Zetrix AI Nasdaq bid heats up with SPAC partnership

PETALING JAYA: Zetrix AI Bhd is moving closer to listing its artificial intelligence (AI) unit in the United States via a potential reverse merger exercise similar to Malaysia-born ride-hailing player Grab in 2021.

Sources said the listing on Nasdaq may take place in collaboration with Forefront Tech Holdings Acquisition Corp (FTHAC) which was recently listed on the same platform a month back.

Wong Thean Soon, group managing director of Zetrix, previously told *Bloomberg* that the listing of its AI Foundation Lab is expected to be completed by end-2026.

Wong directly owns 15.18% of the Main Market-listed Zetrix and another 14.52% indirectly via Asia Internet Holdings Sdn Bhd. On May 25, Zetrix signed a memorandum of understanding (MoU) with FTHAC for a proposed business combination.

In a filing with Bursa Malaysia, Zetrix said the MoU provides a "framework for collaboration and facilitates discussions" between both parties, although it did not mention any details related to a potential listing.

"It allows both parties to gain a better understanding of each other's strategies and capabilities and to explore areas of mutual interest where cooperation may create synergistic benefits," it noted.

FTHAC is a special purpose acquisition company (SPAC) incorporated on Nov 3, 2025, in the Cayman Islands and listed on Nasdaq.

Moreover, it began trading on the Nasdaq Global Market on April 30, 2026, and completed its initial public offering on May 1, 2026.

"FTHAC is formed for the purpose of effecting a merger, amalgamation, share exchange, asset acquisition, share purchase, recapitalisation, reorganisation or similar business combination with one or more businesses," Zetrix said.

The MoU is non-binding and does not create any legal obligation for either party to proceed with or complete the proposed transaction unless definitive agreements are signed.

"However, certain provisions of the MoU, including confidentiality, exclusivity, waiver against the FTHAC trust account, governing law and other customary clauses, remain legally binding," Zetrix said.

The MoU shall remain valid for an exclusivity period of 180 days, with an option for the parties to mutually extend the period by an additional 30 days.

The proposed collaboration, if completed, would effectively provide Zetrix with a backdoor listing route to Nasdaq via a SPAC merger, rather than a traditional initial public offering.

For its first quarter ended March 31, 2026, Zetrix's net profit rose to RM271.33mil from RM181.64mil in the previous corresponding quarter, while revenue grew to RM386.3mil from RM299.99mil a year earlier.

The company said the improved revenue and profit were driven by the continuous contribution from web3 application service fees on Zetrix.

CORPORATE

MMCS banks on AI uptake

IPO-bound firm eyes 20% annual revenue growth

By NICOLE CHEW
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PETALING JAYA: MM Computer Systems Bhd (MMCS) sees the expanding national digital economy and widespread use of artificial intelligence (AI) in daily business operations as key drivers for its annual sales growth goal of 20%.

The information technology (IT) solutions provider, which is bound for listing on the ACE Market of Bursa Malaysia on June 11, is targeting about RM120mil in revenue by its financial year ending Dec 31, 2026 (FY26), a 20% increase from RM98.7mil in FY25.

It further aims to achieve an additional 20% growth in the subsequent year to reach a revenue of RM140mil to RM150mil.

Managing director and chief executive officer of MMCS, Young Yoong Chang, said increasing enterprise demand for agentic AI, due to their ability to streamline workflows across functions, coupled with government initiatives aimed at accelerating digital transformation such as MyDigital, presents significant growth opportunities for the company.

"Enterprises will need to upgrade or replace their existing servers, storage, networks, software, and equipment to prepare and integrate with AI solutions," he told *StarBiz*.

"MMCS is well-positioned to capitalise on this trend in the coming three to five years."

Through its subsidiaries Micro Technology Solution Sdn Bhd and SMIND Sdn Bhd, the group is principally involved in the design, implementation, and configuration of IT solutions, the provision of IT outsourcing services, and the sales and leasing of IT hardware and software.

The company's initial public offering exercise (IPO) is expected to raise RM26.18mil from the public issue at 22 sen per share.

Application for MMCS' IPO opened on May 11 and closed on May 25.

MMCS saw the retail portion of its IPO oversubscribed by 42.12 times.

"Enterprises will need to upgrade or replace their existing servers, storage, networks, software, and equipment to prepare and integrate with AI solutions."

Young Yoong Chang

The enterprise information technology solutions provider received a total of 15,363 applications for about 1.22 billion shares from the Malaysian public for the 28.35 million shares made available under the public portion.

