

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Panda Eco System Berhad (“Panda” or “the Company”) is pleased to present the Corporate Governance (“CG”) Overview Statement for the financial year ended 31 December 2023 (“FYE 2023”), which has been prepared in compliance with Rule 15.25 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and an overview on the application of the Principles of corporate governance as promulgated by the Malaysian Code on Corporate Governance issued on April 2021 (“MCCG 2021”). This CG Overview Statement should be read in conjunction with the Company’s CG Report, on how the Company has applied the Practices as set out in MCCG 2021.

The enhancement of shareholder value, the promotion of long-term value, and the building of a sustainable business require good corporate governance. To this end, the Board is steadfast towards maintaining high standards of corporate governance within the Panda and its subsidiaries (“Panda Group” or “the Group”) and upholding the Principles of MCCG 2021.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Group acknowledges the vital role played by the Board in the stewardship of the direction and business operations of the Group. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals, consideration of significant financial matters, review of the financial and operating performance of the Group and undertaking of major investments and capital expenditures.

### I. BOARD RESPONSIBILITIES

The Company has an experienced Board that is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The Board also ensures the implementation of appropriate risk management and internal control systems, including financial, operational and compliance to safeguard the shareholders’ interest and the Group’s assets. The Board has established certain guidelines to ensure the effective discharge of its functions. This has been formalised through the adoption of the Board Charter which can be accessed on the Company’s website <https://panda-eco.com/>. The Charter includes a list of specific functions that are reserved for the Board and Chairman, as well as an authorisation limit that defines relevant matters and applicable limits reserved for the Chairman and Executive Directors. These responsibilities are further cascaded to the senior management team within the Company.

The Board has established Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, which are entrusted with specific oversight responsibilities for Panda Group’s affairs. The Board Committees are granted the authority to act on each Board’s behalf in accordance with their respective Terms of Reference (“TOR”) and to report to the Board with their recommendations. The TOR of the Board Committees are available on the Company’s website. Further, the Board is also responsible in ensuring compliance by the Company and the Group with the AMLR, the Companies Act 2016 and rules of other relevant authorities.

The Company aims to ensure a balance of power and authority between the Chairman and the Executive Directors with a clear division of responsibility between the running of the Board and the business in the Group respectively. The Company also emphasises and practices a division of responsibility between the Executive and Non-Executive Directors. The distinct and separate roles of the Chairman and Executive Directors, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as a facilitator at the meetings and ensures that Board proceedings comply with good conduct and best practices. The Executive Directors are responsible for making and implementing operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies. The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views and advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process.

All Directors have unrestricted access to all information of the Group's business and affairs and have full access to management, Company Secretary and External Auditors for information needed to carry out their duties and responsibilities. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the Company's expenses.

The Board has adopted the Board Charter, Code of Conduct, Anti-Bribery and Corruption Policy, Whistleblowing Policy and Procedures and Fit and Proper Policy which are available on the Company's website.

### II. BOARD COMPOSITION

As at the date of this report, the Board consists of six (6) Directors i.e. four (4) Independent Non-Executive Directors and two (2) Executive Directors. The Independent Non-Executive Directors fulfilled the criteria of "Independence" as prescribed under the AMLR. This complies with the AMLR which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgment.

Panda has two (2) female Independent Non-Executive Directors, providing a representation rate of 33% which complies with the new requirement of AMLR of Bursa Securities to have at least one (1) woman Director on the Board.

The Board supports gender diversity by having two (2) female directors to bring diversity to the Board's deliberation and decision-making process.

The Board met on three (3) occasions during the financial year ended 31 December 2023 and the details of attendance at Board Meetings are set out below:-

Name of Directors	Attendance	Percentage of attendance (%)
Loo Chee Wee	3/3	100%
Tay Kheng Seng	3/3	100%
Yap Chee Kheng	3/3	100%
Chan Kam Chiew	3/3	100%
Dato' Leanne Koh Li Ann	3/3	100%
Siew Suet Wei	3/3	100%

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

Prior to each meeting, notice of meetings and agenda was circulated to all Directors together with the draft minutes of the previous meeting, respective reports/papers and other board meeting reference materials such as management reports and financial reports to be discussed were furnished to the Directors at least seven (7) days prior to the Board meeting via e-mail so that each Director had ample time to review the papers to enable informed decision making. The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes.

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they should receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2023 are as follows:-

Name of Directors	Seminar / Training Course Title	Date
Loo Chee Wee	1. ICDM Mandatory Accreditation Programme (MAP)	9 & 10 October 2023
Tay Kheng Seng	1. ICDM Mandatory Accreditation Programme (MAP)	9 & 10 October 2023
Chan Kam Chiew	1. OCBC: 2023 Global economic outlook	11 January 2023
	2. Standard Chartered-A year of two halves Global and Malaysian Outlook	12 January 2023
	3. HSBC Asian Business Forum 2023: Seizing opportunities and thriving in a new era	1 March 2023
	4. KPMG: Tax and Business Summit 2022	15 March 2023
	5. KPMG: EU Carbon Border Adjustment Mechanism: What it means for businesses in Asia Pacific and their decarbonization journey	28 March 2023
	6. UOB Macro and Markets Update Navigating New Risks and Will This Derail The Fed's Rate Hike Path	28 March 2023
	7. BDO Tax Corporate Governance	13 April 2023
	8. ICDM: A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs	14 April 2023
	9. KPMG: Tax Reimagined: Designing and building a tax function fit for the future	18 April 2023
	10. CTIM: Learn to Develop, Build Upon and/or Appreciate The Importance of The Capital Statement in Tax Audits	8 May 2023
	11. CTIM: Workshop: Real Property Gains Tax	10 May 2023
	12. CTIM: Corporate tax strategies	31 May 2023
	13. MIA Conference 2023	13 & 14 June 2023
	14. SCB: Balancing on the summit-H2 2023 Global & Malaysia Outlook	12 July 2023
	15. MIA: Risk Management Conference 2023	11 October 2023
	16. Bursa: Building a Sustainable Supply Chain - An Awareness Session by SSM and Bursa Malaysia	30 October 2023
	17. BDO: BDO Tax Seminar 2023	31 October 2023
	18. KPMG Tax and Business Summit 2023	2 November 2023
	19. ICDM: Post-Budget 2024 Dialogue: Economy Reforms, Empowering the People	10 November 2023
	20. Epsilon: Training for Conflict of Interest	6 December 2023
	21. BDO: Budget 2024 Briefing	7 December 2023
	22. KPMG Webinar - MFRS Updates 2023	7 December 2023

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

Name of Directors(Cont'd)	Seminar / Training Course Title	Date
Dato' Leanne Koh Li Ann	1. 2023 Budget Seminar	28 March 2023
	2. Tax Issues and Law Relating to Property Developers, JMB/MC and Investors	4 April 2023
	3. Tax Audits and Investigations	13 April 2023
	4. Learn to develop, build upon and/or appreciate the importance of capital statement in tax audits	8 May 2023
	5. Tax incentives in Malaysia	7 June 2023
	6. Budget Seminar 2023	3 July 2023
	7. National Tax Conference 2023	1 & 2 August 2023
	8. AI Smartual Learning: Anti-Bribery and Anti-Corruption	5 August 2023
	9. 2024 Budget Seminar	25 October 2023
	10. E-Invoicing : Is your business ready for new regulation?	15 December 2023
Siew Suet Wei	1. SSM Seminar on Key Provisions and Compliance Requirements under Companies Act 2016	11 January 2023
	2. MAICSA Regulatory Forum 2023 – Regulatory Insights: Compliance and Challenges	17 May 2023
	3. MIA Webinar Series: Pre & Post IPO Rules	6 June 2023
	4. MAICSA Annual Conference 2023 – Revitalising Governance Towards Sustainability	4 & 5 October 2023
	5. ICDM Mandatory Accreditation Programme (MAP)	9 & 10 October 2023
	6. SSM Annual Dialogue 2023	5 December 2023
	7. MAICSA Luncheon Talk – Digitalising Corporate Governance	14 December 2023

### Company Secretaries

The Board is supported by two (2) external qualified and competent Company Secretaries, Wong Youn Kim and Lim Li Heong. Both the Company Secretaries are qualified to act as Company Secretary under Section 235 of the Companies Act 2016. As the practising Company Secretaries, they have also attended continuous professional development programmes as required by MAICSA and the Companies Commission of Malaysia.

The Board is regularly updated and advised by the Company Secretaries on corporate governance, AMLR and Companies Act 2016. The Company Secretaries ensure that the deliberations at meetings of the Board and Board Committees are properly captured and minuted.

### Nomination Committee

The Board has established a Nomination Committee (“NC”) to assist the Board in their responsibilities in nominating new nominees to the Board and to assess the performance of the Board, the Board Committees and the Directors of the Company on an on-going basis. Full details of the NC’s duties and responsibilities are stated in its TOR which is available on the Company’s website.

The NC comprises exclusively of Independent Non-Executive Directors as follows:-

1. Ms. Siew Suet Wei (Chairperson)
2. Dato' Leanne Koh Li Ann
3. Chan Kam Chiew

The Company’s Constitution provides that one-third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. All the retiring Directors will abstain from deliberations and decisions on their eligibility to stand for re-election at the Board Meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

In considering whether to recommend a Director who is eligible to stand for re-election, the NC would consider a variety of factors, including:

- the Director's contributions to the Board and ability to continue to contribute productively;
- the Director's attendance at Board and committee meetings;
- the Director's compliance with the MCGG 2021;
- whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service; and
- the independence of the Director.

There was no committee meeting held during the FYE 2023 as the Company was only listed on the ACE Market of Bursa Securities on 27 November 2023. However, the NC Meeting that was held on 8 April 2024 conducted the annual assessment on the effectiveness of the Board, the Board Committees and all individual Directors, based on their performance for the FYE 2023.

### III. DIRECTORS' REMUNERATION

The Remuneration Committee ("RC") comprises exclusively of Independent Non-Executive Directors. The members of the RC are as follows:-

1. Dato' Leanne Koh Li Ann (Chairperson)
2. Siew Suet Wei
3. Chan Kam Chiew

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the company is in. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Individual Directors do not participate in the discussion and decision-making of their own remuneration to avoid conflict of interest.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the skill function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

Pursuant to Section 230(1) of the Companies Act, 2016, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The annual review during the financial year ended 31 December 2023 was conducted by the Remuneration Committee on 28 February 2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. DIRECTORS' REMUNERATION (CONT'D)

The remuneration of individual Directors of the Company, including the remuneration for services rendered to the Group and the Company for the financial year ended 31 December 2023 are as follows:-

Category	Salaries	Fees	Meeting Allowances	Bonuses	Other emoluments	Total
	RM	RM	RM	RM	RM	RM
<b>Executive Directors</b>						
Loo Chee Wee	525,492.80	10,000.00	-	150,000.00	146,508.60	832,001.40
Tay Kheng Seng	526,049.00	10,000.00	-	150,000.00	146,508.60	832,557.60
<b>Non-Executive Directors</b>						
Yap Chee Kheng	-	28,000.00	4,000.00	-	-	32,000.00
Chan Kam Chiew	-	34,500.00	6,000.00	-	-	40,500.00
Dato' Leanne Koh Li Ann	-	29,500.00	6,000.00	-	-	35,500.00
Siew Suet Wei	-	29,500.00	6,000.00	-	-	35,500.00

The details of the remuneration of the top Senior Management (including salary, bonus, benefit in kind and other emoluments) in each successive band of RM50,000.00 during the financial year ended 31 December 2023 are as follows:-

Range of Remuneration (RM)	Designation of Top Senior Management
200,001 – 250,000	Business Development Director of KK Computer
200,001 – 250,000	Business Development Director of Rexbridge
200,001 – 250,000	Business Development Director of 020 Digital
250,001 – 300,000	General Manager
100,001 – 150,000	Finance Controller

There was no committee meeting held during the FYE 2023 as the Company was only listed on the ACE Market of Bursa Securities on 27 November 2023.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit and Risk Management Committee

The Board is assisted by the Audit and Risk Management Committee ("ARMC") which comprises of three (3) Independent Non-Executive Directors, to oversee the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls.

