

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant, bank manager or other professional advisers immediately.

Panda Eco System Berhad ("**Panda**") was listed on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 27 November 2023. The admission of Panda to the ACE Market of Bursa Securities was sponsored by M & A Securities Sdn Bhd ("**M&A Securities**"). The Circular has been reviewed by M&A Securities, as the Sponsor to Panda and Adviser for the Proposed Acquisitions (as defined herein).

The approval of Bursa Securities for the Proposed Acquisitions (as defined below) shall not be taken to indicate that Bursa Securities recommends the Proposed Acquisitions. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



PANDA ECO SYSTEM BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PROPOSED ACQUISITIONS OF:

- (I) 100,000 ORDINARY SHARES REPRESENTING THE ENTIRE EQUITY INTEREST IN GROSS SYNERGY SDN BHD; AND**
- (II) 50,000 ORDINARY SHARES REPRESENTING THE ENTIRE EQUITY INTEREST IN DAY ONE TECHNOLOGY SDN BHD,**

FROM YEOW CHENG HOCK, CHEOK KIAN HING, HO SOO CHERNG AND DING CHEW KEAT, FOR A TOTAL PURCHASE CONSIDERATION OF RM17,060,424 TO BE SATISFIED VIA A COMBINATION OF CASH AND ISSUANCE OF NEW ORDINARY SHARES IN PANDA

(COLLECTIVELY, REFERRED TO AS "PROPOSED ACQUISITIONS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



M & A SECURITIES SDN BHD

(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") in respect of the Proposed Acquisitions to be held at Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Monday, 26 May 2025 at 11:00 a.m. or immediately upon the conclusion of the Third Annual General Meeting ("**3rd AGM**") of the Company scheduled to be held on the same day at 10:00 a.m, whichever is later. The Notice of EGM, the Administrative Guide for the EGM and the Proxy Form are enclosed together with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Proxy Form and deposit it at the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Proxy Form shall be treated as invalid. You can also have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiah.online> before the Proxy Form lodgement cut-off time as mentioned below. For further information on the electronic lodgement of Proxy Form, kindly refer to the Administrative Guide for the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 25 May 2025, 11:00 a.m.

Date and time of meeting of members : Monday, 26 May 2025, 11:00 a.m. or immediately upon the conclusion of the 3rd AGM of the Company scheduled to be held on the same day at 10:00 a.m., whichever is later

This Circular is dated 25 April 2025

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

"5D-VWAMP"	: 5 days volume weighted average market price
"Act"	: Companies Act 2016
"Announcement"	: Announcement dated 29 November 2024 pursuant to the Proposed Acquisitions
"Board"	: Board of Directors of the Company
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Cash Consideration"	: Cash sum of RM11,089,276, being part of the Purchase Consideration
"Circular"	: This circular to our shareholders dated 25 April 2025 in relation to the Proposed Acquisitions
"Completion Date"	: The actual date of the completion of the sale and purchase of DOTSB Sale Shares and GSSB Sale Shares by the performance by the Vendors and Company of their respective obligations in accordance with the terms and conditions of the SSA
"Completion Period"	: A period within 30 days from the Unconditional Date or such further period as the Vendors and the Company may mutually agree upon in writing
"Conditional Period"	: A period within 180 days from the date of the SSA or such other extended date the Vendors and the Company may mutually agree in writing
"Conditions Precedent"	: The conditions precedent to the SSA as set out in Section 1 of Appendix II
"Consideration Shares"	: 19,462,674 new Shares to be issued and allotted at the Issue Price pursuant to the Proposed Acquisitions, being part of the Purchase Consideration
"Deficiency"	: The deficiency between the actual aggregate PAT/ LAT achieved by the Target Group for FYE 2025 and FYE 2026 and the Profit Guarantee
"Director(s)"	: Director of the Company which shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisitions were agreed upon, a director of the Company, its subsidiary or holding company or a Chief Executive of the Company, its subsidiary or holding company

DEFINITIONS (Cont'd)

"DOTSB"	: Day One Technology Sdn Bhd (Registration No. 201301037399 (1067228-W))
"DOTSB Sale Shares"	: 50,000 ordinary shares representing the entire equity interest in DOTSB
"EGM"	: Extraordinary general meeting
"EPS"	: Earnings per share
"FCFE"	: Free Cash Flow to Equity
"FPE"	: Financial period ended/ ending 30 June, as the case may be
"FYE"	: Financial year ended/ ending 31 December, as the case may be
"GDP"	: Gross domestic product
"Goldcoin Capital"	: Goldcoin Capital Sdn Bhd (Registration No. 202201035217 (1480914-W))
"Government"	: Government of Malaysia
"GP"	: Gross profit
"GSSB"	: Gross Synergy Sdn Bhd (Registration No. 199201019333 (0250837-P))
"GSSB Sale Shares"	: 100,000 ordinary shares representing the entire equity interest in GSSB
"Issue Price"	: Issue price of RM0.3068 per Consideration Share
"IT"	: Information Technology
"LAT"	: Loss after taxation
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities
"LPD"	: 7 April 2025, being the latest practicable date prior to the printing of this Circular
"LTD"	: 27 November 2024, being the last trading day immediately prior to the signing of the SSA
"M&A Securities" or "Adviser"	: M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))

DEFINITIONS (Cont'd)