For the bumiputra public portion, MMCS received an oversubscription rate of 24.81 times.

Meanwhile, for the non-bumiputra public portion, an oversubscription rate of 59.44 times was recorded.

A portion of the IPO proceeds will be utilised for the procurement of IT hardware and software, and RM3.1mil will go towards workforce expansion and development.

The remainder will be used for bank borrowing repayment and listing expenses.

The recruitment and training of personnel, Young noted, will be a key component to the group's growth strategy.

"We plan to expand our technical team and our sales and marketing team, which will enable us to grow our customer base further," he shared.

A larger and more specialised workforce is expected to help MMCS enhance its bid capacity for high-value tenders, strengthen project delivery, and boost pre-sales and after-sales capabilities.

"Furthermore, we intend to send our engineers for training and certifications authorised by our principals so that we are thoroughly equipped for an increasingly AI-based landscape.

"Among its segments, the design, implementation, and configuration of IT solutions and the provision of IT outsourcing services represent the group's largest revenue contributors at 49.8% and 31.2%, respectively.

While the first segment is mainly project-based, the service-based IT outsourcing division largely runs on a recurring revenue model.

After the implementation of IT solutions, MMCS' customers can then move to a maintenance service contract typically spanning three to five years, which includes software and hardware support, data backup and disaster recovery facilities, and IT infrastructure solution hosting.

"We are also able to provide help desk service, resident engineers, project management support, and regular monitoring of IT infrastructure," he added.

The two segments, according to MMCS, will be the main focus for the company following the IPO, as they offer higher gross profit margins.

The group's customer base mainly consists of government-linked companies (GLCs), enterprises, and large corporations, in addition to resellers.

According to Young, GLC customers make up nearly half of the company's total revenue.

He noted that one of MMCS' core strengths is in serving the GLC segment, as these companies often have wide and complex needs for IT solutions and require specialised technical support.

"Many of its GLCs' customers have operations that are 'mission critical' to the nation's economy and infrastructure and thus enforce stringent service level agreements," he added.

"Our ability to serve this segment is a key differentiator for us, as are our maintenance services," he said.

Post-listing, MMCS said it will seek to secure more projects from GLCs and enterprise customers.

Young said the company's tender book currently stands at around RM127mil, while the company has about RM80mil of unrecognised revenue in its order book.

He added that around RM37mil from the order book should be recognised by end-FY26, with the remainder expected for recognition through to 2029.

Rising costs and inflation risks weigh on corporate outlook

> FROM PAGE 1

"Furthermore, non-national brands face intensifying competition from new entrants with competitive pricing and updated product lines, though a stronger ringgit provides a partial cushion on input costs."

Yii is also of the view that retail and consumer discretionary players, along with banks, are likely to face earnings pressure in the quarters ahead.

Other than the aforementioned underperformers, BIMB Research director of research Mohd Redza Abdul Rahman said property development and real estate are other underperformers in 1Q26.

He noted that developers are grappling with an increase in baseline building materials and logistics costs.

"Unlike high-end or luxury segments, mass-market developers lack the pricing flexibility to pass these cost hikes onto price-sensitive buyers without severely hitting transaction volumes.

"This could translate to slow new project starts and developers repricing their product offerings and relooking at their cost structures," he said.

Looking ahead, Mohd Redza said thematic capital expenditure validation is one of the key factors that will shape corporate earnings performance.

He said the market will closely monitor whether the multi-billion-ringgit investments pledged for DC hubs, the National Semiconductor Strategy, and green infrastructure will continue to translate into highly visible order book drawdowns and top-line expansion.

"Investors will have little patience for mere contract wins and possibly to focus on the speed of progress billings and operating margins for construction giants, tech-infrastructure builders, and advanced packaging electrical and electronics players."

Mohd Redza added that a stabilising ringgit, which appreciated slightly in 1Q26 on the back of non-resident inflows, will alter the landscape for export-orientated manufacturers versus import-heavy domestic players.

"But this is also dependent on the interest rate decision in the United States as the new Federal Reserve chairman starts his tenure," he said.

Meanwhile, Rakuten Trade head of equity sales Vincent Lau described 1Q26 as a typically "quieter" quarter due to festive-related disruptions, but maintained that overall earnings performance remained largely in line with expectations.

"Looking ahead to 2Q26, there is a possibility that inventories could start running low, but I do not think the situation will be that severe.

"If supply chains normalise and shipping routes reopen, conditions should gradually improve," he said.