2020

Board of Directors
OneTech Solutions Holdings Berhad
B-SG-36, Level SG, Block B,
Sunway Geo Avenue
Jalan Lagoon Selatan
Sunway South Quay
Bandar Sunway
47500 Subang Jaya
Selangor
Malaysia.

Dear Sirs,

Industry Overview on the Enterprise Software Solution as well as Plantation and Mill Management Solution Industries in Malaysia in conjunction with Proposed Listing of OneTech Solutions Holdings Berhad on the LEAP Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("PROVIDENCE") has prepared an Industry Overview on the Enterprise Software Solution as well as Plantation and Mill Management Solution Industries in Malaysia for inclusion in the Information Memorandum of OneTech Solutions Holdings Berhad.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:



ELIZABETH DHOOS
EXECUTIVE DIRECTOR

5. INDUSTRY OUTLOOK (cont'd)



1 ENTERPRISE SOFTWARE SOLUTIONS INDUSTRY IN MALAYSIA

DEFINITION AND SEGMENTATION

Enterprise software solutions are enterprise software platforms that electronically capture, store, manage and process information. It integrates most of the crucial operational processes within an organisation (namely finance, procurement, warehouse, manufacturing and sales divisions), allowing an enterprise to increase automation and productivity in its business operations. Enterprise software solutions are used to satisfy the various business needs of an organisation. It helps companies and businesses to manage their business operations, including among others, by tracking and improving supply chains, managing resources, or interacting with customers.

A wide range of applications fall under enterprise software. These applications include enterprise resource planning ("ERP") solutions, industry vertical application solutions of which include plantation and mill management solutions, accounting software, office suites, groupware, human resource management (HRM) systems, outsourcing relationship management, customer relationship management (CRM), supply chain management (SCM), business intelligence (BI) and business process management (BPM).

- **ERP solutions**

ERP solutions today imply a widespread integrated information system applied to any organisation regardless of size and geographic location. It is essentially a business management solution for enterprises that supports both operational and administrative processes of organisations along with functionality for financial, supply chain management, manufacturing, project accounting, customer relationship management, and human resources management.

At a basic level, an ERP solution comprises a central database that collects, stores and disseminates data across all business functions and activities in an organisation. By integrating all business functions of an organisation in a unified software solution, businesses are expected to gain operating cost reduction in addition to improved capabilities and information transparency. The increased business trends of globalisation, mergers, and acquisitions demand that companies must have the ability to control and coordinate increasingly remote operating units. An ERP solution can help an organisation achieve this by enabling the sharing of information across departments and national borders, facilitate transactions as well as production, mediated by software and technology.

- **Plantation and mill management solutions**

Plantation and mill management solutions consolidate and integrate the key flow and work processes associated with plantation and mill business activities, consisting of human resource, financial, assets, plantation and mobile application management. It is a comprehensive software solution encompassing oil palm plantation and mill operations from headquarters operations to plantation offices, estates, work sites, staff, operators, contractors and assets. When using plantation and mill management software, organisations are able to make appropriate decisions based on the data analytics of information derived from various business functions.