"Major shareholder(s)"	:	A person, who has or had an interest or interests in 1 or more voting shares in the Company and the number or aggregate number of those shares, is: <ul style="list-style-type: none">(i) 10.0% or more of the total number of voting shares in the Company; or(ii) 5.0% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. <p>Major shareholder also includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisitions were agreed upon, a major shareholder of the Company, its subsidiary or holding company.</p> <p>For the purpose of this definition, "interest" shall have the meaning as "interest in shares" given in Section 8 of the Act</p>
"Maturity Date"	:	The date where the Target Group's audited financial statements for FYE 2026 are made available
"NA"	:	Net assets
"Panda" or "Company"	:	Panda Eco System Berhad (Registration No. 202201028635 (1474332-M))
"Panda Group" or "Group"	:	Panda and its subsidiaries, collectively
"Panda Share(s)" or "Share(s)"	:	Ordinary share(s) in Panda
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Profit Guarantee"	:	Vendors' guarantee that Target Group shall achieve an audited PAT of not less than RM1,421,702 in aggregate for each financial year during the Profit Guarantee Period or RM2,843,404 in aggregate for the Profit Guarantee Period
"Profit Guarantee Period"	:	FYE 2025 and FYE 2026, collectively
"Proposed Acquisitions"	:	Proposed acquisitions of GSSB Sale Shares and DOTSB Sale Shares by the Company from the Vendors at the Purchase Consideration
"Purchase Consideration"	:	RM17,060,424, being the total purchase consideration for the Proposed Acquisitions to be satisfied via a Cash Consideration and Consideration Shares
"Retention Sum"	:	RM2,843,404 to be retained by the Company and only to be paid to the Vendors upon the fulfilment of the Profit Guarantee by the Target Group upon Maturity Date
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively

DEFINITIONS (*Cont'd*)

"SCS Global"	: SCS Global Advisory (M) Sdn Bhd (Registration No. 200901020913 (864010-V))
"SSA"	: Conditional share sale agreement dated 28 November 2024 entered into between the Company and the Vendors in relation to the Proposed Acquisitions
"Target Group"	: GSSB and DOTSB, collectively
"Unconditional Date"	: The date on which the last Conditions Precedent is fulfilled, obtained or, if applicable waived (as the case may be) within the Conditional Period
"Vendors"	: Yeow Cheng Hock, Cheok Kian Hing, Ho Soo Cherng and Ding Chew Keat, collectively

All references to our "Company", "Panda", "we", "us" and "our" in this Circular are to Panda, references to our "Group" or "Panda Group" are to our Company and its subsidiaries. All references to "you" in this Circular are made to the shareholders of our company.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE SALIENT INFORMATION OF THE PROPOSED ACQUISITIONS. THE SHAREHOLDERS OF PANDA ARE ADVISED TO READ THE CIRCULAR AND ITS APPENDICES FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED ACQUISITIONS BEFORE VOTING AT THE EGM

Our Board is recommending that the shareholders of Panda vote **IN FAVOUR** of the resolutions in relation to the Proposed Acquisitions to be tabled at the forthcoming EGM to be convened.

Key information	Description	Reference to Circular
Summary of the Proposed Acquisitions	<p>The Proposed Acquisitions involve the acquisition by Panda of GSSB Sale Shares and DOTSB Sale Shares, representing the entire equity interest in Target Group from the Vendors for the Purchase Consideration, subject to the terms and conditions of the SSA.</p> <p>The Purchase Consideration of RM17.1 million is to be satisfied by Panda via a combination of the Cash Consideration and issuance of the Consideration Shares at the Issue Price to the Vendors.</p> <p>The Issue Price represents a discount of 10.0% to the 5D-VWAMP of the Shares preceding the date of the SSA of RM0.3409.</p>	Section 2.1
Rationale	<p>Our Board expects the Proposed Acquisitions to contribute positively to our Group based on the key rationale as set out below:</p> <ul style="list-style-type: none">(i) the Proposed Acquisitions will reduce our Group's reliance on our existing customer base and diversify into different regions in Malaysia;(ii) the Proposed Acquisitions will expand our product offerings and therefore strengthen our position as a retail management service provider in Malaysia;(iii) our Group will be able to leverage on the technical expertise and resources of the Target Group to assist in the growth of our Group's existing business; and(iv) The favourable outlook of the Target Group as set out in Sections 5.3 and 5.4.	Section 3
Risk factors	<p>The potential risk factors of the Proposed Acquisitions are as follows:</p> <ul style="list-style-type: none">(i) The completion of the Proposed Acquisitions is conditional upon the fulfilment of all the Conditions Precedent of the SSA;(ii) There is no guarantee that the anticipated benefits from the Proposed Acquisitions will be realised or that our Group will be able to generate sufficient returns from the Proposed Acquisitions to offset our cost of investment; and	Section 5

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to Circular
	(iii) The Profit Guarantee is based on various bases and assumptions deemed reasonable, but nevertheless is subject to certain uncertainties and contingencies, which are often outside of the control of our Group.	
Approvals required	<p>The Proposed Acquisitions are subject to the following:</p> <ul style="list-style-type: none">(i) approval-in-principle of Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, which was obtained on 9 April 2025;(ii) approval of the shareholders of Panda at the forthcoming EGM; and(iii) any other relevant authorities and/or parties, if required. <p>The Proposed Acquisitions are inter-conditional upon each other. However, the Proposed Acquisitions are not conditional upon any other corporate exercises undertaken or to be undertaken by Panda.</p>	Section 8
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PANDA ECO SYSTEM BERHAD

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

Registered Office:

Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Malaysia

25 April 2025

Board of Directors:

Loo Chee Wee (*Executive Director / Chief Executive Officer*)
Tay Kheng Seng (*Executive Director / Chief Technology Officer*)
Chan Kam Chiew (*Independent Non-Executive Director*)
Dato' Leanne Koh Li Ann (*Independent Non-Executive Director*)
Siew Suet Wei (*Independent Non-Executive Director*)

To: The shareholders of our Company

Dear Shareholders,

PROPOSED ACQUISITIONS

1. INTRODUCTION

On 29 November 2024, M&A Securities, on behalf of our Board, announced that our Company had on 28 November 2024 entered into a conditional SSA with the Vendors for the purpose of the Proposed Acquisitions.