The members of ARMC are as follows:

1. Chan Kam Chiew (Chairman)
2. Dato' Leanne Koh Li Ann
3. Siew Suet Wei

The Chairman of the ARMC is not the Chairman of the Board. The ARMC Chairman has full and unrestricted access to Executive Directors, Senior Management, External Auditors and Internal Auditors on all information necessary to enable him to discharge his duty. None of the members of the ARMC is a former key audit partner. The ARMC has implemented a policy that mandates a former key audit partner to wait for at least three (3) years before being appointed as a member of the ARMC. This policy is included in the Terms of Reference (TOR) of the ARMC.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### I. Audit and Risk Management Committee (Cont'd)

The members of ARMC are expected to regularly update their knowledge and improve their skills. After evaluating the performance of ARMC for FYE 2023, the Board is pleased to confirm that the Chairman and members of ARMC have effectively fulfilled their responsibilities. The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the ARMC annually.

### II. Risk Management and Internal Control Framework

The Board affirms its responsibilities over the Group's system of risk management and internal control and acknowledges that such a system is an integral part of effective management practice. To this end, the Board confirms that the Group has implemented an ongoing process of identifying, evaluating, monitoring and managing the significant risks faced by the Company and the Group under its risk management and internal control framework. Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report.

The Board has delegated the review of the adequacy and effectiveness of the Group's risk management and internal control framework to the ARMC.

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANING RELATIONSHIP WITH STAKEHOLDERS

### I. Engagement with Stakeholders

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance, AGM and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities and the Company's website at <https://panda-eco.com/>.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders' value and recognises the importance of timely dissemination of information to shareholders or stakeholders. The Board is accountable to shareholders as well as other stakeholders of the Company for the performances and operations of the Company. As such, the Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors.

### II. Conduct of General Meetings

The Annual General Meeting ("AGM") represents the principal forum for dialogue and interaction with shareholders.

As recommended by the MCGG 2021, the notice of AGM will be sent to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have sufficient time to read the Annual Report and make the necessary time for attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper.

The Board will ensure that each item of special business, if any, included in the notices of the AGM or Extraordinary General Meeting is accompanied by a proper explanation of the effects of any proposed resolution. In line with Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in the notice of the general meeting will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meeting. The outcome of the general meeting will then be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be uploaded on the Company's website within thirty (30) business days from the date of the general meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS**

The Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs, results and cash flows of the Company and of the Group at the end of each financial year. The Directors should also consider whether all relevant approved accounting standards in accordance with the requirements of the Companies Act 2016 have been followed in the preparation of the financial statements.

The Directors are satisfied that in preparing the financial statements for the financial year ended 31 December 2023, the Company and the Group have used the appropriate accounting policies and applied them consistently and prudently.

## **COMPLIANCE STATEMENT**

The Board will strive to ensure that the Group complies with the principles and practices of the MCCG 2021. They will continuously improve procedures to ensure compliance.

This Corporate Governance Overview Statement was approved by the Board on 8 April 2024.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of Panda Eco System Berhad (“PANDA” or “the Company”) is pleased to present the Report of the Audit and Risk Management Committee (“the ARMC Report”) for the financial year ended 31 December 2023 (“FYE 2023”). The ARMC Report provides insights into the manner the ARMC has discharged its duties and responsibilities in accordance with its Terms of Reference (“TOR”) for FYE 2023.

The ARMC was established to assist the Board in fulfilling its oversight responsibilities, specifically in the areas of financial reporting, corporate governance, risk management and internal control of PANDA and its subsidiary companies (“PANDA Group” or “the Group”), as well as other areas of responsibilities that may be promulgated by the ACE Market Listing Requirements (“AMLR”) and the Malaysian Code on Corporate Governance 2021 (“MCCG” 2021) from time to time. The duties, responsibilities and authority of the ARMC are set out in its terms of reference which has been approved by the Board.

## COMPOSITION & MEETING

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors (“INED”). The composition of the ARMC complies with Rule 15.09 (1) of the AMLR the composition and the details of each ARMC member’s attendance for FYE 2023 are set out below:

Name	Designation	Meeting Attendance
Chan Kam Chiew	Chairman	3/3
Dato’ Leanne Koh Li Ann	Member	3/3
Siew Suet Wei	Member	3/3

The Chairman of the ARMC is a member of Malaysian Institute of Certified Public Accountants (“MICPA”) and the Malaysian Institute of Accountants (“MIA”). Profiles of the ARMC members are set out in the Directors’ Profile Section of this Annual Report.

The notice of ARMC meeting and relevant meeting papers are distributed in advance, normally seven (7) days prior to the meeting to enable the ARMC to have sufficient time to review the materials and allow for better preparation and understanding of the issues to be discussed. The quorum for a meeting shall be two (2) members and the majority of members present at the meeting must be independent.

The Company Secretary shall be the Secretary of the ARMC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting. The Company Secretary shall be responsible for recording the minutes of ARMC meetings, which will be circulated to all members and tabled for confirmation at the next meeting.

The ARMC may call for a meeting as and when required with reasonable notice as the ARMC members deem fit. ARMC members may participate in a meeting through teleconference, telephone call or any similar or other mode of communication through which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting and shall satisfy the quorum requirement.

The Executive Directors, General Manager and Finance Controller are invited to ARMC meetings to facilitate direct reporting by Executive Management and to enable the provision of updates on the Group’s operations, activities and financial performances. Representatives from the internal auditors, external auditors and other representatives of the Group are also invited to attend the ARMC meetings, to discuss specific matters which required their input and advice.

The ARMC reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities. The summary of the work and key matters considered by the ARMC during FYE 2023 are as follows:

1. Financial Reporting
  - (a) Reviewed and discussed the unaudited quarterly financial results of Panda Group with the Management and recommended the same for the consideration and approval by the Board before releasing the same to Bursa Securities;

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## COMPOSITION & MEETING (CONT'D)

The ARMC reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities. The summary of the work and key matters considered by the ARMC during FYE 2023 are as follows: (cont'd)

### 1. Financial Reporting (Cont'd)

- (b) Reviewed and discussed the audited financial statements together with the Directors' and auditor's statements with external auditors and the Management and recommended the same for the consideration and approval by the Board; and
- (c) Discussed the key audit matters with external auditors and the Management.

### 2. Internal Audit

- (a) No internal audit work was performed during FYE 2023 as the Company was only listed on 27 November 2023; and
- (b) No internal audit costs were incurred for FYE 2023 pending the outsourcing of the internal audit function.

### 3. External Audit

- (a) Reviewed the external auditors' terms of engagement, audit plan, scope of work, audit fees and non-audit fees for the year under review;
- (b) Reviewed the independence, performance and effectiveness of external auditors and made recommendations to the Board on their re-appointment and remuneration;
- (c) Reviewed and discussed the significant issues arising from the financial audits;
- (d) Held one (1) private discussion with the external auditors without the presence of Management to ensure no restrictions on the scope of their audit and to discuss any matters that they wish to present.

### 4. Related Party Transactions

Reviewed related party transactions and recurrent related party transactions entered by the Group every quarter and assessed whether such transactions were carried out on an arm's length basis and were not detrimental to the Company's minority shareholders.

### 5. Conflict of Interest

Reviewed potential conflict of interest situations that may arise and the measures taken to mitigate any potential conflict of interest.

### 6. Other Matters

- (a) Reviewed the Statement on Risk Management and Internal Control and recommended the same for approval by the Board.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## COMPOSITION & MEETING (CONT'D)

### Internal Audit Function

The ARMC recognises the importance of an adequately resourceful internal audit function to assist in undertaking a systematic and disciplined approach to assess, evaluate and enhance the effectiveness of the Group's risk management, internal control and governance systems and processes, and to provide reasonable assurance that such systems and processes continue to operate effectively and in compliance with the Group's established objectives.

The ARMC and Management have requested proposals from service providers for internal audit services.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“Board”) of Panda Eco System Berhad and its subsidiaries (“the Group”) is pleased to present its Statement on Risk Management and Internal Control (“SORMIC”) for financial year ended 31 December 2023 (“FYE 2023”), which has been prepared in accordance to Rule 15.26(b) of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Malaysian Code on Corporate Governance (“MCCG”) with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## BOARD RESPONSIBILITY

The Board acknowledges and affirms its overall responsibility for maintaining effective and adequate systems of risk management and internal control of the Group.

The system of internal control is designed to manage risks rather than eliminate all risks that may impede the achievement of the business objectives of the Group. As such, the internal control system can only provide reasonable and not absolute assurance against fraud, material misstatement or loss.

The Board, via the Audit and Risk Management Committee (“ARMC”) evaluates the adequacy and operating effectiveness of the risk management and internal controls system and, where appropriate, requires the management to implement controls to address emerging issues or areas of control deficiencies.

## RISK MANAGEMENT SYSTEM

The Board regards risk management as an integral part of the Group’s business operations and has oversight over this area through the ARMC. The Group adopted the enterprise risk management (“ERM”) framework that is promulgated by the global risk management standard, ISO31000:2018 Risk Management – Principles and Guidelines. The risk management practices of the Group serve as the on-going process used for identifying, assessing, and managing significant risks of the Group for the FYE 2023 and up to the date of approval of this Statement.

Key elements and features of the internal control and risk management system of the Group are further described below:

- Control Environment

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the Group. The Board and senior management established the tone at the top regarding the importance of risk management, internal control and expected standards of conduct.

- Risk Assessment

Risk assessment involves a dynamic and iterative process for identifying and analysing risks to achieve the objectives of the Group and serves as the basis for determining how risks should be managed. Management considers the risks associated with possible changes in the external environment and within its business model that may impede the ability of the Group to achieve its objectives.

- Control Activities

Control activities are the actions taken by management based on established policies and procedures to help the management to address and to mitigate risks in order to achieve the objectives of the Group.

- Information and Communication

Information is necessary for the management to monitor and assess the performance and activities of the Group. Communication occurs both internally and externally and provides the Group with the information needed to carry out day-to-day internal control activities. Communication enables all personnel to understand internal control responsibilities and their importance to the achievement of objectives set for the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT SYSTEM (CONT'D)

Key elements and features of the internal control and risk management system of the Group are further described below: (cont'd)

- **Monitoring and Reporting Activities**

Ongoing evaluations and reporting are presented and areas for improvements are communicated promptly to senior management and to the Board for actions to be taken.

In the FYE 2022, the Group had engaged an outsourced external firm that conducted an internal control reviewer to identify and assess the risks and internal controls of the Group. The internal control review report was presented to the Board on 8 March 2023. The report detailed the assessment of the adequacy and effectiveness of the internal control and risk management system (including accounting, information and communications, monitoring, management conflict of interest and related party transactions), and the findings, recommendations for improvements together with responses and actions planned by the management. Based on the said report, the Management and the Board are required to put in place controls to address the areas requiring improvements and to mitigate the risks faced by the Group. The management undertook remedial actions on the findings that were highlighted in the internal control review report and assigned appropriate persons to be in charge for the execution of the planned remedial actions.

In FYE 2023, a follow-up review was undertaken to assess the progress made in addressing the findings highlighted in the internal control review report. The follow-up review report was circulated to the Board and the Board noted that the Management had implemented action plans to address all the findings save for 3 remaining items whereby remedial actions as planned continue to be in progress.

In FYE 2024, the Board plans to engage an outsourced professional service provider to facilitate the annual enterprise risk assessment ("ERA") of the Group. Key risks identified and assessed during the ERA and the corresponding controls and action plans to manage the risks identified will be updated and documented in the Group risk assessment report.

## INTERNAL CONTROL

The Group's risk management is supported by an internal controls system which applies to all subsidiaries in the Group. Apart from the risk management framework and internal audit, the system of internal controls also consists of the following:

- **Policies & Procedures** - To ensure that the Group has effective internal controls to manage its risks, the Group has developed standard operating procedures ("SOP") and other policies to regulate and guide employees on day-to-day operations of the Group. These SOPs will not only create uniformity in the operations of the Group but also safeguard the assets of the Group against material losses.
- **Ethics & Integrity** - To drive its commitment to conduct its business with the highest standards of ethical conduct and integrity, the Group has in place an Anti-Bribery and Anti-Corruption Policy and a Whistleblower Policy. This is in line with Section 17A of the Malaysian Anti-Corruption Commission Act (Amendment) 2018. To build an ethical culture in the Group, the tone is set at the top with a code known as the Directors Code of Conduct and Business Ethics.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL AUDIT

The Board recognises the need for an internal audit function and will be engaging the services of an independent professional accounting and consulting firm to provide the assurance it requires on the effectiveness as well as the adequacy and integrity of the systems of internal control of the Group. The Board has established that the internal audit function will be independent of the activities or operations of the operating units and will report directly to the ARMC. The ARMC will schedule meetings with the Internal Auditor to be appointed in due course to determine the appropriateness of the scope and objective of each audit cycle.