INDUSTRY PERFORMANCE AND GROWTH POTENTIAL

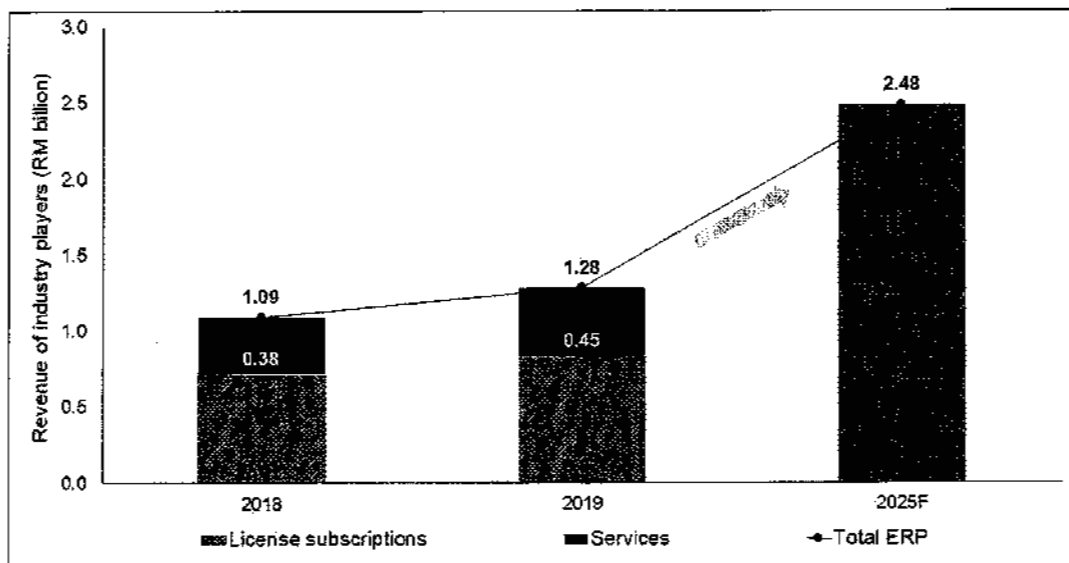
The industry for ERP solutions in Malaysia comprises industry players that offer ERP software solutions in the form of software license subscriptions, as well as value added services such as ERP software customisation, installation, support, upgrading and maintenance. Thus, the industry size is a sum of revenues from the provision of ERP solutions of major industry players comprising local franchisees of global solutions developers such as Century Software Incorporation, IBM Corporation, Microsoft Corporation, Oracle Corporation and SAP SE, as well as the revenue of industry players offering value added services such as ERP software customisation, installation, support, upgrading and maintenance.

5. INDUSTRY OUTLOOK (cont'd)



The ERP solutions industry in Malaysia grew from RM1.09 billion in 2018 to an estimated RM1.28 billion in 2019 at a compound annual growth rate ("CAGR") of 17.4%. In 2019, software license subscriptions comprised approximately 64.8% of the ERP solutions industry, while the remaining 35.2% comprised services. The ERP solutions industry in Malaysia is forecast to grow from an estimated RM1.28 billion in 2019 to RM2.48 billion in 2025, at a CAGR of 11.7%.

ERP solutions industry size in Malaysia



Source: PROVIDENCE analysis

OneTech Solutions Holdings Berhad group of companies ("OneTech Group") is an enterprise software solutions provider offering third party and proprietary enterprise software solutions. For the FYE 31 December 2019, OneTech Group secured a revenue of RM3.37 million from its local third party enterprise software solutions business segment comprising the delivery of professional services, software maintenance and licensing. In comparison to the ERP solutions industry size of RM1.28 billion in 2019, OneTech Group garnered a market share of 0.3%. Within the ERP services segment, OneTech Group secured a revenue of RM3.07 million in the FYE 31 December 2019, resulting in a market share of 0.7%.

The increasing demand for ERP software from small and medium enterprises ("SMEs") is one of the major reasons behind the growth of the ERP solutions market. ERP solutions have become essential for enterprises across all industries as they help in improving operations and business process efficiency. ERP solutions offer advantages such as better planning and resource management, regulating operational costs, streamlining of data under one platform, enhanced decision-making, and increased sales. As a result, SMEs are shifting from using standalone applications for each of their business functions to ERP solutions that allow the integration of multiple functions into a single application.

The global ERP solutions market was valued at USD39.70 billion in 2019 and is expected to reach USD65.20 billion by 2025, at a CAGR of 8.6% over the period from 2020 to 2025. In Southeast Asia, the ERP solutions market was valued at USD9.32 billion in 2019 and is expected to reach USD21.88 billion by 2025, at a CAGR of 15.3% over the period from 2020 to 2025.

With digitalisation and businesses becoming global, cloud-based ERP systems are gaining momentum in the market space, as they offer the benefits of simplicity and lower cost of ownership, over the conventional on-premise and hosted solutions.

5. INDUSTRY OUTLOOK (cont'd)



Global major vendors offering cloud ERP solutions and services include Oracle Corporation (United States of America), SAP SE (Germany), Microsoft Corporation (United States of America), Infor, Inc. (United States of America), Unit4 Business Software Holding B.V. (Netherlands), Workday, Inc. (United States of America), The Sage Group plc (United Kingdom), Epicor Software Corporation (United States of America), QAD Inc. (United States of America), Plex Systems, Inc. (United States of America), Acumatica, Inc. (United States of America), Deltek, Inc. (United States of America), The Danville Group, Inc. (United States of America), IQMS (United States of America), and Ramco Systems Limited (India).