On 10 April 2025, M&A Securities, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 9 April 2025, granted its approval for the listing of and quotation for the Consideration Shares, subject to the following conditions:

No.	Conditions	Status of compliance
1.	Panda and M&A Securities must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Acquisitions	To be complied
2.	Panda and M&A Securities to inform Bursa Securities upon the completion of the Proposed Acquisitions	To be complied
3.	Panda to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisitions are completed	To be complied

No.	Conditions	Status of compliance
4.	Compliance by Panda with the public shareholding spread upon completion of the Proposed Acquisitions. In this connection, M&A Securities is to furnish a schedule containing the information set out in Appendix 8E, Chapter 8 of the ACE Market Listing Requirements to Bursa Securities, prior to the allotment and issuance of the Consideration Shares	To be complied
5.	Panda to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders in a general meeting approving the Proposed Acquisitions	To be complied

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT DETAILS OF THE PROPOSED ACQUISITIONS, TO SET OUT OUR BOARD'S OPINION AND RECOMMENDATION IN RELATION TO THE PROPOSED ACQUISITIONS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT OUR COMPANY'S FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM IS ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED ACQUISITIONS AT THE FORTHCOMING EGM.

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2. DETAILS OF THE PROPOSED ACQUISITIONS

The Proposed Acquisitions entail our Company acquiring the GSSB Sale Shares and DOTSB Sale Shares, representing the entire equity interest in GSSB and DOTSB respectively, from the Vendors for the Purchase Consideration.

The 100,000 GSSB Sale Shares will be acquired by our Company from the Vendors free from all encumbrances together with all rights attached thereto, subject to the terms and conditions of the SSA, in the following manner:

Vendors	No. of GSSB Sale Shares	% held in GSSB	Cash RM	⁽¹⁾No. of Consideration Shares	Purchase consideration RM
Yeow Cheng Hock	30,000	30.0	2,039,937	3,580,273	3,138,365
Ho Soo Cherng	20,000	20.0	1,359,958	2,386,849	2,092,243
Ding Chew Keat	20,000	20.0	1,359,958	2,386,849	2,092,243
Cheok Kian Hing	30,000	30.0	2,039,937	3,580,273	3,138,365
	100,000	100.0	6,799,790	11,934,244	10,461,216

Note:

⁽¹⁾ Based on the issue price of RM0.3068 per Consideration Share.

The 50,000 DOTSB Sale Shares will be acquired by our Company from the Vendors free from all encumbrances together with all rights attached thereto, subject to the terms and conditions of the SSA, in the following manner:

Vendors	No. of DOTSB Sale Shares	% held in DOTSB	Cash RM	⁽¹⁾No. of Consideration Shares	Purchase consideration RM
Yeow Cheng Hock	15,000	30.0	1,286,846	2,258,529	1,979,762
Ho Soo Cherng	10,000	20.0	857,897	1,505,686	1,319,842
Ding Chew Keat	10,000	20.0	857,897	1,505,686	1,319,842
Cheok Kian Hing	15,000	30.0	1,286,846	2,258,529	1,979,762
	50,000	100.0	4,289,486	7,528,430	6,599,208

Note:

⁽¹⁾ Based on the issue price of RM0.3068 per Consideration Share.

Upon completion of the Proposed Acquisitions, the Target Group shall become wholly-owned subsidiaries of our Company. Further details of the Target Group are set out in Appendix I and the salient terms of the SSA are set out in Appendix II.

2.1 Information of GSSB

GSSB was incorporated in Malaysia on 15 October 1992 under the Companies Act 1965 as a private limited company under its present name and is deemed registered under the Act. As at LPD, the issued share capital of GSSB is RM100,000 comprising 100,000 ordinary shares. GSSB is principally involved in the provision of IT services and trading in cash register machines.

Based on the latest audited financial statements of GSSB as at 31 December 2023, GSSB recorded a PAT of RM544,769 and NA of RM2,399,494.

Further details on GSSB are set out in Appendix I.

2.2 Information of DOTSB

DOTSB was incorporated in Malaysia on 22 October 2013 under the Companies Act 1965 as a private limited company under its present name and is deemed registered under the Act. As at LPD, the issued share capital of DOTSB is RM50,000 comprising 50,000 ordinary shares. DOTSB is principally involved in the provision of IT system development and general trading.

Based on the latest audited financial statements of DOTSB as at 31 December 2023, DOTSB recorded a PAT of RM549,183 and NA of RM1,049,137.

Further details on DOTSB are set out in Appendix I.

2.3 Information of the Vendors

Yeow Cheng Hock, a Malaysian male aged 64, has approximately 40 years of experience in the retail management solutions industry since 1984. He is presently the director and shareholder of the Target Group. He is a key management personnel of the Target Group and has been involved in the business of the Target Group since its inception. He is responsible for overseeing the Target Group's daily operations and ensuring that all systems, processes, and teams work efficiently to support the strategic goals of the Target Group. Upon completion of the Proposed Acquisitions, Yeow Cheng Hock will continue to serve as a director and advisor of the Target Group.

Ho Soo Cherng, a Malaysian male aged 44, has approximately 20 years of experience in the retail management solutions industry. He is presently the director and shareholder of the Target Group. He is a key management personnel of the Target Group and has been involved in the business of the Target Group since 2004. He is responsible for developing and executing business strategies to achieve growth and profitability and to drive revenue growth through strategic initiatives and new opportunities. Upon completion of the Proposed Acquisitions, Ho Soo Cherng will continue to serve as a director and key management personnel of the Target Group.

Ding Chew Keat, a Malaysian male aged 45, has approximately 20 years of experience in the retail management solutions industry. He is presently the director and shareholder of the Target Group. He is a key management personnel of the Target Group and has been involved in the business of the Target Group since 2004. He is responsible for defining technological direction and ensuring alignment with business goals and to develop a technology roadmap to support short-term and long-term business strategies of the Target Group. Upon completion of the Proposed Acquisitions, Ding Chew Keat will continue to serve as a director and key management personnel of the Target Group.

Cheok Kian Hing, a Malaysian male aged 61, has approximately 35 years of experience in the retail management solutions industry since 1989. He is presently the director and shareholder of the Target Group. He is a key management personnel of the Target Group and has been involved in the business of the Target Group since its inception. He is responsible for defining business directions and implementing financial strategies to support the overall objectives of the Target Group. After the completion of the Proposed Acquisitions, Cheok Kian Hing will continue to serve as a director and advisor of the Target Group.