As the Company was listed on 27 November 2023, there was no internal audit activity for the financial year ended 31 December 2023. In FYE 2024, the Board plans to outsource the internal audit function of the Group.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by ACE Market Listing Requirement, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guides ("AAPG") 3 : Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants ("MIA").

Based on their review, nothing has come to their attention that causes them to believe that this Statement is neither prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor factually incorrect.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon.

## ASSURANCE PROVIDED BY CHIEF EXECUTIVE DIRECTOR AND PERSON PRIMARILY RESPONSIBLE FOR THE MANAGEMENT OF THE FINANCIAL AFFAIRS AND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Chief Executive Director, is the person primarily responsible for the management of the financial affairs of the Group, had provided assurance to the Board, that in accordance to the best of his knowledge, that the system of risk management and internal control of the Group is operating adequately and effectively in all material aspects.

## THE BOARD'S CONCLUSION

The Board is committed to continually review the system of risk management and internal control system of the Group to enable the Board to make appropriate decisions and take the appropriate actions to improve and strengthen the system of risk management and internal control system of the Group. This is to safeguard the investments and assets of the Group as well as the interests of relevant stakeholders.

The Board is of the view that the system of risk management and internal control is satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosures in this Annual Report.

This Statement is approved by the Board on 8 April 2024.

# ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Securities:-

## 1. Material Contracts Involving Directors and/or Major Shareholders

Save as disclosed below, there were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year:

- (i) Share Sale Agreement dated 21 February 2023 entered into between Panda as Purchaser and Loo Chee Wee, Tay Kheng Seng, Bong Kok Choo, Tay Li Li, Loo Siau Sun, Wong Khai Meng, Keow Yih Yun as Vendors for the acquisition of 100% equity interest in Panda Software Sdn Bhd, KK Computer Sdn Bhd, Rexbridge Sdn Bhd and 020 Digital Sdn Bhd for a total purchase consideration of RM5,619,000 satisfied by the issuance of 561,900,000 new shares in the Company at an issue price of approximately RM0.01 per share, which was completed on 1 September 2023;
- (ii) Underwriting Agreement dated 20 October 2023 entered between Panda with M & A Securities Sdn Bhd Securities for the underwriting of 76,333,600 Issue Shares which was made available for application by the Malaysian Public and Pink Form Allocation;
- (iii) Placement Agreement dated 20 October 2023 entered between Panda with M & A Securities Sdn Bhd Securities for the placement of the balance 32,953,200 Issue Shares from the Public Issue and 61,810,000 Offer Shares available for application by selected investors.

## 2. Utilisation of Proceeds Raised from Corporate Proposals

During the financial year, the gross proceeds of RM17.49 million from the Public Issue is intended to be utilised in the following manner:

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
	RM'000	RM'000		RM'000	%	
Research and development of new solutions	2,712	628	Within 36 months	<b>2,084</b>	76.84	Within intended timeframe
Business expansion						
• Regional expansion in ASEAN countries	1,890	-	Within 36 months	<b>1,890</b>	100.00	Within intended timeframe
• Establishing additional service hubs within Malaysia and expanding workforce in existing service hubs in Malaysia	2,634	17	Within 24 months	<b>2,617</b>	99.35	Within intended timeframe
Expansion of customer technical support department	1,680	83	Within 24 months	<b>1,597</b>	95.06	Within intended timeframe
Headquarters expansion	3,000	-	Within 36 months	<b>3,000</b>	100.00	Within intended timeframe
Working capital	2,833	527	Within 24 months	<b>2,306</b>	81.40	Within intended timeframe
Estimated listing expenses	2,736	2,736	Within 1 month	-	-	
<b>Total</b>	<b>17,485</b>	<b>3,991</b>		<b>13,494</b>		

## ADDITIONAL COMPLIANCE INFORMATION

### 3. Loan contracts

There were no contracts which relate to a loan entered into by the Company and its subsidiaries during the financial year ended 31 December 2023.

### 4. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

The nature and details of the RRPTs entered during the financial year ended 31 December 2023 and/or to be entered by our Group with the related parties are as follows:-

No.	Related party	Transacting company in the Group	Interested person	Nature of relationship	Nature of transaction
1.	E-Tech IT Sdn Bhd (" <b>E-Tech IT</b> ")	KK Computer Sdn. Bhd. (" <b>KK Computer</b> ")	Tay Kheng Seng Loo Chee Wee	Tay Kheng Seng and Loo Chee Wee are Panda's Executive Directors and substantial shareholders.  Tay Kheng Seng and Loo Chee Wee are also the indirect shareholders of E-Tech IT via Goldcoin Pavilion Sdn Bhd.	Purchase of computer hardware such as point-of-sale equipment, server and accessories from E-Tech IT
2.	E-Tech IT	Panda Software House Sdn. Bhd. (" <b>Panda Software</b> ")	Tay Kheng Seng Loo Chee Wee	Tay Kheng Seng and Loo Chee Wee are Panda's Executive Directors and substantial shareholders.  Tay Kheng Seng and Loo Chee Wee are also the indirect shareholders of E-Tech IT via Goldcoin Pavilion Sdn Bhd	Purchase of computer hardware such as point-of-sale equipment, server, computer and accessories from E-Tech IT
3.	VitalProp Sdn Bhd	Panda Software	Wong Khai Meng	Wong Khai Meng is Panda's shareholder and the director of Rexbridge.  Wong Khai Meng is the Chief Executive Officer of CC International Berhad, which is the holding company of Cheng & Co Global Advisory Sdn Bhd.  Wong Khai Meng is also a director and shareholder of VitalProp, which is the registered owner / landlord of the property.	Rental of office to Panda Software
4.	Loo Chee Wee Tay Kheng Seng	Panda Software	Loo Chee Wee Tay Kheng Seng	Loo Chee Wee and Tay Kheng Seng, are Panda's Executive Directors and substantial shareholders.	Rental of office to Panda Software
5.	Loo Chee Wee Tay Kheng Seng	KK Computer	Loo Chee Wee Tay Kheng Seng	Loo Chee Wee and Tay Kheng Seng, are Panda's Executive Directors and substantial shareholders.	Rental of office to KK Computer
6.	Loo Chee Wee Tay Kheng Seng	020 Digital Sdn. Bhd. (" <b>020 Digital</b> ")	Loo Chee Wee Tay Kheng Seng	Loo Chee Wee and Tay Kheng Seng, are Panda's Executive Directors and substantial shareholders.	Rental of office to 020 Digital

## ADDITIONAL COMPLIANCE INFORMATION

### 5. Audit and Non-Audit Fees

For the financial year ended 31 December 2023, the amount of audit and non-audit fees paid/payable by the Company and the Group to the External Auditors and/or its affiliated firms are as follows:

	<b>The Company RM</b>	<b>The Group RM</b>
Audit fees	25,000	83,000
Non-audit fees*	346,000	386,000

\* Non-audit fees comprise the review of Statement of Risk Management and Internal Control and professional fees for Accountants' Report pursuant to the Company's listing exercise.

A black and white photograph of a man in a suit and tie, holding a tablet. Overlaid on the image are various financial data visualizations, including a line graph with vertical error bars and a complex flowchart or organizational chart on the tablet screen. The background is a blurred city skyline at night.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The principal activities of the subsidiaries are to provide software development, customisation, implementation and integration of IT solutions as well as IT solutions support, maintenance and training for the use of IT solutions, trading of IT hardware and software, IT technical support and maintenance, consultancy and business development for IT solutions.

There have been no significant changes in the nature of these principal activities during the financial year.

## CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

The Company was incorporated in Malaysia on 4 August 2022 under the Companies Act 2016 as a private limited company.

On 2 March 2023, the Company was converted to a public company limited by shares and assumed its present name of Panda Eco System Berhad.

## RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	4,302,959	848,636

## DIVIDENDS

No dividend was recommended by the directors to be paid for the financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM5 to RM22,172,766 by way of the following:-
  - (i) issuance of 472,100,000 new ordinary shares at an issue price of RM0.01 per ordinary share, for a total consideration of RM4,721,000 as full payment for the acquisition of the entire issued and paid-up share capital of Panda Software House Sdn. Bhd.;
  - (ii) issuance of 22,100,000 new ordinary shares at an issue price of RM0.01 per ordinary share, for a total consideration of RM221,000 as full payment for the acquisition of the entire issued and paid-up share capital of KK Computer Sdn. Bhd.;

# DIRECTORS' REPORT

## ISSUES OF SHARES AND DEBENTURES (CONT'D)

During the financial year:- (cont'd)

- (a) the Company increased its issued and paid-up share capital from RM5 to RM22,172,766 by way of the following:- (cont'd)
  - (iii) issuance of 47,900,000 new ordinary shares at an issue price of RM0.01 per ordinary share, for a total consideration of RM479,000 as full payment for the acquisition of the entire issued and paid-up share capital of Rexbridge Sdn. Bhd.;
  - (iv) issuance of 19,800,000 new ordinary shares at an issue price of RM0.01 per ordinary share, for a total consideration of RM198,000 as full payment for the acquisition of the entire issued and paid-up share capital of 020 Digital Sdn. Bhd.;
  - (v) issuance of 109,286,800 new ordinary shares at an issue price of RM0.16 each per ordinary share, for a total consideration of RM17,485,888 pursuant to the public issue in conjunction with the listing exercise of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

- (b) there were no issuance of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

# DIRECTORS' REPORT

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

## CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Loo Chee Wee (Appointed on 20.1.2023)  
 Tay Kheng Seng (Appointed on 20.1.2023)  
 Yap Chee Kheng (Appointed on 20.1.2023)  
 Dato' Leanne Koh Li Ann (Appointed on 20.1.2023)  
 Chan Kam Chiew (Appointed on 20.1.2023)  
 Siew Suet Wei (Appointed on 20.1.2023)  
 Pang Nam Ming (First director and resigned on 20.1.2023)

The directors who served in the subsidiaries during the financial year up to the date of this report are as follows:-

Loo Chee Wee  
 Tay Kheng Seng  
 Bong Kok Choo  
 Keow Yih Yun  
 Loo Siau Sun  
 Wong Khai Meng

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

< ----- Number of Ordinary Shares ----- >					
At 1.1.2023/ Date of Appointment	Pursuant to the Acquisitions of subsidiaries by the Company	Bought	Sold	At 31.12.2023	

## THE COMPANY

### DIRECT INTERESTS

Yap Chee Kheng	-	-	200,000	-	200,000
Dato' Leanne Koh Li Ann	-	-	200,000	-	200,000
Chan Kam Chiew	-	-	200,000	-	200,000
Siew Suet Wei	-	-	200,000	-	200,000

### INDIRECT INTERESTS

Loo Chee Wee #	-	529,029,800	-	(61,810,000)	467,219,800
Tay Kheng Seng *	-	539,527,200	500,000	(61,810,000)	478,217,200

## ULTIMATE HOLDING COMPANY GOLDCOIN CAPITAL SDN. BHD.

### DIRECT INTERESTS

Loo Chee Wee	-	100	-	-	100
Tay Kheng Seng	-	100	-	-	100

# Deemed interested by virtue of his direct substantial shareholding in Goldcoin Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

\* Deemed interested by virtue of his direct substantial shareholding in Goldcoin Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and deemed interested by virtue of his spouse's shareholding pursuant to Section 59 (11) of the Companies Act 2016.

By virtue of their shareholdings in holding company, Loo Chee Wee and Tay Kheng Seng are deemed to have interests in shares of the Company and its related subsidiaries during the financial year to the extent of the holding company's interest, in accordance with Section 8 of the Companies Act 2016.