Oracle Corporation was one of the first providers of cloud ERP solutions and first launched its cloud ERP solutions in June 2012. Since then, Oracle Corporation has launched multiple updates, one of which saw the addition of Artificial Intelligence (AI) to the company's cloud ERP portfolio in the March 2019 release. Oracle Corporation has been focusing on its cloud portfolio, as it has seen customer demand to migrate their existing applications to the cloud. Oracle cloud ERP has seen wide-scale cloud deployments, mainly focused on increasing business agility, decreasing cost and digital transformation initiatives. Oracle Corporation is also focusing on growing economies such as India and China to expand its customer base.

More recently in late 2019 and early 2020, there was an outbreak of COVID-19 which has since been categorised as a global pandemic as it spread widely worldwide including Malaysia. Following a high number of COVID-19 infections amongst the population in Malaysia, the Government of Malaysia announced the imposition of the Movement Control Order ("MCO") effective 18 March 2020 to 3 May 2020 to curb the spread of the COVID-19, followed by the conditional MCO ("CMCO") (4 May 2020 to 9 June 2020) and subsequently recovery MCO ("RMCO") (10 June 2020 to 31 December 2020). Under the MCO period, companies involved in the production of non-essential products and services were required to cease operations, before gradual relaxations were introduced under the CMCO and RMCO period to allow the resumption of non-essential business activities and for citizens to conduct their daily activities.

Under the CMCO, various economic sectors were reopened with strict standard operating procedures to be observed. Nonetheless, employees were also encouraged to work from home and provided with the necessary tools to remain connected and productive during this period. Subsequently under the RMCO period, more restrictions were relaxed to allow the public to carry out their daily activities while complying to the standard operating procedures.

The Government of Malaysia declared the re-imposition of the CMCO in Selangor, Kuala Lumpur, Putrajaya, Sabah and Sarawak effective from 14 October 2020 to 27 October 2020 upon receiving the advice from Malaysia's Ministry of Health and taking into consideration the increasing cases of COVID-19. The CMCO was then further extended to 9 November 2020. Due to the sustained high number of positive Covid-19 cases, the Government of Malaysia announced that the CMCO would be enforced in all states in Peninsular Malaysia, except for Kelantan, Perlis and Pahang from 9 November 2020 to 6 December 2020. The Government of Malaysia lifted the CMCO on all states in Malaysia commencing 6 December 2020, save for the states of Sabah, Selangor (except the districts of Sabak Bernam, Hulu Selangor, Kuala Selangor), Kuala Lumpur, as well as selected districts in Johor, Kedah, Penang, Perak, Kelantan and Negeri Sembilan, which will be under CMCO until 20 December 2020. The states that are no longer under CMCO will be under RMCO until 31 December 2020.

Despite the economic stimulus that is being rolled out by the Government of Malaysia, PROVIDENCE anticipates that spending on information technology ("IT") by enterprises will be affected in the short term in 2020 as enterprises, particularly SMEs, may opt to defer or minimise selected expenses as they focus on sustaining their cash flows. However, the COVID-19 pandemic has created a case for the adoption of ERP solutions by organisations in terms of addressing work-from-home policies to managing swings in demand and uncertain supply chains. The COVID-19 pandemic has highlighted an aspect of ERP that is not as distinctly apparent in more normal times – business continuity. While the ability of ERP solutions to mitigate abrupt business changes has been noted in the past, the extensive reliance on ERP solutions to maintain widespread, fundamental business continuity, as we are seeing today, has never been experienced on such a large scale. During the COVID-19 response, organisations have relied on their ERP solutions to sustain business operations through remote access, automated reporting, electronic data exchange, and real-time factory controls. While enterprise IT spending is expected to be subdued

5. INDUSTRY OUTLOOK (cont'd)



in 2020 as companies focus on cost-cutting measures, PROVIDENCE anticipates that the demand for ERP solutions will improve over the long term as organisations acknowledge the role of ERP solutions in the continuity of business activities. Further, higher levels of digital adoption and internet penetration will continue to support the adoption of ERP solutions over the long term in Malaysia.

KEY DEMAND DRIVERS

The core business benefits of enterprise software solutions to enterprises drives demand for ERP solutions

An ERP solution is a system of integrated applications which empowers management with holistic data on several business aspects to help them make informed decisions, and enables businesses to efficiently access, analyse, interpret, and execute the core activities of each department of the business on a day-to-day basis.