2.4 Basis and justification of the Purchase Consideration

The Purchase Consideration of RM17,060,424 was arrived at based on a “willing buyer-willing seller” basis after taking into consideration the following:

- (a) the audited financial results of the Target Group for FYE 2023 and management accounts of the Target Group for FPE 2024;
- (b) the Profit Guarantee provided by the Vendors;
- (c) the rationale of the Proposed Acquisitions as set out in Section 3; and
- (d) the future prospects of the Target Group as set out in Section 5.

The Purchase Consideration represents a price-to-earnings multiple (“**PE multiple**”) of 12.0 times based on the Profit Guarantee for each financial year. Further details of the Profit Guarantee are set out in Section 2.9, including our Company’s right of recourse in the event the Profit Guarantee is not met.

In relation to the PE multiple, and for the purpose of justifying the Purchase Consideration, reference was made to the PE multiples of the comparable companies listed on Bursa Securities based on the following criteria:

- (a) majority of its businesses (largest revenue contribution of more than 50.0% of its total revenue) are involved in the provision of software application and system development; and
- (b) market capitalisation of below RM200.0 million.

The PE multiples of the comparable companies are as follows:

Comparable companies	Latest audited financial year	Market capitalisation	Trailing 12 months PAT	⁽¹⁾ PE multiple times
		RM’000	RM’000	
Agmo Holdings Berhad	31 March 2024	182,000	6,980	26.1
Censof Holdings Berhad	31 March 2024	140,830	8,260	17.0
Cuscapi Berhad	31 December 2023	170,060	13,240	12.8
Excel Force MSC Berhad	30 June 2024	179,920	8,280	21.7
OpenSys (M) Berhad	31 December 2023	163,100	12,830	12.7
Rexit Berhad	30 June 2023	135,980	13,210	10.3
			Minimum	10.3
			Average	16.8
			Maximum	26.1

*(Source: Bloomberg and the latest available quarterly reports and annual reports of the respective comparable companies as at 15 November 2024, being the date of opinion of valuation by SCS Global (“**Date of Opinion**”))*

Note:

- (1) Computed based on the market capitalisation divided by the trailing 12 months PAT of the respective comparable companies as at the Date of Opinion.

The PE multiple ascribed to the Proposed Acquisitions of 12.0 times is at a discount of 28.6% to the average PE multiple of the comparable companies of 16.8 times. Our Board is of the opinion that the Purchase Consideration is justifiable as the discount of 28.6% is within the generally acceptable discount for lack of marketability of 20.0% to 30.0% as the Target Group are unlisted shares and not freely tradeable as compared to the comparable companies which are public listed companies on Bursa Securities.

Generally, the range of discount for lack of marketability for evaluation of equity interest in private companies is 20.0% to 30.0% to account for liquidity. (Source: https://pages.stern.nyu.edu/~adamodar/New_Home_Page/valquestions/illiquiddisc.htm)

In relation to the Profit Guarantee, the Vendors are of the view that the Profit Guarantee is achievable, having taken into consideration:

- (a) the adjusted PAT of the Target Group for FYE 2023 of RM1.4 million, which has been adjusted for:
- (i) non-recurring expenses of RM0.7 million;
 - (ii) non-recurring income of RM0.1 million;
 - (iii) amortisation of intangible assets of RM0.05 million;
 - (iv) expected credit losses on trade receivables of RM0.04 million; and
 - (v) corporate tax of 24.0% on the chargeable income of RM0.5 million.
- (b) the management accounts of the Target Group for FPE 2024.

For illustrative purposes, the adjusted PAT of the Target Group for FYE 2023 after the adjustments as mentioned in (a) above is as follows:

	RM'000
Audited PBT for FYE 2023	1,385
Adjustments from financial due diligence:	
Add: non-recurring expenses	
- salaries for Yeow Cheng Hock ⁽¹⁾	473
- 2 motor vehicles related expenses	141
- interest expense	94
- payment on behalf by GSSB for Day One Solution Sdn Bhd ("DOSSB")	36
- loss on disposal of shares	6
Less: non-recurring income	
- interest income	(88)
- human resources development fund received	(10)
- gain on disposal of property, plant and equipment	(7)
- dividend income	*
- sundry income	*

	RM'000
Less: recurring expenses not captured in the PAT of the Target Group	
- amortisation of intangible assets	(50)
- expected credit losses on trade receivables	(37)
Adjusted PBT	1,943
Less: corporate tax of 24.0% on chargeable income (as per tax due diligence)	(521)
Adjusted PAT	1,422

Notes:

* Less than RM1,000.

- (1) Upon completion of the Proposed Acquisitions, Yeow Cheng Hock will no longer be involved in the day-to-day operations of the Target Group and will cease drawing salaries. He will continue to serve as a director and advisor of the Target Group.

In addition, our Company has appointed SCS Global to provide its valuation letter on the Purchase Consideration, which is enclosed in Appendix V.

Based on SCS Global's evaluation, SCS Global has found the Purchase Consideration to be below the fair market value of the entire equity interest in the Target Group, which ranges from RM17.4 million to RM21.1 million with a base case fair market value of RM19.1 million, based on the discounted FCFE methodology.

Discounted FCFE methodology is a valuation method which considers both the time value of money and the projected net cash flows generated by the subject matter (in this case, the Target Group) to derive a fair market value of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate on the projected future cash flows to be earned by the equity holders of a company. FCFE is the free cash flow available to be paid to the equity shareholders of our company after all expenses, reinvestment and debt repayment.

Based on the representations and reports provided as mentioned above, our Board is of the opinion that the Profit Guarantee is achievable.

2.5 Mode of settlement of the Purchase Consideration

The Purchase Consideration is to be satisfied by our Company in the following manner:

- (a) Cash Consideration, the mode of payment of which is as set out in Section 4 of Appendix II; and
- (b) Issuance of Consideration Shares at the Issue Price to the Vendors, amounting to RM5,971,148. The Consideration Shares shall be issued and allotted to the Vendors within 14 days from the Unconditional Date or such other extended date as may be mutually agreed by the Parties in writing (which in any event it shall be within Completion Period or any extension thereof).