## DIRECTORS' BENEFITS

Since the end of the previous financial period, no directors has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from those transactions entered into the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 30(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' REPORT

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Fees	141,500	121,500
Salaries, bonuses and other benefits	1,375,859	22,000
Defined contribution benefits	290,700	-
	1,808,059	143,500

## INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

## SUBSIDIARIES

- (a) The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 7 to the financial statements.
- (b) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company implemented the following:-

### (a) Acquisitions of subsidiaries

The Company entered into four conditional Share Sale and Purchase Agreement on 21 February 2023 to acquire interests in the following companies:-

- (i) Acquisition of the entire equity interest in Panda Software House Sdn. Bhd. ("Panda Software") for a purchase consideration of RM4,721,000 which was satisfied by the issuance of 472,100,000 ordinary shares in the Company at an issue price of RM0.01 per share;
- (ii) Acquisition of the entire equity interest in KK Computer Sdn. Bhd. ("KK Computer"), for a purchase consideration of RM221,000 which was satisfied by the issuance of 22,100,000 ordinary shares in the Company at an issue price of RM0.01 per share;
- (iii) Acquisition of the entire equity interest in Rexbridge Sdn. Bhd. ("Rexbridge") for a purchase consideration of RM479,000 which was satisfied by the issuance of 47,900,000 ordinary shares in the Company at an issue price of RM0.01 per share; and
- (iv) Acquisition of the entire equity interest in 020 Digital Sdn. Bhd. ("020 Digital") for a purchase consideration of RM198,000 which was satisfied by the issuance of 19,800,000 ordinary shares in the Company at an issue price of RM0.01 per share.

# DIRECTORS' REPORT

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

### (a) Acquisitions of subsidiaries (cont'd)

The acquisitions of the above companies were completed on 1 September 2023 and the Company became the immediate holding company of Panda Software, KK Computer, Rexbridge and 020 Digital.

### (b) Issuance of Prospectus dated 8 November 2023 for the following:-

#### (i) Public Issue

The Public Issue of 109,286,800 new shares, representing approximately 16.3% of the enlarged issued share capital of the Company at an issue price of RM0.16 per share allocated in the following manner:-

- 33,559,400 new shares made available for application by the Malaysia Public by way of balloting;
- 42,774,200 new shares made available for application by the eligible directors, employees and persons who have contributed to the success of the Group; and
- 32,953,200 new shares made available for application by way of private placement to selected investors.

#### (ii) Offer for Sale

61,810,000 offer shares, representing approximately 9.2% of the entire enlarged shares, made available at an issued price of RM0.16 per share by way of private placement to selected investors.

#### (iii) Listing

The admission of the Company to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") on 27 November 2023 and the listing of and quotation for the entire enlarged issued share capital of the Company of RM23,104,893 comprising 671,187,000 shares on the ACE Market of Bursa Securities.

## ULTIMATE HOLDING COMPANY

The ultimate holding company is Goldcoin Capital Sdn. Bhd., a company incorporated in Malaysia.

# DIRECTORS' REPORT

## AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees	83,000	25,000
Non-audit fees	48,000	8,000
	131,000	33,000

Signed in accordance with a resolution of the directors dated 8 April 2024

**Loo Chee Wee**

**Tay Kheng Seng**

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Loo Chee Wee and Tay Kheng Seng, being two of the directors of Panda Eco System Berhad, state that, in the opinion of the directors, the financial statements set out on pages 69 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 8 April 2024

**Loo Chee Wee**

**Tay Kheng Seng**

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1) (b) OF THE COMPANIES ACT 2016

I, Loo Chee Wee, being the director primarily responsible for the financial management of Panda Eco System Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Loo Chee Wee  
at Melaka  
in the state of Melaka  
on this 8 April 2024

**Loo Chee Wee**

Before me  
Shahrizah Binti Yahya (No. M084)  
Commissioner for Oaths  
Melaka, Malaysia

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANDA ECO SYSTEM BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Panda Eco System Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 69 to 106.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANDA ECO SYSTEM BERHAD (CONT'D)

## Key Audit Matters (Cont'd)

We have determined the matter described below to be the key audit matter to be communicated in our report.

<b>Key Audit Matter</b> Revenue Recognition (Refer to Note 23 in the financial statements)	<b>How our audit addressed the Key Audit Matter</b>
<p>Consolidated revenue recorded by the Group during the year amounted to approximately RM23.77 million. We consider revenue recognition for sale of goods and delivery of services to be a potential cause for higher risk of material misstatement as this required significant judgement in identifying each separate performance obligations in the contracts.</p> <p>This judgement could materiality affect the timing of recognition and amount of revenue recognised.</p> <p>Accordingly, we regard revenue recognition to be a key audit matter.</p>	<p>Our procedures included, amongst others the followings:</p> <ul style="list-style-type: none"> <li>• tested the operating effectiveness of internal control over the completeness, accuracy and timing of revenue recognised in the financial statements;</li> <li>• reviewed the terms of quotations to determine the point of control transfer to the customers on sampling basis;</li> <li>• verified the recording of sales transactions is recognised in accordance with MFRS 15 Revenue from Contract with Customers;</li> <li>• reviewed revenue cut-off and credit notes after year end; and</li> <li>• obtained confirmations from trade receivables as at the financial year end on sampling basis and reviewed collections relating to material trade receivables during and after the financial year end.</li> </ul>
<b>Key Audit Matter</b> Recognition of Intangible Assets (Refer to Note 11 in the financial statements)	<b>How our audit addressed the Key Audit Matter</b>
<p>The intangible assets of the Group as of 31 December 2023 is approximately RM1.99 million which relates to design and development cost of new software products.</p> <p>An intangible asset can only be recognised when an entity can demonstrate its technical and financial feasibility and the Group's intention to generate future economic benefits (i.e revenue generated from sales of the software products).</p> <p>This involves judgement and the timing to recognise intangible assets.</p> <p>As such, we regard recognition of intangible assets to be a key audit matter.</p>	<p>Our procedures included, amongst others the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the technical feasibility study of the development projects;</li> <li>• Evaluated the intention of the Group to complete the development projects;</li> <li>• Reviewed future cash flow estimates and the assumptions used by the management for deriving the value in use ("VIU"); and</li> <li>• Evaluated the key assumptions applied such as revenue generated from the development projects, discount rate and terminal value.</li> </ul>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANDA ECO SYSTEM BERHAD (CONT'D)

## Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANDA ECO SYSTEM BERHAD (CONT'D)

## Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:- (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Melaka

8 April 2024

**Piong Yew Peng**  
03070/06/2025 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2023

		The Group		The Company	
	NOTE	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	7	-	-	5,619,000	-
Property, plant and equipment	8	1,334,825	809,538	-	-
Right-of-use assets	10	118,011	93,905	-	-
Intangible assets	11	1,988,530	1,182,907	-	-
Deferred tax assets	12	66,000	33,000	-	-
		3,507,366	2,119,350	5,619,000	-
<b>CURRENT ASSETS</b>					
Inventories	13	151,889	279,773	-	-
Trade receivables	14	3,834,391	2,359,074	-	-
Other receivables, deposits and prepayments	15	450,821	569,032	3,167,628	-
Contract assets	16(a)	268,275	134,785	-	-
Current tax assets		669,656	188,856	-	-
Fixed deposits with licensed banks	17	23,959,074	5,550,000	14,000,000	-
Cash and bank balances		5,730,206	5,282,534	410,391	5
		35,064,312	14,364,054	17,578,019	5
<b>TOTAL ASSETS</b>		<b>38,571,678</b>	<b>16,483,404</b>	<b>23,197,019</b>	<b>5</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	18(a)	22,172,766	5	22,172,766	5
Invested capital	18(b)	-	380,000	-	-
Merger deficit	19	(5,239,000)	-	-	-
Retained profits/(Accumulated losses)		15,537,406	12,234,447	843,123	(5,513)
<b>TOTAL EQUITY</b>		<b>32,471,172</b>	<b>12,614,452</b>	<b>23,015,889</b>	<b>(5,508)</b>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	20	93,210	63,582	-	-
Deferred tax liabilities	12	262,600	178,500	-	-
		355,810	242,082	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	21	766,260	709,878	-	-
Other payables, deposit received and accruals	22	3,580,180	2,389,773	173,630	5,513
Contract liabilities	16(b)	1,369,338	494,584	-	-
Lease liabilities	20	28,918	32,635	-	-
Current tax liabilities		-	-	7,500	-
		5,744,696	3,626,870	181,130	5,513
<b>TOTAL LIABILITIES</b>		<b>6,100,506</b>	<b>3,868,952</b>	<b>181,130</b>	<b>5,513</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>38,571,678</b>	<b>16,483,404</b>	<b>23,197,019</b>	<b>5</b>

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	The Group		The Company	
		1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	4.8.2022 to 31.12.2022 RM
REVENUE	23	23,768,628	20,981,889	3,000,000	-
COST OF SALES		(10,844,809)	(9,332,294)	-	-
GROSS PROFIT		12,923,819	11,649,595	3,000,000	-
OTHER INCOME		391,352	411,625	31,444	-
ADMINISTRATIVE EXPENSES		(6,949,375)	(3,918,635)	(2,174,601)	(5,513)
FINANCE COSTS		(5,642)	(4,879)	(707)	-
(NET IMPAIRMENT LOSSES)/NET REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS	24	(54,007)	339,949	-	-
OTHER EXPENSES		-	(5,480)	-	-
PROFIT/(LOSS) BEFORE TAXATION	25	6,306,147	8,472,175	856,136	(5,513)
INCOME TAX EXPENSE	26	(2,003,188)	(1,424,337)	(7,500)	-
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR/PERIOD		4,302,959	7,047,838	848,636	(5,513)
EARNINGS PER SHARE (SEN)					
Basic and Diluted	27	0.75	1.25		

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		< ---- NON-DISTRIBUTABLE ---- >			DISTRIBUTABLE	
	NOTE	SHARE CAPITAL RM	INVESTED CAPITAL RM	MERGER DEFICIT RM	RETAINED PFOFITS RM	TOTAL EQUITY RM
<b>The Group</b>						
Balance at 1.1.2022		5	380,000	-	9,927,209	10,307,214
Profit after taxation/Total comprehensive income for the financial year		-	-	-	7,047,838	7,047,838
Dividends paid						
- by the subsidiaries (before acquisitions of the subsidiaries)	28	-	-	-	(4,740,600) <sup>#</sup>	(4,740,600)
Total distribution to owners		-	-	-	(4,740,600)	(4,740,600)
Balance at 31.12.2022/1.1.2023		5	380,000	-	12,234,447	12,614,452
Profit after taxation/Total comprehensive income for the financial year		-	-	-	4,302,959	4,302,959
Dividends paid						
- by the subsidiaries (before acquisitions of the subsidiaries)	28	-	-	-	(1,000,000)	(1,000,000)
Issuance of shares for						
- acquisitions of subsidiaries	18	5,619,000	(380,000)	(5,239,000)	-	-
- public issue	18	17,485,888	-	-	-	17,485,888
- share issuance expenses	18	(932,127)	-	-	-	(932,127)
Total contributions by and distributions to owners		22,172,761	(380,000)	(5,239,000)	(1,000,000)	15,553,761
Balance at 31.12.2023		22,172,766	-	(5,239,000)	15,537,406	32,471,172
		Note 18(a)		Note 19		

<sup>#</sup>Dividend paid included dividend in specie of RM4,730,000 (Note 29(a)).