The core business benefits of ERP solutions are:

- **Increased visibility:** ERP solutions allow access to all connected processes in a business by making data from connected departments easily accessible to authorised users and management. The availability of information in a centralised location allows for increased collaboration and more streamlined completion of tasks. This visibility provides more coherent workflows and allows inter-departmental processes to be easily tracked with maximum efficiency.
- **Informed and improved decision making:** As an ERP solution integrates all business management functions, it decreases the level of inconsistency in the information as otherwise found. Thus, an ERP solution provides the management with accurate, consistent and instant business data to help them take appropriate decisions. This also strengthens the management's control over the organisation's operations. Many ERP solution vendors also offer business intelligence services with their software. This dual functionality allows businesses to gain a deeper level of analytical insight into their operations, thus aiding corporate planning by identifying both operational strengths and problem areas that need improvement.
- **Enhance productivity and flexibility:** By integrating the core business processes together in one single application, the ERP solution helps companies to maximise the efficiency of business operations across the organisation.
- **Reduce and streamline operational costs:** An ERP solution helps reduce operational costs because work processes can be streamlined and integrated with any delay and duplication of work can be avoided. For example, a company may calculate their sales revenue using one type of software meanwhile using separate software to produce a financial report. An ERP solution integrates the two actions whereby once the sales revenue is calculated, the ERP solution uses the same information to produce a financial report. A benefit of having these separate processes integrated is that the same information flows from each department consistently which results in less errors made, in addition to better business decisions made. Resources such as time and staff are reduced, which boosts the company's bottom-line.
- **Customisation features:** ERP solutions can be implemented in modules based on an organisation's business need. In most instances, modules and applications are designed to be able to stand alone or integrate with the larger suite. This allows organisations to pick and choose modules with the required functionality without investing in modules that are not required. Further, the deployment of ERP solutions can be customised in terms of on-premise or through cloud deployment. With an on-premise system, organisations will need to invest in computer hardware for the installation of the ERP solution. In comparison, an ERP solution can be hosted and managed off-site by an ERP vendor under a cloud-based system.

5. INDUSTRY OUTLOOK (cont'd)



- Higher security: In an effective ERP solution, corporate data is available to employees with authorisation. Hence, it helps organisations to secure their data.

Growing importance of enterprise software solutions to enterprises creates continuous demand for ERP solutions

Over the last two decades, an increasing number of enterprises have begun to adopt enterprise software solutions such as ERP solutions in their business. This is fuelled by the cost and productivity efficiency benefits that these solutions can offer to enterprises. Further, the increasing requirement of maintaining proper records for regulatory compliance has also created a case for the adoption of a structured ERP solution.

Resistance to the integration of their operations with these enterprise software solutions could impact enterprises' profit margins and productivity rates relative to industry standards. Thus, in order to remain competitive, enterprises today are largely dependent on enterprise software solutions to manage critical business activities such as production, inventory management and procurement, sales, finance as well as human resources, on a daily basis.

Moving forward, it is expected that the number of private enterprises and public agencies that have adopted enterprise software solutions will only increase further, benefiting the ERP solutions industry in Malaysia.

Growing need for enterprises to remotely access and manage data benefits the ERP solutions industry

The proliferation of mobile computing devices such as smartphones and tablets has changed the way businesses are operated. Business activities are no longer confined within office premises, as employees can access, send and monitor information, data analytics, transactions as well as business functions with using these mobile devices. This has led to the adoption of enterprise software solutions that allow for telecommuting (where employees do not need to convene at a common office).

In today's business environment, organisations are beginning to establish remote working capabilities and protocols on a larger scale to allow for quick implementation when such need arises. The need for remote working capabilities was heightened during the lockdowns imposed by various governments around the world as a result of the COVID-19 pandemic. Employees were encouraged to work from home and provided with the necessary tools to remain connected and productive during this period.

One of the many difficulties faced by businesses during the pandemic is having to minimise the number of employees that are onsite and having more people working remotely. While working remotely was an option for some businesses, not many businesses had such large numbers of their teams working from home and at such short notice.

With businesses operating remotely or with minimal staff, organisations can benefit from cloud-based ERP. Cloud-based ERP are ERP solutions that are offered and managed in the cloud, as opposed to businesses hosting their system on premises. As cloud-based ERP is hosted and managed online through end-to-end security, it allows users to access tools and information from locations beyond their office desk. The adoption of cloud-based ERP solutions empowers employees to work remotely or from home while keeping operations on track in order to maintain business continuity. Employees will be able to remotely access their organisation's ERP solution using mobile applications or using any web browser on any device.