Our Company has opted to partly settle the Purchase Consideration via the Consideration Shares to conserve our existing cash for future working capital requirements and to minimise external financing and its associated financing cost. The Cash Consideration will be funded via internally generated funds and/or bank borrowings, which will be determined later after taking into consideration our Group's gearing level, interest costs and cash reserves.

2.6 Basis of determining the Issue Price

The Issue Price of RM0.3068 per Consideration Share was arrived at on a willing buyer-willing seller basis, after taking into consideration the 5D-VWAMP of the Shares of RM0.3409 up to and including LTD, with a discount of 10.0%.

The discount was determined by our Board, which is of the view that the discount is fair and reasonable after taking into consideration the fluctuating monthly historical market prices of Panda Shares traded on Bursa Securities for the past 12 months as set out in Section 7.

Our Board take cognizance that the variation between the highest and lowest market prices of Panda Shares as traded for each month during the past 12 months is more than 10.0% and ranges between 14.2% and 35.6% respectively.

2.7 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issue, rank equally in all respects with the then existing Panda Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid to the shareholders of our Company, the entitlement date of which is before the date of allotment and issuance of the Consideration Shares.

2.8 Listing of and quotation for the Consideration Shares

Bursa Securities had vide its letter dated 9 April 2025 approved the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 1.

2.9 Profit Guarantee

The Vendors has undertaken to our Company that the audited PAT of the Target Group for each financial year within the Profit Guarantee Period shall not be less than RM1.4 million in aggregate or RM2.8 million in aggregate for FYE 2025 and FYE 2026 collectively. For avoidance of doubt, in the event that the Target Group achieves audited LAT in FYE 2025 and audited PAT in FYE 2026 or vice versa, the LAT shall be deducted from the PAT to arrive at the aggregate PAT achieved by the Target Group during Profit Guarantee Period.

In the event the aggregate of the audited PAT of the Target Group for FYE 2025 and FYE 2026 shall be equivalent to or exceed the Profit Guarantee, then the Profit Guarantee shall be deemed fully satisfied by the Vendors and the Retention Sum shall be paid by our Company to the Vendors in full in accordance with their shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares within 14 days from the Maturity Date as follows:

GSSB

Vendors	No. of GSSB Sale Shares	% held in GSSB	Retention Sum
			RM
Yeow Cheng Hock	30,000	30.0	523,061
Ho Soo Cherng	20,000	20.0	348,707
Ding Chew Keat	20,000	20.0	348,707
Cheok Kian Hing	30,000	30.0	523,061
		Total	1,743,536

DOTSB

Vendors	No. of DOTSB Sale Shares	% held in DOTSB	Retention Sum RM
Yeow Cheng Hock	15,000	30.0	329,960
Ho Soo Cherng	10,000	20.0	219,974
Ding Chew Keat	10,000	20.0	219,974
Cheok Kian Hing	15,000	30.0	329,960
Total			1,099,868

In contrast, in the event the aggregate of the audited PAT of the Target Group for FYE 2025 and FYE 2026 collectively are lower than the Profit Guarantee or in the event that the Target Group shall incur an aggregate LAT for FYE 2025 and FYE 2026, the Vendors shall, jointly and severally, compensate our Company in cash such sum equivalent to the Deficiency whereby the Vendors may opt to:

- (a) pay our Company such amount equivalent to the Deficiency directly following which our Company shall release the Retention Sum to the Vendors in full in accordance with their shareholding proportion of GSSB Sale Shares and DOTSB Sale Shares as set out above within 14 days from the Maturity Date; or
- (b) request our Company to deduct the Deficiency from the Retention Sum and our Company shall release the remaining sum of the Retention Sum to the Vendors in full in accordance with their shareholding proportion of GSSB Sale Shares and DOTSB Sale Shares within 14 days from the Maturity Date failing which our Company shall be liable to pay the Vendors interest on such sum that remains outstanding calculated at the rate of 8.0% per annum on a daily basis commencing from the 15th day from the Maturity Date till the date such sum that remains outstanding is fully paid. In the event the Retention Sum is not enough to cover the Deficiency, the Vendors shall directly pay our Company such amount equivalent to the Deficiency, as stated in (a) above.

Notwithstanding the aforesaid, in the event the audited PAT of the Target Group for FYE 2025 is equal or more than RM1.4 million (i.e. half or more than half of the amount of the Profit Guarantee), our Company agrees to pay RM1.4 million, within 14 days from the date GSSB's and DOTSB's audited financial statements for FYE 2025 being made available, to the Vendors in accordance with their shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares failing which our Company shall be liable to pay the Vendors interest on such sum that remains outstanding calculated at the rate of 8.0% per annum on a daily basis commencing from the 15th day from the Maturity Date till the date such sum that remains outstanding is fully paid. For avoidance of doubt, our Company is still entitled to recourse from the Vendors in the manner as set out in (a) and (b) above should the Profit Guarantee not be met.

In the event the audited PAT of the Target Group for FYE 2025 is less than half of the amount of the Profit Guarantee, our Company does not have to release/pay any of the Retention Sum to the Vendors as yet.

For illustration purposes:

- (i) in the event, the Target Group incurs audited LAT of RM1,000,000 for each FYE during the Profit Guarantee Period:

$$\begin{aligned}\text{Deficiency} &= \text{Profit Guarantee in aggregate for the Profit Guarantee Period} + \\ &\quad \text{aggregate audited LAT for FYE 2025 and 2026} \\ &= \text{RM2,843,404} + \text{RM2,000,000} \\ &= \text{RM4,843,404}\end{aligned}$$

The Vendors shall, jointly and severally, pay Panda directly for the Deficiency of RM4,843,404 within 14 days from the Maturity Date. Following which, our Company shall release the Retention Sum to the Vendors in full in accordance with their shareholding proportion of GSSB Sale Shares and DOTSB Sale Shares as set out above within 14 days from the Maturity Date.