			(ACCUMULATED LOSSES)/	
	NOTE	SHARE CAPITAL RM	RETAINED PROFIT RM	TOTAL EQUITY RM
<b>The Company</b>				
Balance at 4.8.2022 (date of incorporation)		5	-	5
Loss after taxation/Total comprehensive expenses for the financial period		-	(5,513)	(5,513)
Balance at 31.12.2022/1.1.2023		5	(5,513)	(5,508)
Profit after taxation/Total comprehensive income for the financial year		-	848,636	848,636
Issuance of shares for				
- acquisitions of subsidiaries	18	5,619,000	-	5,619,000
- public issue	18	17,485,888	-	17,485,888
- share issuance expenses	18	(932,127)	-	(932,127)
Total contributions by and distributions to owners		22,172,761	-	22,172,761
Balance at 31.12.2023		22,172,766	843,123	23,015,889

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	4.8.2022 to 31.12.2022 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	6,306,147	8,472,175	856,136	(5,513)
Adjustments for:-				
Allowance for impairment losses on inventories	36,745	-	-	-
Depreciation:				
- investment properties	-	16,398	-	-
- property, plant and equipment	143,238	129,399	-	-
- right-of-use assets	32,163	35,985	-	-
Dividend income	-	(53)	-	-
Gain on disposal of investment properties	-	(269,657)	-	-
Gain on disposal of other investments	(35,625)	-	-	-
Gain on lease termination	-	(315)	-	-
Impairment losses on trade receivables	54,007	-	-	-
Intercompany interest expense	-	-	707	-
Interest expense on lease liabilities	5,642	4,879	-	-
Interest income	(206,717)	(70,061)	(31,444)	-
Loss/(Gain) on disposal of property, plant and equipment	2,842	(23,953)	-	-
Property, plant and equipment written off	-	14,027	-	-
Rental income from investment properties	-	(13,810)	-	-
Reversal of impairment losses on trade receivables	-	(339,949)	-	-
Operating profit/(loss) before working capital changes	6,338,442	7,955,065	825,399	(5,513)
Changes in working capital:				
Inventories	91,139	48,394	-	-
Contract assets	(133,490)	127,215	-	-
Trade and other receivables	(1,411,113)	(607,064)	(3,167,628)	-
Trade and other payables	1,246,789	829,416	156,987	5,513
Contract liabilities	874,754	-	-	-
CASH FROM/(FOR) OPERATIONS	7,006,521	8,353,026	(2,185,242)	-
Tax paid	(2,432,888)	(2,135,107)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES	4,573,633	6,217,919	(2,185,242)	-

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

		The Group		The Company	
		1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2023 to 31.12.2023	4.8.2022 to 31.12.2022
NOTE		RM	RM	RM	RM
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Additional investment in intangible assets		(805,623)	(633,971)	-	-
Dividend received		-	53	-	-
Interest received		206,717	70,061	31,444	-
Proceeds from disposal of other investments		66,975	-	-	-
Proceeds from disposal of plant and equipment		600	600	-	-
Purchase of other investments		(31,350)	-	-	-
Purchase of property, plant and equipment		(671,967)	(268,020)	-	-
Rental received from investment properties		-	13,810	-	-
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(1,234,648)</b>	<b>(817,467)</b>	<b>31,444</b>	<b>-</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Advances from a subsidiary	29(b)	-	-	11,130	-
Dividends paid	29(a)	(1,000,000)	(10,600)	-	-
Interest paid	29(b)	(5,642)	(4,879)	(707)	-
Repayment of lease liabilities	29(b)	(30,358)	(34,121)	-	-
Proceeds from issuance of ordinary shares	18(a)	17,485,888	5	17,485,888	5
Payment of share issuance expenses	18(a)	(932,127)	-	(932,127)	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>15,517,761</b>	<b>(49,595)</b>	<b>16,564,184</b>	<b>5</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>18,856,746</b>	<b>5,350,857</b>	<b>14,410,386</b>	<b>5</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/AT DATE OF INCORPORATION</b>		<b>10,832,534</b>	<b>5,481,677</b>	<b>5</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD</b>	29(d)	<b>29,689,280</b>	<b>10,832,534</b>	<b>14,410,391</b>	<b>5</b>

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 5, Tower 8  
Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur

Principal place of business : No 28-1 & 30-1, Jalan PPM 13  
Plaza Pandan Malim Business Park  
Balai Panjang, 75250 Melaka

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8 April 2024.

### 2. ULTIMATE HOLDING COMPANY

The ultimate holding company is Goldcoin Capital Sdn. Bhd., a company incorporated in Malaysia.

### 3. CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

The Company was incorporated in Malaysia on 4 August 2022 under the Companies Act 2016 as a private limited company.

On 2 March 2023, the Company was converted to a public company limited by shares and assumed its present name of Panda Eco System Berhad.

### 4. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

### 5. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 5. BASIS OF PREPARATION (CONT'D)

- 5.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including the Consequential Amendments)**

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company except as follows:-

### Amendments to MFRS 101: Disclosure of Accounting Policies

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 6 to the financial statements in line with the amendments.

- 5.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

### **MFRSs and/or IC Interpretations (Including the Consequential Amendments)**

### **Effective Date**

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

1 January 2024

Amendment to MFRS 101: Classification of Liabilities as Current or Non-current

1 January 2024

Amendments to MFRS 101: Non-current Liabilities with Covenants

1 January 2024

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

1 January 2024

Amendments to MFRS 121: Lack of Exchangeability

1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) are expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. MATERIAL ACCOUNTING POLICY INFORMATION

### 6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year other than as disclosed below:-

#### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (b) Amortisation of Development Costs

The estimates for the residual values, useful lives and related amortisation charges for the development costs are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

#### (c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### (d) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets.

#### (e) Revenue Recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of service tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### *Key Sources of Estimation Uncertainty (Cont'd)*

#### **(f) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

#### **(g) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

#### *Critical Judgement Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

#### **(a) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

### 6.2 FINANCIAL INSTRUMENTS

#### **(a) Financial Assets**

##### Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

##### Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 6.2 FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial Liabilities

##### Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

#### (c) Equity

##### Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

### 6.3 BASIS OF CONSOLIDATION

The Group applies merger method of accounting for the acquisitions of subsidiaries during the year.

Under the merger method of accounting, the assets and liabilities of the merger entities are reflected in the consolidated financial statements at their carrying amounts reported in the individual financial statements. The consolidated statement of profit or loss and other comprehensive income reflect the results of the merger entities for the full reporting period (irrespective of when the combination takes place) and comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

The difference between the cost of the merger and the share capital and capital reserves of the merger entities is reflected within equity as merger deficit. The merger deficit is adjusted against suitable reserves of the merger entities to the extent that laws or statutes do not prohibit the use of such reserves.

### 6.4 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 6.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Freehold building	2%
Office equipment	10% - 20%
Renovation	10%
Motor vehicles	10%
Hostel equipment	10%
Furniture, fittings and equipment	10% - 33%
Solar photovoltaic system	15%

### 6.6 INVESTMENT PROPERTIES

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation periods are 50 years.

### 6.7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### (a) Short-term Leases and Leases of Low-value Assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

#### (b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or end of the lease term.

#### (c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 6.8 RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as an expense when they are incurred.

Capitalised development costs are initially measured at cost. Subsequent to the initial recognition, the development costs are stated at cost less accumulated amortisation and any accumulated impairment losses.

Capitalised development costs are amortised from the point at which the asset is available for use using the straight-line method over a period of 10 years. Prior to that, the capitalised development costs are tested for impairment annually and whenever there is an indication that they may be impaired.

### 6.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

### 6.10 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### 6.11 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

#### (i) Sales of computer software and application software

Revenue from sales of computer software and application software are recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of goods and acceptance by customers.

#### (ii) Sales of hardware

Revenue from sales of hardware is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the goods sold.

#### (iii) Registration fee and subscription fee

Revenue from registration fee and subscription fee are recognised based on the actual service provided to the end of reporting period.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 6.11 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

#### (iv) Software maintenance fee

Software maintenance fee is recognised over time in the period in which the services are rendered.

#### (v) Training

Revenue from training is recognised upon performance of services and customer's acceptance, net of trade discounts, if any.

## 7. INVESTMENT IN SUBSIDIARIES

	The Company	
	31.12.2023	31.12.2022
	RM	RM
Unquoted shares, at cost	5,619,000	-

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		31.12.2023	31.12.2022*	
Subsidiaries of the Company				
Panda Software House Sdn. Bhd.	Malaysia	100%	100%	To provide software development, customisation, implementation and integration of IT solutions as well as IT solutions support, maintenance and training for the use of IT solutions; and trading of IT hardware as well as to provide IT technical support and maintenance
KK Computer Sdn. Bhd.	Malaysia	100%	100%	Trading of IT hardware and software as well as to provide IT technical support and maintenance; and to provide software development, customisation, consultancy and business development for IT solutions
Rexbridge Sdn. Bhd.	Malaysia	100%	100%	To provide software development, customisation, consultancy and business development for IT solutions
020 Digital Sdn. Bhd.	Malaysia	100%	100%	To provide software development, customisation, consultancy and business development for IT solutions

\*The Group applies merger method of accounting for the acquisitions of subsidiaries during the financial year 31 December 2023 and comparative are presented as if the entities had always been combined since the date for which the entities had come under common control.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 8. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2023 RM	Additions RM	Disposals RM	Depreciation Charges (Note 25) RM	At 31.12.2023 RM
<b>The Group</b>					
<b>31.12.2023</b>					
Carrying Amount					
Office equipment	288,557	128,332	-	(45,263)	371,626
Renovation	333,409	14,085	-	(53,219)	294,275
Motor vehicles	47,008	313,630	(3,442)	(22,509)	334,687
Furniture, fittings and other equipment	69,164	215,920	-	(9,647)	275,437
Solar photovoltaic system	71,400	-	-	(12,600)	58,800
	809,538	671,967	(3,442)	(143,238)	1,334,825

	At 1.1.2022 RM	Additions RM	Disposals RM	Written Off RM	Depreciation Charges (Note 25) RM	At 31.12.2022 RM
<b>The Group</b>						
<b>31.12.2022</b>						
Carrying Amount						
Freehold land and building	315,000	-	(313,833)	-	(1,167)	-
Office equipment	269,635	74,187	(1,427)	(13,725)	(40,113)	288,557
Renovation	314,438	82,733	(14,333)	-	(49,429)	333,409
Motor vehicles	61,160	-	-	-	(14,152)	47,008
Hostel equipment	27,834	-	(27,054)	-	(780)	-
Furniture, fittings and equipment	53,524	27,100	-	(302)	(11,158)	69,164
Solar photovoltaic system	-	84,000	-	-	(12,600)	71,400
	1,041,591	268,020	(356,647)	(14,027)	(129,399)	809,538

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>The Group</b>			
At 31.12.2023			
Office equipment	654,552	(282,926)	371,626
Renovation	574,356	(280,081)	294,275
Motor vehicles	445,431	(110,744)	334,687
Furniture, fittings and other equipment	318,861	(43,424)	275,437
Solar photovoltaic system	84,000	(25,200)	58,800
<b>Total</b>	<b>2,077,200</b>	<b>(742,375)</b>	<b>1,334,825</b>

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
<b>The Group</b>			
At 31.12.2022			
Office equipment	526,220	(237,663)	288,557
Renovation	560,271	(226,862)	333,409
Motor vehicles	141,519	(94,511)	47,008
Furniture, fittings and equipment	102,941	(33,777)	69,164
Solar photovoltaic system	84,000	(12,600)	71,400
<b>Total</b>	<b>1,414,951</b>	<b>(605,413)</b>	<b>809,538</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 9. INVESTMENT PROPERTIES

	The Group	
	31.12.2023	31.12.2022
	RM	RM
Cost:-		
At 1 January	-	4,942,542
Disposals	-	(4,942,542)
At 31 December	-	-
Accumulated depreciation:-		
At 1 January	-	496,465
Depreciation during the financial year (Note 25)	-	16,398
Disposals	-	(512,863)
At 31 December	-	-
Accumulated impairment losses:-		
At 1 January	-	349,336
Disposals	-	(349,336)
At 31 December	-	-
Carrying amount at 31 December	-	-

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 10. RIGHT-OF-USE ASSETS

	At 1.1.2023 RM	Reassessment/ Modification RM	Depreciation Charge (Note 25) RM	At 31.12.2023 RM
<b>The Group</b>				
<b>31.12.2023</b>				
Carrying Amount				
Office	93,905	56,269	(32,163)	118,011

	At 1.1.2022 RM	Derecognition Due To Lease Termination RM	Depreciation Charge (Note 25) RM	At 31.12.2022 RM
<b>The Group</b>				
<b>31.12.2022</b>				
Carrying Amount				
Hostel	25,977	(23,135)	(2,842)	-
Office	127,048	-	(33,143)	93,905
	153,025	(23,135)	(35,985)	93,905

(a) The Group leases certain hostel and office of which the leasing activities are summarised below:-

- (i) Hostel In the previous financial year, the Group leased a hostel for a period of 3 years which ended during the financial year ended 31 December 2022.
- (ii) Office The Group has leased a number of offices that run 4 (2022 – 4) years, with an option to renew the lease after that date.

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 11. INTANGIBLE ASSETS

	The Group	
	31.12.2023	31.12.2022
	RM	RM
Cost:-		
At 1 January	1,182,907	548,936
Additions during the financial year	805,623	633,971
At 31 December	1,988,530	1,182,907
Included in additions during the financial year are:-		
Director's remuneration	367,500	288,000
Staff costs	438,123	345,971
	805,623	633,971

The intangible assets represent costs incurred on development projects for Business Analytic Tools, Retail Income Management Systems, cloud-based POS Software and Sub-let Rental Management System relating to design and development of new software products. Their amortisation charges are recognised in profit or loss once the products are launched to the market.