COVID-19 has paved the way for digital transformation as businesses shift operations to cope with office closures, restricted movement and supply interruption. Over the long term, this is expected to support a wider adoption of ERP solutions, ultimately boosting expenditure on ERP solutions. The growing

5. INDUSTRY OUTLOOK (cont'd)



importance of cloud-based ERP solutions will inevitably lead to enterprises upgrading their existing ERP solutions to allow for remote access.

Emergence of ERP cloud solutions increases market demand from SMEs and mid-market companies

ERP cloud solutions refer to scalable ERP solutions delivered on a subscription basis. Through ERP cloud solutions, enterprises can enjoy benefits such as lower initial investment, access to expertise and advanced technology, as well as flexibility to scale backup and storage capacities.

The abovementioned benefits are attractive to SMEs and mid-market companies as it increases the affordability of ERP solutions. SMEs and mid-market companies can substantially lower their initial investment in procuring and maintaining an ERP solution. Further, computing resources such as software, platforms, infrastructure as well as data and processing capacity can be obtained whenever required from solution providers.

As such, the emergence of ERP cloud solutions is expected to give rise to greater demand for ERP solutions, and particularly from SMEs and mid-market companies.

Growing number of enterprises indicates a demand potential from new enterprises

Malaysia has seen a steady growth of newly registered enterprises (as represented by newly registered companies) at an average increase of 4.3% each year. According to the Companies Commission of Malaysia, new enterprises in Malaysia grew from 0.88 million in 2009 to 1.30 million in 2019. This steady growth trend is expected to continue in light of the nation's developing economy over the long-term.

The growing number of enterprises registered each year provides opportunities for greater demand for ERP solutions in Malaysia.

Favourable Government initiatives promoting the adoption of IT supports the growth of ERP solutions in Malaysia

The Government has embraced the IT sector as a key driver for socio-economic growth. As such, the Government has identified several plans and programmes to further drive the sector and pave the way for the adoption and integration of IT solutions by enterprises across the nation.

In the 11th Malaysia Plan, the Government targets to increase the contribution of the IT sector to 18.2% of the nation's gross domestic product ("GDP") by 2020. The IT sector is expected to gain greater momentum, driven by the convergence of industries and commercial activities due to digitalisation. Specifically, the Government intends to:

- develop the IT sector in technology focus areas such as big data analytics, Internet of Things and cloud computing;
- increase the adoption of IT solutions amongst SMEs;
- build a support eco-system to allow for the development of IT solutions and internationalism; and
- develop high quality IT talent.

These favourable Government initiatives are expected to promote the adoption of IT in all economic sectors, thus supporting the growth of ERP solutions in Malaysia.

5. INDUSTRY OUTLOOK (cont'd)



2 PLANTATION AND MILL MANAGEMENT SOLUTIONS IN MALAYSIA AND SOUTHEAST ASIA

DEFINITION AND SEGMENTATION

Plantation and mill management solutions consolidate and integrate the key flow and work processes associated with plantation and mill business activities, consisting of human resource, financial, assets, plantation and mobile application management. It is a comprehensive software solution to cover total plantation company and mill operations from headquarters operations, plantation offices, estates, work sites, staff, operators, contractors and assets. When using plantation and mill management solutions, organisations are able to make appropriate decisions based on data collated across business functions and activities in an organisation. Management can use the software to manage the costs of production and important field activities.

As world population grows, there is an increasing need for more efficient food and commodity crop production. However, traditional plantation and milling companies are faced with a changing business environment, challenging market conditions and competition. These factors impose a need for making better agribusiness-related decisions on all levels and during all phases of the agriculture production chain. One way to stay competitive is to incorporate innovative solutions in all phases of the agriculture production chain to facilitate the decision-making process. Hence, during recent years, technology-oriented companies have been creating a range of agricultural software, hardware and solutions aimed at bringing more data and efficiency to the agricultural and/or agribusiness sector, in a timely and accurate manner.

Plantation and mill management solutions are computerised data-processing systems, encompassing both hardware and/or software, designed to support the activities of an organisation. When applied in the agribusiness sector, plantation and mill management solutions are useful tools for data acquisition, data processing, and reporting for improved process management in the agribusiness environment.