- (ii) in the event, the Target Group generates audited PAT of RM1,000,000 for each FYE during the Profit Guarantee Period:

$$\begin{aligned}\text{Deficiency} &= \text{Profit Guarantee in aggregate for the Profit Guarantee Period} - \\ &\quad \text{aggregate audited PAT for FYE 2025 and 2026} \\ &= \text{RM2,843,404} - \text{RM2,000,000} \\ &= \text{RM843,404}\end{aligned}$$

The Vendors shall, jointly and severally, pay Panda directly for the Deficiency of RM843,404 within 14 days from the Maturity Date. In this regard, the payment shall be deducted from the Retention Sum.

Following which our Company shall release the balance Retention Sum (i.e. RM2,000,000) to the Vendors in full in accordance with their shareholding proportion of GSSB Sale Shares and DOTSB Sale Shares as set out above within 14 days from the Maturity Date.

- (iii) in the event, the Target Group generates audited PAT of RM2,500,000 for FYE 2025 and audited LAT of RM500,000 for FYE 2026:

$$\begin{aligned}\text{Deficiency} &= \text{Profit Guarantee in aggregate for the Profit Guarantee Period} - \\ &\quad \text{aggregate audited PAT for FYE 2025 and 2026} \\ &= \text{RM2,843,404} - \text{RM2,000,000} \\ &= \text{RM843,404}\end{aligned}$$

As the Target Group generated audited PAT of RM2,500,000 for FYE 2025, which is more than RM1,421,702 (i.e. more than half of the amount of the Profit Guarantee), our Company will release RM1,421,702, within 14 days from the date GSSB's and DOTSB's audited financial statements for FYE 2025 being made available, to the Vendors in accordance with their shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares.

Within 14 days from the date GSSB's and DOTSB's audited financial statements for FYE 2026 being made available, the Vendors shall, jointly and severally, pay Panda directly for the Deficiency of RM843,404. In this regard, the payment shall be deducted from the balance Retention Sum (i.e. RM1,421,702).

Following which, our Company shall release the balance Retention Sum (i.e. RM578,298) to the Vendors in full in accordance with their shareholding proportion of GSSB Sale Shares and DOTSB Sale Shares as set out above within 14 days from the Maturity Date.

- (iv) in the event, the Target Group generates audited PAT of RM1,500,000 for FYE 2025 and incurs audited LAT of RM4,000,000 for FYE 2026:

Deficiency	= Profit Guarantee in aggregate for the Profit Guarantee Period + aggregate audited LAT for FYE 2025 and 2026
	= RM2,843,404 million + RM2,500,000
	= RM5,343,404

As the Target Group generated audited PAT of RM1,500,000 for FYE 2025, which more than RM1,421,702 (i.e. more than half of the amount of the Profit Guarantee), our Company will release RM1,421,702, within 14 days from the date GSSB's and DOTSB's audited financial statements for FYE 2025 being made available, to the Vendors in accordance with their shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares.

Within 14 days from the date GSSB's and DOTSB's audited financial statements for FYE 2026 being made available, the Vendors shall, jointly and severally, pay Panda directly for the Deficiency of RM5,343,404. In this regard, the payment shall be deducted from the balance Retention Sum (i.e. RM1,421,702), and the Vendors shall, jointly and severally, pay Panda directly the remaining Deficiency of RM3,921,702.

2.10 Assumption of liabilities and estimated financial commitments

Save for the obligations and liabilities of our Company in and arising from the SSA, there are no other liabilities, including contingent liabilities or guarantees to be assumed by Panda pursuant to the Proposed Acquisitions. The existing liabilities of the Target Group will be settled in the ordinary course of business.

2.11 Additional financial commitment required

Our Board does not foresee any material financial commitment to put the business of the Target Group on stream as both companies are already in operation. However, upon completion of the Proposed Acquisitions, our Company may be required to provide a corporate guarantee to the financial institutions which have granted loans to the Target Group in place of the Vendors.

3. RATIONALE OF THE PROPOSED ACQUISITIONS

The Proposed Acquisitions will allow our Company to expand our product offerings and diversify our customer base. Our Group has identified the businesses undertaken by the Target Group as viable and complementary businesses, which align strategically with the objectives of our Group after taking into consideration the following factors:

- (a) the Proposed Acquisitions will reduce our Group's reliance on our existing customer base and diversify into different regions in Malaysia;
- (b) the Proposed Acquisitions will expand our product offerings and therefore strengthen our position as a retail management solutions provider in Malaysia;
- (c) our Group will be able to leverage on the technical expertise and resources of the Target Group to assist in the growth of our Group's existing business operations;
- (d) the favourable outlook and prospects of the Target Group as set out in Sections 5.3 and 5.4.

Further, the Profit Guarantee provided by the Vendors provides assurance that the Proposed Acquisitions will be able to increase the profitability and strengthen the financial performance of our Group, which would in turn create value for the shareholders. As such, the Proposed Acquisitions are expected to offer long-term business viability and growth potential, aligning with the strategic objectives of our Company. In terms of business continuity, Ho Soo Cherng and Ding Chew Keat have also agreed to enter into a management agreement/employment agreement/letter of employment with the Target Group on terms to be mutually agreed by our Company, in respect of their retention as directors or appointment as the managers of the Target Group and/or their respective job scopes to be agreed in the said agreement/letter.

In addition, our Board is of the view that the issuance of Consideration Shares as part settlement of the Purchase Consideration will enable our Group to conserve our cash resources and thereby provide greater flexibility to utilise our cash resources to fund our Group's existing and/ or new businesses.

4. EFFECTS OF THE PROPOSED ACQUISITIONS

4.1 Issued share capital

The pro forma effects of the Proposed Acquisitions on the issued share capital of our Company are as follows:

	No. of Panda Shares	Issued share capital RM
Issued share capital as at LPD	671,187,000	⁽¹⁾ 22,172,766
To be issued pursuant to the Proposed Acquisitions	19,462,674	⁽²⁾ 5,971,148
Enlarged issued share capital	690,649,674	28,143,914

Notes:

(1) Included one-off Initial Public Offering related expenses of RM0.9 million.

(2) Based on the issue price of RM0.3068 per Consideration Share.

As at LPD, Panda does not retain any treasury shares.