## 12. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group	
	31.12.2023	31.12.2022
	RM	RM
<i>Deferred Tax Liabilities</i>		
Property, plant and equipment	99,100	77,500
Intangible assets	477,000	284,000
Contract assets	62,000	-
	638,100	361,500
<i>Deferred Tax Assets</i>		
Impairment loss on trade receivables	(149,100)	(136,000)
Allowance for impairment loss on inventories	(8,100)	-
Deposit received from customers	(258,000)	(57,000)
Lease liabilities	(26,300)	(23,000)
	(441,500)	(216,000)
	196,600	145,500

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 12. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

For the purpose of presentation in the statements of financial positions, certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances for the financial reporting purposes:-

	The Group	
	31.12.2023	31.12.2022
	RM	RM
Deferred tax assets	(66,000)	(33,000)
Deferred tax liabilities	262,600	178,500
	196,600	145,500

## 13. INVENTORIES

	The Group	
	31.12.2023	31.12.2022
	RM	RM
Trading goods	188,634	279,773
Less: Allowance for impairment losses	(36,745)	-
	151,889	279,773

The amount of inventories recognised as an expense in cost of sales was RM6,014,990 (2022 – RM5,869,027).

## 14. TRADE RECEIVABLES

	The Group	
	31.12.2023	31.12.2022
	RM	RM
Trade receivables	4,469,530	2,940,206
Allowance for impairment loss	(635,139)	(581,132)
	3,834,391	2,359,074
Allowance for impairment losses:-		
At 1 January	581,132	921,081
Addition during the financial year (Note 24)	54,007	-
Reversal during the financial year (Note 24)	-	(339,949)
At 31 December	635,139	581,132

The Group's normal trade credit term is 90 (2022 – 90) days.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Other receivables:				
Third parties	120,746	50,749	22,261	-
Interest receivables	67,180	24,373	28,767	-
	187,926	75,122	51,028	-
Dividend receivable	-	-	3,000,000	-
Deposits	41,964	37,500	-	-
Prepayments	220,931	456,410	116,600	-
	450,821	569,032	3,167,628	-

## 16. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	31.12.2023	31.12.2022
	RM	RM
(a) Contract assets	268,275	134,785

The contract assets primarily relate to the Group's right to consideration for work completed on contracts but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with the customers.

	The Group	
	31.12.2023	31.12.2022
	RM	RM
(b) Contract liabilities	1,369,338	494,584

The contract liabilities primarily relate to advances received from customers. The amount will be recognised as revenue when the performance obligations are satisfied.

## 17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 3.00% to 4.00% (31.12.2022 – 3.50% to 3.65%) per annum and 3.00% (31.12.2022 – Nil) per annum respectively. The fixed deposits have maturity periods of 1 to 3 (31.12.2022 – 3) months and 1 (31.12.2022 – Nil) month for the Group and the Company respectively.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 18. SHARE CAPITAL AND INVESTED CAPITAL

### (a) Share Capital

	The Group/The Company		
	31.12.2023	31.12.2022	31.12.2022
	Number of Shares		RM
<b>Issued And Fully Paid-Up:</b>			
Ordinary Shares			
At 1 January/At date of incorporation	200	200	5
Issuance of shares:			
- Acquisitions of subsidiaries	561,900,000	-	5,619,000
- Public issue	109,286,800	-	17,485,888
- Share issuance expenses	-	-	(932,127)
At 31 December	671,187,000	200	22,172,766

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at meetings of the Company. The ordinary shares have no par value.

### (b) Invested Capital

	The Group		
	31.12.2023	31.12.2022	31.12.2022
	Number of Shares		RM
<b>Issued And Fully Paid-Up:</b>			
Ordinary Shares			
At 1 January/At date of incorporation	380,000	380,000	380,000
Adjustment pursuant to the acquisitions of subsidiaries	(380,000)	-	(380,000)
At 31 December	-	380,000	-

Invested capital for the financial year ended 31 December 2022 comprised the aggregate number of issued and paid-up ordinary shares of the combined entities of the Group. During the financial year, the amount has been reversed pursuant to the completion of the acquisitions of subsidiaries.

## 19. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Company's subsidiaries upon consolidation under the merger accounting principles.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 20. LEASE LIABILITIES

	The Group	
	31.12.2023	31.12.2022
	RM	RM
At 1 January	96,217	153,788
Changes due to reassessment of lease term (Note 29(b))	56,269	-
Derecognition due to lease termination (Note 29(b))	-	(23,450)
Interest expense recognised in profit or loss (Note 25)	5,642	4,879
Repayment of principal	(30,358)	(34,121)
Repayment of interest expense	(5,642)	(4,879)
At 31 December	122,128	96,217
Analysed by:-		
Current liabilities	28,918	32,635
Non-current liabilities	93,210	63,582
	122,128	96,217

## 21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2022 – 30 to 60) days.

## 22. OTHER PAYABLES, DEPOSIT RECEIVED AND ACCRUALS

	The Group		The Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Other payables	52,461	34,373	-	-
Amount owing to a subsidiary	-	-	11,130	-
Deposits received	-	18,450	-	-
Accruals	2,940,686	1,938,072	162,500	5,513
Service tax payables	587,033	398,878	-	-
	3,580,180	2,389,773	173,630	5,513

The amount owing to a subsidiary represents payment on behalf. The amounts are repayable on demand and are to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 23. REVENUE

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	4.8.2022 to 31.12.2022 RM
<b>Revenue from contracts from customers</b>				
<u>Recognised at a point in time</u>				
Computer software, application software	9,630,814	8,654,355	-	-
Subscription fee and registration fee	5,197,555	4,099,757	-	-
Hardware	4,221,481	4,203,701	-	-
Training	235,738	160,532	-	-
Others	1,927	534	-	-
	19,287,515	17,118,879	-	-
<u>Recognised over time</u>				
Maintenance fee	4,481,113	3,863,010	-	-
<b>Revenue from other source</b>				
Dividend income	-	-	3,000,000	-
	23,768,628	20,981,889	3,000,000	-

## 24. NET IMPAIRMENT LOSSES/(NET REVERSAL OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	The Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Impairment losses on trade receivables (Note 14)	54,007	-
Reversal of impairment losses on trade receivables (Note 14)	-	(339,949)
	54,007	(339,949)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 25. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2023 to 31.12.2023	4.8.2022 to 31.12.2022
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for impairment loss on inventories	36,745	-	-	-
Auditors' remuneration:				
- audit fees	83,000	49,000	25,000	2,000
- non-audit fees	48,000	35,000	8,000	-
Depreciation:				
- investment properties (Note 9)	-	16,398	-	-
- property, plant and equipment (Note 8)	143,238	129,399	-	-
- right-of-use assets (Note 10)	32,163	35,985	-	-
Direct operating expenses on investment properties	-	19,505	-	-
Intercompany interest expense	-	-	707	-
Interest expense on lease liabilities (Note 20)	5,642	4,879	-	-
Listing expenses	1,748,937	-	1,748,937	-
Loss on disposal of property, plant and equipment	2,842	-	-	-
Property, plant and equipment written off	-	14,027	-	-
Rental of motor vehicles	1,280	680	-	-
Rental of premises	79,408	68,977	-	-
Rental of signboard	2,000	-	-	-
Staff costs (including other key management personnel as disclosed in Note 30(c)):-				
- short-term employee benefits	5,958,174	4,348,688	-	-
- defined contribution benefits	885,896	582,904	-	-
Dividend income	-	(53)	-	-
Gain on disposal of investment properties	-	(269,657)	-	-
Gain on disposal of other investments	(35,625)	-	-	-
Gain on disposal of property, plant and equipment	-	(23,953)	-	-
Gain on lease termination	-	(315)	-	-
Interest income	(206,717)	(70,061)	(31,444)	-
Rental income from investment properties	-	(13,810)	-	-

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 26. INCOME TAX EXPENSE

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	4.8.2022 to 31.12.2022 RM
Current tax expense	1,968,000	1,660,000	7,500	-
Over provision in the previous financial year	(15,912)	(502,983)	-	-
	1,952,088	1,157,017	7,500	-
Real property gains tax	-	2,890	-	-
	1,952,088	1,159,907	7,500	-
Deferred tax:				
- origination and reversal of temporary differences	15,100	117,430	-	-
- under provision in the previous financial year	36,000	147,000	-	-
	51,100	264,430	7,500	-
Total income tax expense	2,003,188	1,424,337	7,500	-

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	4.8.2022 to 31.12.2022 RM
Profit/(Loss) before taxation	6,306,147	8,472,175	856,136	(5,513)
Tax at the statutory tax rate of 24%	1,513,476	2,033,322	205,473	(1,323)
Tax effects of:-				
Non-taxable income	-	(178,665)	(720,000)	-
Non-deductible expenses	623,000	98,781	522,027	1,323
Over provision of current tax in the previous financial year	(15,912)	(502,983)	-	-
Under provision of deferred taxation in the previous financial year	36,000	147,000	-	-
Effect of change in corporate income tax rate	(153,376)	(155,848)	-	-
Tax incentives	-	(20,160)	-	-
Real property gains tax upon disposal of property	-	2,890	-	-
	2,003,188	1,424,337	7,500	-

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. EARNINGS PER SHARE

	The Group	
	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022
Profit after taxation attributable to owners of the Company (RM)	4,302,959	7,047,838
Weighted average number of ordinary shares in issue	572,978,588	561,900,200 <sup>#</sup>
Basic and diluted earnings per share (sen)	0.75	1.25

The Company has not issued any dilutive potential ordinary share, hence, the diluted earnings per share is equal to the basic earnings per share.

# For computation of earnings per share for the financial year ended 31 December 2022, it is assumed that the number of ordinary shares arising from the acquisitions of subsidiaries were in issue throughout the financial year.

## 28. DIVIDENDS

	The Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
<b>Ordinary shares</b>		
<u>Panda Software</u>		
- Interim single tier dividend of RM7.84 (2022 – RM45.30) per ordinary share in respect of the current financial year	784,000	4,530,000
<u>KK Computer</u>		
- Interim single tier dividend of RM1.25 (2022 – RM3.51) per ordinary share in respect of the current financial year	75,000	210,600
<u>Rexbridge</u>		
- Interim single tier dividend of RM0.75 (2022 – RM Nil) per ordinary share in respect of the current financial year	90,000	-
<u>020 Digital</u>		
- Interim single tier dividend of RM0.51 (2022 – RM Nil) per ordinary share in respect of the current financial year	51,000	-
	1,000,000	4,740,600

The dividends were declared and paid to the owners of the abovementioned companies before the Company completed the acquisitions of the abovementioned subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29. CASH FLOW INFORMATION

(a) The cash payment for dividends in respective financial year are as follow:-

	The Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Dividend declared	1,000,000	4,740,600
Dividend-in-specie	-	(4,730,000)
	1,000,000	10,600

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	The Group	
	31.12.2023 RM	31.12.2022 RM
<b>Lease Liabilities</b>		
At 1 January	96,217	153,788
<u>Changes in Financing Cash Flows</u>		
Repayment of principal	(30,358)	(34,121)
Repayment of interests	(5,642)	(4,879)
	(36,000)	(39,000)
<u>Other Changes</u>		
Changes due to reassessment of lease term (Note 20)	56,269	-
Derecognition due to lease termination (Note 20)	-	(23,450)
Interest expense recognised in profit or loss	5,642	4,879
	61,911	(18,571)
At 31 December	122,128	96,217

	The Company	
	31.12.2023 RM	31.12.2022 RM
<b>Amount owing to a subsidiary</b>		
At 1 January	-	-
<u>Changes in Financing Cash Flows</u>		
Advances from a subsidiary	11,130	-
Repayment of interests	(707)	-
	10,423	-
<u>Other Changes</u>		
Interest expense recognised in profit or loss	707	-
At 31 December	11,130	-

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Payment of low-value assets	2,000	-
Payment of short-term leases	80,688	69,657
Interest paid on lease liabilities	5,642	4,879
Payment of lease liabilities	30,358	34,121
	<b>118,688</b>	<b>108,657</b>

(d) The cash and cash equivalents comprise the followings:-

	The Group		The Company	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Fixed deposits with licensed banks (Note 17)	23,959,074	5,550,000	14,000,000	-
Cash and bank balances	5,730,206	5,282,534	410,391	5
	<b>29,689,280</b>	<b>10,832,534</b>	<b>14,410,391</b>	<b>5</b>

## 30. RELATED PARTY DISCLOSURES

(a) Ultimate holding company and subsidiaries

The ultimate holding company is disclosed in Note 2 to the financial statements.