KEY DEMAND DRIVERS

Rising awareness on the benefits of adopting a structured system to manage plantation and mill operations

The agriculture sector contributed 7.1% (RM101.55 billion) to Malaysia's gross domestic product ("GDP") in 2019. Oil palm was the major contributor to the GDP of agriculture sector in 2019 at 37.7%, followed by other agriculture (25.9%), livestock (15.3%), fishing (12.0%), forestry and logging (6.3%) and rubber (3.0%). Exports of agriculture sector in 2019 amounted to RM64.86 billion. The agriculture sector employed approximately 1.60 million persons in 2019.

In recent years, several technology companies from the IT sector have introduced plantation and mill management solutions for the agriculture sector as farmers and millers look to make informed decisions in a timely manner and lower operating costs to remain competitive. These include the eFLEX Plantware and eFLEX Millware solutions by OneTech Group, Intelligent Plantation Management solution by MIMOS Berhad, QuartoConnect by LintraMax (M) Sdn Bhd, plantation management solution by Kambyan Network Sdn Bhd and Integrated Plantation Management Solution by e-Komoditi Sdn Bhd. These solutions are primarily targeted at companies in the palm oil sector. These plantation and mill management solutions utilise new and advanced technologies integrated into one system, to enable farmers and other stakeholders within the agriculture value chain to improve production.

As the agricultural sector is a large industry and a pillar of Malaysia's economy, a structured information system will be able to provide accurate data in the form of comprehensive information relevant to the challenges faced during performing the main tasks in the field of agriculture and also in order to be able to sustain Malaysia's agricultural industry's growth.

5. INDUSTRY OUTLOOK (cont'd)



The growing popularity of precision agriculture promotes the adoption of plantation management solutions

Precision agriculture uses hardware and software tools and applies advanced technologies for the collection, analysis and handling of information such as soil and agronomic conditions to maximise farm production. These software tools are used for purposes such as managing fertiliser input, monitoring crops, and managing tasks on the farm. Software tools use data collected from hardware, including crop yield and moisture content in the soil for monitoring crops. Precision farming includes yield and soil mapping applications with input management. The yield and soil mapping are done by geographic information system software packages. These display desired data such as yield and soil nutrient information on a map. An easy-to-understand view about the yield and soil nutrient variability in the form of a map is helpful as organisations need to increase yield and improve soil nutrient concentration.

The adoption of plantation and mill management solutions promote profitability and sustainability of Malaysia's palm oil sector

Malaysia's planted area of oil palm has grown over the years, rising from 5.39 million hectares in 2014 to 5.85 million hectares in 2018. From the 5.85 million hectares, 3.57 million hectares comprised private estates, followed by 0.98 million hectares of smallholders and 0.72 million hectares under the Federal Land Development Authority (FELDA) whilst the remaining 0.58 million hectares comprise plantations under FELCRA Berhad, Rubber Industry Smallholders Development Authority (RISDA) and state governments. Between 2014 and 2018, the supply of fresh fruit bunches ("FFB") increased from 96.10 million metric tonnes to 98.40 million tonnes. In 2019, the planted area of oil palm increased to 5.90 million hectares while FFB supply increased to 99.10 million tonnes.

Between 2014 and 2019, crude palm oil ("CPO") production rose from 19.67 million tonnes to 19.86 million tonnes while crude palm kernel oil ("CPKO") production hovered at 2.30 million tonnes. CPO and CPKO production are cyclical and correlate to the volume of FFB received by the mills as a result of factors such as replanting cycles, weather conditions and market forces, specifically the pricing and availability of other vegetable oils. Malaysia is the world's second largest producer of CPO after Indonesia.

At the end of 2019, there were 452 FFB mills and 43 palm kernel crushers in Malaysia processing CPO and CPKO, as well as 51 refineries and 21 oleochemical plants producing downstream palm products for domestic consumption and export.

A current industry trend of ensuring and maintaining sustainable practices in agriculture is through digitisation. Digital management of agriculture through the adoption of plantation and mill management solutions help plantations become more efficient, easy to supervise and less dependent on manual labour. When technologies are incorporated across the value chain, productivity increases over the various stages of growth of the oil palm value chain. A digital agriculture management platform can support the goals of increasing productivity, profitability and sustainability of plantation companies and agricultural stakeholders. The aim should be to digitise processes that can be customised according to the requirements of plantation and milling organisations.