4.2 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Acquisitions on the shareholdings of the substantial shareholders are as follows:

Substantial shareholders	As at LPD				After Proposed Acquisitions			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Goldcoin Capital	465,719,800	69.4	-	-	465,719,800	67.4	-	-
Loo Chee Wee	-	-	⁽¹⁾ 465,719,800	69.4	-	-	⁽¹⁾ 465,719,800	67.4
Tay Kheng Seng	-	-	⁽¹⁾⁽²⁾ 476,717,200	71.0	-	-	⁽¹⁾⁽²⁾ 476,717,200	69.0
Vendors, collectively	-	-	-	-	19,462,674	2.8	-	-
Public	172,796,800	25.7	-	-	172,796,800	25.0	-	-

Notes:

- (1) Deemed interested by virtue of his substantial shareholdings in Goldcoin Capital pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of the shareholdings of his spouse pursuant to Section 59(11) of the Act.

For information purposes, our Group is expected to comply with the public spread requirement after the completion of the Proposed Acquisitions, with the public shareholding spread of 25.7% as at LPD, and 25.0% upon completion of the Proposed Acquisitions.

4.3 NA and gearing

The pro forma effects of the Proposed Acquisitions on the consolidated NA, NA per share and gearing of our Group based on our latest audited consolidated financial statements as at 31 December 2023, assuming that the Proposed Acquisitions had been completed on 31 December 2023, is as follows:

	As at 31 December 2023	After Proposed Acquisitions
	RM'000	RM'000
Share capital	22,173	28,144
Merger deficit	(5,239)	(5,239)
Retained profits	15,537	⁽¹⁾ 15,117
TOTAL EQUITY	32,471	38,022
Number of shares in issue ('000)	671,187	690,650
NA per ordinary share (RM)	0.05	0.06
Borrowings (RM)	⁽²⁾ N/A	⁽³⁾ N/A
Gearing ratio (times)	⁽²⁾ N/A	⁽³⁾ N/A

Notes:

- (1) After deducting estimated expenses of approximately RM0.4 million in relation to the Proposed Acquisitions.
- (2) Not applicable as our Company does not have any borrowings as at 31 December 2023.
- (3) Not applicable as our Company and the Target Group will not have any borrowings upon completion of the Proposed Acquisitions.

4.4 EPS

The Proposed Acquisitions are not expected to have any immediate effect on the earnings of our Group for FYE 31 December 2024 as it is only expected to be completed in the second quarter of 2025. The Proposed Acquisitions are expected to contribute positively to the future earnings of our Group.

However, the issuance of Consideration Shares will result in immediate dilution of the EPS of our Group in FYE 31 December 2025. Such dilution will be alleviated by the expected profits (supported by the Profit Guarantee) from the Target Group moving forward.

4.5 Convertible securities

As at LPD, our Company does not have any outstanding convertible securities.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

Malaysia's economy continued its growth momentum, supported by favourable economic performance, amid persistent challenges in the external environment. This signifies the country's strong fundamentals and diversified economic activities as well as investor confidence in the domestic market, anchored by sound Government policies. During the first half of 2024, the economy posted a commendable growth of 5.1% driven by robust domestic demand, combined with further expansion in exports as well as positive growth in all economic sectors. Growth is forecast to continue its momentum in the second half of the year, albeit at a moderate pace. Overall, real gross domestic product in 2024 is revised upward, ranging between 4.8% and 5.3%, surpassing the initial target of 4.0% to 5.0%.

The growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for electrical and electronics goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives.

On the supply side, the services sector continues to uphold its position as the main driver of growth contributed by tourism activities, sustained exports and acceleration of information and communication technology-related activities. Tourism-related industries, particularly food & beverages, accommodation and retail trade segments, are expected to increase further, while the wholesale trade as well as air and water transportations segments will benefit from sustained trade-related activities. On the demand side, growth will be buoyed by strong private sector expenditure and stable global trade. Accounting for about 60.0% of the economy, private consumption is projected to continue spearheading growth, backed by firm labour market conditions and income growth amid manageable inflation. Gross fixed capital formation or total investment remains high, underpinned by the realisation of private investment, acceleration of public sector strategic projects and initiatives under the Government-linked Enterprises Activation and Reform Programme ("**GEAR-uP**") as well as new and ongoing multi-year projects in the services and manufacturing sectors.

The external sector is expected to continue expanding in 2025, supported by steady global demand. Robust trade activities are projected to contribute to a surplus in the goods account, while the services account is anticipated to post a narrowing deficit attributed to vigorous tourism activities. The income accounts are forecasted to continue recording net outflows resulting from a ramp-up in investment activities. Hence, the current account is projected to register a healthier surplus of RM49.1 billion or 2.4% of gross national income. World trade is expected to gain momentum in line with steady economic growth, registering 3.1% in 2024, backed by strong trade activities, particularly in technology-related sectors. Global inflation continues to show signs of abating and is expected to soften to 5.9% as energy prices and the labour market moderate. Nevertheless, inflation is expected to remain higher in emerging markets and developing economies compared to advanced economies.

(Source: Economic Outlook 2025, published on 18 October 2024, Ministry of Finance of Malaysia)

5.2 Overview and outlook of the retail industry and retail management solutions

Malaysia's wholesale and retail sales accelerated by 7.1% year-on-year to RM147.9 billion in May 2024 — the fastest pace since 11.9% in March 2023 — thanks to higher retail sales in non-specialised stores.

Bank Muamalat Malaysia's chief economist Mohd Afzanizam Abdul Rashid, meanwhile, commented: "The government continues to implement economic reforms, especially in areas relating to fuel subsidies. Consumers are expected to remain guarded in managing their finances. The wholesale and retail trade is likely to demonstrate a resilient growth on the back of stable labour market conditions while a cash transfer programme and the latest EPF withdrawal scheme would likely provide support to household spending patterns".