The subsidiaries are disclosed in Note 7 to the financial statements.

(b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	4.8.2022 to 31.12.2022 RM
<b>A subsidiary</b>				
Interest expense	-	-	707	-
Dividend received/receivable	-	-	(3,000,000)	-

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 30. RELATED PARTY DISCLOSURES (CONT'D)

### (b) Significant related party transactions and balances (cont'd)

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:- (cont'd)

	The Group		The Company	
	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2023 to 31.12.2023	4.8.2022 to 31.12.2022
	RM	RM	RM	RM
<b>Companies in which certain directors have substantial financial interests</b>				
Purchase of goods	1,738,519	918,193	-	-
Purchase of equipment	-	27,450	-	-
Dividend-in-specie via disposal of properties	-	(4,730,000)	-	-
<b>Directors of the Company</b>				
Lease expense paid/payable	55,200	55,000	-	-
Dividend paid/payable	916,525	-	-	-
<b>Directors of the Subsidiaries</b>				
Lease expense paid/payable	12,000	12,000	-	-
Dividend paid/payable	79,725	-	-	-

### (c) Key management personnel compensation

	The Group		The Company	
	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2023 to 31.12.2023	4.8.2022 to 31.12.2022
	RM	RM	RM	RM
<u>Directors of the Company</u>				
Short-term employee benefits				
- fees	141,500	240,000	121,500	-
- salaries, bonuses and other benefits	1,375,859	966,927	22,000	-
Defined contribution benefits	290,700	146,080	-	-
	1,808,059	1,353,007	143,500	-
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits				
- salaries, bonuses and other benefits	578,202	465,310	-	-
Defined contribution benefits	77,400	51,568	-	-
	655,602	516,878	-	-
Total directors' remuneration	2,463,661	1,869,885	143,500	-

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 30. RELATED PARTY DISCLOSURES (CONT'D)

### (c) Key management personnel compensation (cont'd)

	The Group		The Company	
	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2023 to 31.12.2023	4.8.2022 to 31.12.2022
	RM	RM	RM	RM
<u>Other Key Management Personnel</u>				
Short-term employee benefits	354,367	356,504	-	-
Defined contribution benefits	40,764	34,800	-	-
Total compensation for other key management personnel	395,131	391,304	-	-

## 31. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the provision of services related to computer software and operates in Malaysia only.

There is no single customer that contributed 10% or more to the Group's revenue.

## 32. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group and the Company do not have any transactions or balances denominated in foreign currencies and hence, are not exposed to foreign currency risk.

##### (ii) Interest Rate Risk

The Group and the Company do not have any interest-bearing borrowings and hence, are not exposed to interest rate risk.

##### (iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, are not exposed to equity price risk.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by monitoring receivables regularly and by dealing exclusively with high credit rating counterparties.

##### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2022 – Nil) customers which constituted approximately 25% (2022 – Nil) of its trade receivables (including related parties) at the end of the reporting period.

##### (ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group evaluates whether any of financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of those financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due.

#### Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Trade Receivables and Contract Assets (Cont'd)

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rate for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 24 months (2022 – 24 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the Gross Domestic Product (GDP), inflation rate and unemployment rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

##### *Allowance for Impairment Losses*

	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
<b>The Group</b>				
<b>31.12.2023</b>				
Current (not past due)	3,964,251	(14,529)	(282,193)	3,667,529
1 to 30 days past due	210,134	(3,816)	(113,733)	92,585
31 to 60 days past due	110,575	(1,908)	(42,639)	66,028
61 to 90 days past due	33,739	(7,473)	(18,017)	8,249
Credit impaired	150,831	(48,632)	(102,199)	-
Trade receivables	4,469,530	(76,358)	(558,781)	3,834,391
Contract assets	268,275	-	-	268,275
	4,737,805	(76,358)	(558,781)	4,102,666

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Trade Receivables and Contract Assets (Cont'd)

##### *Allowance for Impairment Losses (Cont'd)*

The Group	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
<b>31.12.2022</b>				
Current (not past due)	2,571,445	-	(360,664)	2,210,781
1 to 30 days past due	166,873	-	(48,344)	118,529
31 to 60 days past due	77,064	-	(47,589)	29,475
61 to 90 days past due	41,964	-	(41,675)	289
Credit impaired	82,860	(18,386)	(64,474)	-
Trade receivables	2,940,206	(18,386)	(562,746)	2,359,074
Contract assets	134,785	-	-	134,785
	3,074,991	(18,386)	(562,746)	2,493,859

The movements in the loss allowances in respect of trade receivables are disclosed in Note 14 to the financial statements.

##### Other Receivables

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

##### *Allowance for Impairment Losses*

No expected credit loss is recognised on other receivables as it is negligible.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company consider these licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

#### (c) Liquidity Risk

The Group and the Company maintains sufficient cash balances to support its daily operations.

##### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1-5 Years RM	Over 5 Years RM
<b>The Group</b>						
<b>31.12.2023</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	6.68	122,128	138,000	36,000	102,000	-
Trade payables	-	766,260	766,260	766,260	-	-
Other payables and accruals	-	2,993,147	2,993,147	2,993,147	-	-
		3,881,535	3,897,407	3,795,407	102,000	-
<b>The Group</b>						
<b>31.12.2022</b>						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.29	96,217	102,000	36,000	66,000	-
Trade payables	-	709,878	709,878	709,878	-	-
Other payables and accruals	-	1,990,895	1,990,895	1,990,895	-	-
		2,796,990	2,802,773	2,736,773	66,000	-

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>The Company</b>				
<b>31.12.2023</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	173,630	173,630	173,630

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>The Company</b>				
<b>31.12.2022</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	5,513	5,513	5,513

### 32.2 CAPITAL RISK MANAGEMENT

Capital structure is a combination of equity and debt used by an entity to finance its overall operations and growth. The objective of the capital management of the Group and of the Company is to maintain an optimal capital structure and ensuring availability of funds in order to support its businesses and related shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manages its capital based on debt-to-equity ratio. As the Group and the Company has no borrowings, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
<b>Financial Asset</b>				
<u>Amortised Cost</u>				
Trade receivables (Note 14)	3,834,391	2,359,074	-	-
Other receivables (Note 15)	187,926	75,122	3,051,028	-
Fixed deposits with licensed banks (Note 17)	23,959,074	5,550,000	14,000,000	-
Cash and bank balances	5,730,206	5,282,534	410,391	5
	33,711,597	13,266,730	17,461,419	5
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Lease liabilities (Note 20)	122,128	96,217	-	-
Trade payables (Note 21)	766,260	709,878	-	-
Other payables and accruals (Note 22)	2,993,147	1,990,895	173,630	5,513
	3,881,535	2,796,990	173,630	5,513

### 32.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2023 to 31.12.2023	4.8.2022 to 31.12.2022
	RM	RM	RM	RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	35,625	53	-	-
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	152,710	410,010	31,444	-
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(5,642)	(4,564)	(707)	-

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. FINANCIAL INSTRUMENTS (CONT'D)

### 32.5 FAIR VALUE INFORMATION

As the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position.

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

## 33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company implemented the following:-

### 33.1 ACQUISITIONS OF SUBSIDIARIES

The Company entered into four conditional Share Sale and Purchase Agreement on 21 February 2023 to acquire interests in the following companies:-

- (i) Acquisition of the entire equity interest in Panda Software House Sdn. Bhd. ("Panda Software") for a purchase consideration of RM4,721,000 which was satisfied by the issuance of 472,100,000 ordinary shares in the Company at an issue price of RM0.01 per share;
- (ii) Acquisition of the entire equity interest in KK Computer Sdn. Bhd. ("KK Computer"), for a purchase consideration of RM221,000 which was satisfied by the issuance of 22,100,000 ordinary shares in the Company at an issue price of RM0.01 per share;
- (iii) Acquisition of the entire equity interest in Rexbridge Sdn. Bhd. ("Rexbridge") for a purchase consideration of RM479,000 which was satisfied by the issuance of 47,900,000 ordinary shares in the Company at an issue price of RM0.01 per share; and
- (iv) Acquisition of the entire equity interest in 020 Digital Sdn. Bhd. ("020 Digital") for a purchase consideration of RM198,000 which was satisfied by the issuance of 19,800,000 ordinary shares in the Company at an issue price of RM0.01 per share.

The acquisitions of the above companies were completed on 1 September 2023 and the Company became the immediate holding company of Panda Software, KK Computer, Rexbridge and 020 Digital.

### 33.2 ISSUANCE OF PROSPECTUS DATED 8 NOVEMBER 2023 FOR THE FOLLOWING:-

#### (i) Public Issue

The Public Issue of 109,286,800 new shares, representing approximately 16.3% of the enlarged issued share capital of the Company at an issue price of RM0.16 per share allocated in the following manner:-

- 33,559,400 new shares made available for application by the Malaysia Public by way of balloting;
- 42,774,200 new shares made available for application by the eligible directors, employees and persons who have contributed to the success of the Group; and
- 32,953,200 new shares made available for application by way of private placement to selected investors.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

### 33.2 ISSUANCE OF PROSPECTUS DATED 8 NOVEMBER 2023 FOR THE FOLLOWING:- (CONT'D)

#### (ii) Offer for Sale

61,810,000 offer shares, representing approximately 9.2% of the entire enlarged shares, made available at an issued price of RM0.16 per share by way of private placement to selected investors.

#### (iii) Listing

The admission of the Company to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") on 27 November 2023 and the listing of and quotation for the entire enlarged issued share capital of the Company of RM23,104,893 comprising 671,187,000 shares on the ACE Market of Bursa Securities.

## 34. COMPARATIVE FIGURES

- (a) The comparative figures of the Group were presented based on the financial statements of subsidiaries which were accounted for using the merger method of accounting as these subsidiaries were under common control by the same parties both before and after the acquisitions by the Company, and that control is not transitory.
- (b) The comparative figures of the Company covered for the financial period from 4 August 2022 (date of incorporation) to 31 December 2022. Consequently, the comparative figures of the Company for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 12-month period ended 31 December 2023.

# ANALYSIS OF SHAREHOLDINGS

## AS AT 27 MARCH 2024

Issued and Paid-Up Share Capital	:	RM23,104,893.00
Number of Issued Shares	:	671,187,000 ordinary shares
Class of Shares	:	Ordinary Shares
Number of Shareholders	:	2,675
Voting Rights	:	One (1) vote per ordinary share held

### ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 27 MARCH 2024

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	0	0	0	0.00
100 – 1,000	226	8.45	116,700	0.02
1,001 – 10,000	1,005	37.57	6,127,500	0.91
10,001 – 100,000	1,160	43.36	44,715,300	6.66
100,001 – 33,559,349*	283	10.58	153,007,700	22.80
33,559,350 and above**	1	0.04	467,219,800	69.61
<b>TOTAL</b>	<b>2,675</b>	<b>100.00</b>	<b>671,187,000</b>	<b>100.00</b>

Notes:-

\* Less than 5% of the issued shares.

\*\* 5% and above of the issued shares.

### DIRECTORS' SHAREHOLDINGS

#### AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 27 MARCH 2024

Name of Directors	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Loo Chee Wee	-	-	467,219,800 <sup>(1)</sup>	69.61
Tay Kheng Seng	-	-	478,217,200 <sup>(2)</sup>	71.25
Yap Chee Kheng	200,000	0.03	-	-
Chan Kam Chiew	200,000	0.03	-	-
Dato' Leanne Koh Li Ann	200,000	0.03	-	-
Siew Suet Wei	200,000	0.03	-	-

Note:-

<sup>1</sup> Deemed interested by virtue of his shareholdings in Goldcoin Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 ("the Act").

<sup>2</sup> Deemed interested by virtue of his shareholdings in Goldcoin Capital Sdn. Bhd. pursuant to Section 8 of the Act and the shareholdings of his spouse pursuant to Section 59(11) of the Act.

# ANALYSIS OF SHAREHOLDINGS

## AS AT 27 MARCH 2024

### SUBSTANTIAL SHAREHOLDERS

#### AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 27 MARCH 2024

Name of Substantial Shareholders	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Goldcoin Capital Sdn. Bhd.	467,219,800	69.61	-	-
Loo Chee Wee	-	-	467,219,800 <sup>(1)</sup>	69.61
Tay Kheng Seng	-	-	478,217,200 <sup>(2)</sup>	71.25

**Note:-**

- <sup>1</sup> Deemed interested by virtue of his shareholdings in Goldcoin Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 ("the Act").
- <sup>2</sup> Deemed interested by virtue of his shareholdings in Goldcoin Capital Sdn. Bhd. pursuant to Section 8 of the Act and the shareholdings of his spouse pursuant to Section 59(11) of the Act.