Currently, big plantation companies manage crops by relying on legacy systems such as SAP, Microsoft Dynamics and Oracle which are not specialised for the agricultural sector. This results in significant investments to maintain an internal IT support team and implement customisations to these software to suit their operational needs. With the inclusion of an integrated ERP platform via plantation and mill management solutions, a company will be able to easily integrate with their existing legacy systems, creating a smooth and streamlined process. A plantation management solution is able to record data from the tree level, which will help agriculture stakeholders make better decisions and manage plantations more professionally.

Plantations and mills are remotely located and cover a huge area, in locations with little to no Internet connectivity. A software platform with a native mobile application will allow field executives, supervisors or agricultural engineers to visit farms and mills, and record data without relying on connectivity. The observations recorded can then be sent to an agronomist who would advise on what action needs to be taken based on the crop growth data.

5. INDUSTRY OUTLOOK (cont'd)



Apart from agricultural data, plantation and mill management solutions also help in finance and accounting. The right plantation and mill management solution can support an organisation to achieve higher efficiency, higher yields, higher profitability and complete traceability.

Thus, the need to enhance profitability and sustainability of oil palm plantation and milling operations creates opportunities for plantation and mill management solution vendors that are able to meet the business and operational needs of these organisations.

Regional demand for plantation and mill management solutions arising from the established palm oil industry in Southeast Asia

Globally, palm oil production rose from 60.10 million tonnes in 2014 to 72.10 million tonnes in 2018 at a CAGR of 4.7% fuelled by the growing demand for food as a result of overall population growth and economic growth. Global palm oil production is dominated by Indonesia and Malaysia. Indonesia is the largest producer and exporter of palm oil worldwide. Collectively, Indonesia and Malaysia produce approximately 90% of global palm oil volume.

In Indonesia, the planted area for oil palm increased from 10.75 million hectares in 2014 to 12.76 million hectares in 2018. The palm oil industry is dominated by large estates which currently own approximately 8.40 million hectares in palm oil plantations while the remaining are owned by smallholder estates.

Indonesia's palm oil production has grown significantly in volume from 28.00 million tonnes in 2013 to 41.50 million tonnes in 2019. However, the productivity of palm oil production, defined as the total production per total area of mature plantations, has not increased significantly within the period. In 2017, national productivity numbers ranged from approximately 3.50 – 3.60 tonnes of CPO per hectare, with smallholder estates having lower productivity at approximately 2.00 – 3.00 tonnes of CPO per hectare.

PROVIDENCE believes that the adoption of plantation and mill management solutions can support Indonesia's drive to produce sustainable palm oil. This is as plantation and mill management solutions can be customised to record crop data comprising land mapping, tree and plantation assets as well as mill infrastructure that will help stakeholders make better decisions and manage plantations more professionally and in a manner that meets the sustainability criteria of Indonesia's trade partners. Further, a structured manner of collecting and analysing plantation data in a plantation management solution will also aid plantation companies to identify factors affecting production yield and make informed decisions on its improvement.

The growing durian industry in Malaysia presents opportunities for the adoption of plantation management solutions

The durian is a seasonal fruit that is extensively grown in tropical regions, in Indonesia, Thailand, Malaysia and the Philippines. It also grows in northern Australia, selected countries in South America and in Africa. In Malaysia, the durian has been highlighted as one of the nine selected premium fruits under the Malaysian National Agro-food Policy (2011 – 2020). This fruit has also been identified as a new source of agricultural wealth for Malaysia.

Malaysia's planted area of durian crops witnessed a decline from 73.74 thousand hectares in 2014 to 72.40 thousand hectares in 2017 before moderating at 73.74 thousand hectares in 2018. Nonetheless durian production rose from 351.52 thousand metric tonnes in 2014 to peak at 368.27 thousand metric tonnes in 2015 before dipping to a low of 210.87 thousand metric tonnes in 2017. In 2018, the production of durians saw improvement and rose to 341.33 thousand metric tonnes, registering a year-on-year growth rate of 61.9% compared to the production volume of 210.87 thousand metric tonnes in 2017. The long periods of hot weather in 2018 increased the harvest of durians during the year, even in the off season. According to the Department of Agriculture Malaysia, durian production in 2019 is estimated to reach 348.17 thousand metric tonnes from an estimated planted area of 72.54 thousand hectares.