# ANALYSIS OF SHAREHOLDINGS

## AS AT 27 MARCH 2024

### THIRTY (30) LARGEST SHAREHOLDERS AS AT 27 MARCH 2024

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	GOLDCOIN CAPITAL SDN. BHD.	467,219,800	69.61
2.	BONG KOK CHOO	10,997,400	1.64
3.	WONG KHAI MENG	8,643,000	1.29
4.	LOO SIAU SUN	7,185,000	1.07
5.	KEOW YIH YUN	6,440,000	0.96
6.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG KOK WENG	6,000,000	0.89
7.	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH AGGRESSIVE FUND	5,000,000	0.74
8.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH EQUITY FUND	4,000,000	0.60
9.	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG	3,232,300	0.48
10.	LIAU TAM SANG	3,000,000	0.45
11.	GOH TEN FOOK	2,652,700	0.40
12.	NG KWEE WAH	2,200,000	0.33
13.	TAN HOCK KIAN	2,150,000	0.32
14.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	2,135,800	0.32
15.	LEE HAN YUNG	2,000,000	0.30
16.	TAY LI LI	1,605,000	0.24
17.	ANG HONG LIAN	1,600,000	0.24
18.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG XUN KUAN	1,400,000	0.21
19.	SOR CHEE SIONG	1,250,000	0.19
20.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM PANG KIAM	1,200,000	0.18
21.	ABDUL WAHAB BIN NIK MOHAMED	1,000,000	0.15
22.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP YOON SUN	1,000,000	0.15
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG TZE HERN	1,000,000	0.15
24.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN HER SIN	1,000,000	0.15
25.	ENG HUAT LATEX CONCENTRATE SDN. BHD.	1,000,000	0.15
26.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KANG WEI	1,000,000	0.15
27.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YIEW PENG CHENG	1,000,000	0.15
28.	LAU MIN WEI	962,000	0.14
29.	TAN BUN SHIAN	900,000	0.13
30.	CHOOI POOI YAN	893,000	0.13
	<b>TOTAL</b>	<b>549,666,000</b>	<b>81.91</b>

# NOTICE OF THE SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting ("2<sup>nd</sup> AGM") of the Company will be held at Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Wednesday, 19 June 2024 at 10:00 a.m. to transact the following business:

## AGENDA

### Ordinary Business

- |    |  |                        |
|----|--|------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.   | Please refer to Note B |
| 2. | To approve the payment of Directors' Fees and Benefits Payable to the Non-Executive Directors of RM143,500 for the financial year ended 31 December 2023.  | Ordinary Resolution 1  |
| 3. | To approve the payment of Directors' Fees and Benefits Payable to the Non-Executive Directors of up to RM550,000 for the period from 1 January 2024 until the date of the next Annual General Meeting of the Company to be held in 2025. | Ordinary Resolution 2  |
| 4. | To re-elect the following Directors, who are retiring under Clause 95.1 of the Constitution of the Company and being eligible, offer themselves for re-election:-  |                        |
|    | (a) Mr. Loo Chee Wee   | Ordinary Resolution 3  |
|    | (b) Mr. Tay Kheng Seng   | Ordinary Resolution 4  |
| 5. | To re-appoint Messrs. Crowe Malaysia PLT as the Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.   | Ordinary Resolution 5  |

### Special Business

To consider and, if thought fit, to pass the following resolutions, with or without modifications:

- |    |   |                       |
|----|---|-----------------------|
| 6. | <b>Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act, 2016 ("The Act")</b> | Ordinary Resolution 6 |
|----|---|-----------------------|

**"THAT** pursuant to Sections 75 and 76 of the Act, and the Directors of the Company be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.

**THAT** pursuant to Section 85 of the Act, to be read together with Clause 52 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act, **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.

**AND FURTHER THAT** the Directors of the Company whether solely or jointly, be authorised to complete and do all such acts and things (including executing such relevant documents) as he/they may consider necessary, expedient or in the interest of the Company to give effect to the aforesaid mandate."

# NOTICE OF THE SECOND ANNUAL GENERAL MEETING

## 7. **Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Ratification and New Mandate for RRPT")**

Ordinary  
Resolution 7

**"THAT** approval be and is hereby given to the Company and its subsidiary(ies) ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 30 April 2024, provided that:

- (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
  - (i) the related transacting parties and their respective relationship with the Company; and
  - (ii) the nature of the recurrent transactions.

**THAT** such authority shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM"), unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever is the earlier.

**AND THAT** all Recurrent Related Party Transactions entered into by the Related Parties, from 27 November 2023, being the date of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.6 of the Circular to Shareholders dated 30 April 2024 be and are hereby approved, confirmed and ratified;

**AND THAT** the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

## 8. To transact any other business for which due notice has been given in accordance with the Constitution of the Company.

# NOTICE OF THE SECOND ANNUAL GENERAL MEETING

By Order of the Board

**WONG YOUN KIM (MAICSA 7018778) (SSM Practising Certificate No. 201908000410)**  
**LIM LI HEONG (MAICSA 7054716) (SSM Practising Certificate No. 202008001981)**  
 Company Secretaries

Kuala Lumpur  
 30 April 2024

## Notes:-

### A. Proxy

1. A proxy may but need not be a member of the Company.
2. To be valid, this form, duly completed must be deposited at the Registered Office of the Company, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy/proxies have been duly completed by the member(s).
3. A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an Authorised Nominee as defined under the Security Industry Central Depositories Act 1991 ("Authorised Nominee"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
6. If the appointor is a corporation, the Proxy Form must be signed by the appointor and executed under its common seal or under the hand of an attorney duly authorised.
7. Only depositors whose names appear in the Record of Depositors as at 11 June 2024 shall be entitled to attend the 2<sup>nd</sup> AGM.

### B. Audited Financial Statements

Item 1 of the Agenda is meant for discussion only in accordance with Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

## Explanatory Notes on Special Business

### C. Item 2 & 3 - Payment of Directors' Fees and Benefits Payable

Shareholders' approval is sought at this AGM for the payment of Directors' Fees and Benefits Payable to the Non-Executive Directors of the Company of RM143,500 for the financial year ended 31 December 2023 and up to an amount of RM550,000 for the period commencing from 1 January 2024 until the next AGM of the Company to be held in 2025. The Directors' Fees and Benefits Payable consist of Directors' Fee paid monthly for duties performed as Directors and attendance allowance for Board, Board Committee and general meetings attended.

The total amount of RM693,500 is estimated based on the current Board size and the estimated number of scheduled and additional unscheduled Board, Board Committees and general meetings to be held.

# NOTICE OF THE SECOND ANNUAL GENERAL MEETING

## **D. Item 4 - Re-election of Directors**

*Mr. Loo Chee Wee and Mr. Tay Kheng Seng are retiring by rotation pursuant to Clause 95.1 of the Constitution of the Company and are standing for re-election at this AGM. Their profiles are provided in the Directors' Profile of this Annual Report 2023.*

*In recommending their re-election, the Nomination Committee ("NC") of the Company had assessed the contribution and the fit and proper criteria of the respective Directors. The Board had endorsed the NC's recommendation that Mr. Loo Chee Wee and Mr. Tay Kheng Seng be re-elected as Directors of the Company.*

## **E. Item 6 – Authority to allot and issue shares pursuant to Sections 75 and 76 of the Act**

*The Ordinary Resolution 6 proposed under Item 6 above, if passed, will give the Directors of the Company flexibility to allot and issue new shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.*

*The Board is of the opinion that the issue and allot shares up to an amount not exceeding ten per centum (10%) is in the best interest of the Company.*

*The general mandate sought for issue of shares is a new mandate. This authority will expire at the conclusion of the next AGM of the Company or at the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.*

*The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Act shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 52 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 52 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of Act, which will result in a dilution to their shareholding percentage in the Company.*

## **F. Proposed Ratification and New Mandate for RRPT**

*The proposed Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For more information, please refer to the Circular to Shareholders dated 30 April 2024.*

## **STATEMENT ACCOMPANYING THE NOTICE OF AGM**

1. The Directors who are standing for re-election at the 2<sup>nd</sup> AGM of the Company pursuant to Clause 95.1 of the Company's Constitution are:

- (i) Mr. Loo Chee Wee
- (ii) Mr. Tay Kheng Seng

The profiles of the Directors who are standing for re-election at the 2<sup>nd</sup> AGM are set out in the Directors' Profile as disclosed on pages 13 to 14 of this Annual Report.

The Conflict of Interest and Potential Conflict of Interest of Mr. Loo Chee Wee and Mr. Tay Kheng Seng are set out in the Directors' Profile as disclosed on pages 13 to 14 of this Annual Report.

# NOTICE OF THE SECOND ANNUAL GENERAL MEETING

**Personal data privacy:**

*By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:*

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");*
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and*
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



**PANDA ECO SYSTEM BERHAD**  
(Registration No. 202201028635 (1474332-M))  
(Incorporated in Malaysia)

## PROXY FORM

<b>CDS Account No.</b>	
<b>No. of Shares Held</b>	
<b>Telephone No.</b>	
<b>Email Address</b>	

\*I/We \_\_\_\_\_ \*NRIC No. / Passport No. / Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a \*member / members of PANDA ECO SYSTEM BERHAD ("the Company"), hereby appoint :

<b>Name of Proxy</b>	<b>NRIC No. / Passport No.</b>	<b>Address</b>	<b>Proportion of Shareholdings (%)</b>
1.			
2.			

or failing him/her, the CHAIRMAN OF THE MEETING as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf at the Second Annual General Meeting ("2<sup>nd</sup> AGM") of the Company to be held at Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Wednesday, 19 June 2024 at 10:00 a.m. or at any adjournment thereof and to vote as indicated below:

		<b>FIRST PROXY</b>		<b>SECOND PROXY</b>	
		<b>For</b>	<b>Against</b>	<b>For</b>	<b>Against</b>
Resolution 1	To the payment of Directors' Fees and Benefits to the Non-Executive Directors of RM143,500 for the financial year ended 31 December 2023.				
Resolution 2	To approve the payment of Directors' Fees and Benefits to the Non-Executive Directors of up to RM550,000 for the period from 1 January 2024 until the date of the next Annual General Meeting of the Company to be held in 2025.				
Resolution 3	Re-election of Mr. Loo Chee Wee				
Resolution 4	Re-election of Mr. Tay Kheng Seng				
Resolution 5	Re-appointment of Messrs. Crowe Malaysia PLT as the Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration				
Resolution 6	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016				
Resolution 7	Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature				

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast in respect of the above resolutions. If no instruction as to voting is given, the proxy may vote or abstain from voting at his/her discretion).

\*Strike out whichever is not desired.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2024

\_\_\_\_\_  
Signature / Common Seal of Member

Notes:

1. A proxy may but need not be a member of the Company.
2. To be valid, this form, duly completed must be deposited at the Registered Office of the Company, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy/proxies have been duly completed by the member(s).
3. A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an Authorised Nominee as defined under the Security Industry Central Depositories Act 1991 ("Authorised Nominee"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
6. If the appointor is a corporation, the Proxy Form must be signed by the appointor and executed under its common seal or under the hand of an attorney duly authorised.
7. Only depositors whose names appear in the Record of Depositors as at 11 June 2024 shall be entitled to attend the 2<sup>nd</sup> AGM.

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AFFIX  
STAMP

**PANDA ECO SYSTEM BERHAD**  
Registration No. 202201028635 (1474332-M)

Registered Office  
Acclime Corporate Services Sdn Bhd  
Level 5, Tower 8, Avenue 5, Horizon 2,  
Bangsar South City,  
59200 Kuala Lumpur,  
Wilayah Persekutuan Kuala Lumpur.

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**PANDA ECO SYSTEM BERHAD**

(Registration No. 202201028635 (1474332-M))  
(Incorporated in Malaysia)

No 28-1, 30, 30-1, 32-1, 34-1  
Jalan PPM 13  
Plaza Pandan Malim Business Park  
75250 Melaka, Malaysia

Tel: +606 332 3966

Fax: +606 332 3566

Email: [enquiry@pandasoftware.my](mailto:enquiry@pandasoftware.my)

[www.panda-eco.com](http://www.panda-eco.com)