(Source: Malaysia's wholesale and retail sales growth accelerates to 7.1% in May, fastest in a year, The Edge Malaysia, 11 July 2024)

The wholesale and retail trade subsector grew by 4.3% in the first half of 2024, with sustained performance, mainly in retail trade and motor vehicle segments driven by improved consumer spending. The wholesale and retail trade subsector is expected to expand by 4.0% in the second half of 2024 supported by positive growth in all segments, particularly retail trade with anticipation of higher tourist arrivals and expenses, while household expenditure is expected to remain resilient, backed by steady income growth and various financial assistance programmes.

(Source: Economic Outlook 2025, published on 18 October 2024, Ministry of Finance of Malaysia)

In the third quarter of 2024, retail trade recorded a positive growth of 4.1% to 179.6 points as against the same quarter of the previous year. The growth was contributed by retail sale not in stores, stalls or markets with 6.7%. This was followed by retail sale of food, beverages and tobacco (6.4%), retail sale via stalls and markets (5.8%), retail sale in non-specialised stores (5.8%), retail sale of automotive fuel (5.4%), retail sale of cultural and recreation goods (4.1%), and retail sale of household goods (3.4%). For quarter-on-quarter comparison, volume index of retail trade inched up 0.1%.

(Source: Quarterly Volume Index of Wholesale and Retail Trade, published on 7 November 2024, Department of Statistics Malaysia)

The retail management software market size has grown rapidly in recent years. It will grow from USD19.46 billion in 2023 to USD22.08 billion in 2024 at a compound annual growth rate ("CAGR") of 13.5%. The growth in the historic period can be attributed to increased demand for automation, the growth of e-commerce, the globalisation of retail, the need for efficient inventory management, and regulatory compliance requirements.

The retail management software market size is expected to see rapid growth in the next few years. It will grow to USD36.81 billion in 2028 at a CAGR of 13.6%. The growth in the forecast period can be attributed to emphasis on data security and privacy, expansion of cloud-based solutions, demand for real-time analytics and insights, focus on sustainability and eco-friendly practices, and rise of mobile commerce and mobile point-of-sale. Major trends in the forecast period include increased use of augmented reality in retail management software, growth of subscription-based pricing models, emphasis on predictive analytics for demand forecasting, convergence of online and offline shopping experiences, and rise of blockchain technology for supply chain transparency.

Asia-Pacific is expected to be the fastest-growing region in the forecast period. The regions covered in the retail management software market report are Asia-Pacific, Western Europe, Eastern Europe, North America, South America, Middle East and Africa.

(Source: <https://www.thebusinessresearchcompany.com/report/retail-management-software-global-market-report>)

5.3 Prospects and future plans of Target Group

GSSB has over 3 decades of expertise in the retail management solutions industry, specialising in Point-of-Sale ("**POS**") and inventory management solutions. GSSB's longstanding customer relationships, some spanning more than 30 years, reflect the Company's reliability, commitment and ability to deliver quality services/products to its customers.

GSSB has built its reputation by customising software solutions that addresses the distinct needs of businesses, ensuring maximum functionality and satisfaction. By providing expert maintenance services, the company ensures systems operate at peak performance, minimising downtime and disruptions to operations.

DOTSB provides innovative solutions that enhances efficiency, security, and customer experiences. From mobile loyalty application that foster customer connections to self-checkout kiosks that enhance the in-store experience, DOTSB's offerings are designed to modernise retail operations. Through seamless eCommerce-to-POS integration, the company bridges the gap between online and offline shopping, creating a unified customer experience. Complementing these advancements are cashless payment systems for secure transactions, digital advertising strategies to drive engagement, and business intelligence analytics tools that enable informed, data-driven decisions.

DOTSB offers server hosting services and cybersecurity solutions to support retail infrastructures and safeguard retail operations against evolving threats. The company also leads with artificial intelligence-driven innovations, exploring transformative opportunities to optimise processes, elevate customer engagement, and foster continuous retail innovation.

Upon the completion of the Proposed Acquisitions, Panda's future plans for the Target Group, without requiring additional financial resources committed by our Group, amongst others, include the following:

- (a) streamlining shared services: by centralising human resources, finance, administrative and procurement functions, our Group will achieve better allocation of resources, streamlined reporting, improve finance and cost control and drive greater efficiency. The Target Group aims to implement and merge these functions with Panda by first quarter of 2026;
- (b) leveraging technical resources and shared expertise between the Target Group and Panda by consolidating the software development teams and standardising their software development frameworks by first quarter of 2026. These efforts will improve performances, drive greater operational efficiency and scalability across our Group; and
- (c) expanding cross-selling opportunities: the Target Group aims to increase revenue through synergy with Panda by selling Panda's solutions starting in second quarter of 2025, amongst others, business to business ("**B2B**") solution, Business Analytics Dashboard, Sub-let Rental Management System, Customer Relationship Management modules and E-invoice solution. The initial focus will be on integrating the Target Group's customer base with Panda by introducing bundled offerings to existing pool of customers.

By combining these strengths, leveraging technical resources and shared expertise with Panda, the Target Group also gains the capabilities and abilities to secure higher value contracts from reputable clients and continue to aim for potential future growth opportunities to deliver greater value to the retail industry.

Based on the historical track record of Target Group in their respective business, coupled with the prospects of the retail industry and retail management solutions industry as set out in Section 5.2, the management of our Group is optimistic of the growth prospects of the Target Group.

6. RISK FACTORS

The Proposed Acquisitions will not materially change the risk profile of the business of Panda Group as both Panda Group and the Target Group operate in the same industry i.e. retail management solutions industry. As such, the enlarged Panda Group will be exposed to similar business, operational and financial risks inherent in the industry after the completion of the Proposed Acquisitions. These risks include but are not limited to competition from other retail management solutions providers, external data and cyber-security threats, infringement by third parties on our Group's retail management solutions, rapid advancement in technology, economic, political, legal and regulatory environments, as well as operational risks.

In addition to the risks above, there are certain risks specifically associated with the Proposed Acquisitions, as follows:

6.1 Completion risk

The completion of the Proposed Acquisitions is conditional upon the Conditions Precedent of the SSA being satisfied. There can be no assurance that such Conditions Precedent will be satisfied within the Conditional Period. In the event that the Conditions Precedent cannot be satisfied or the Conditional Period is not extended, the SSA will be terminated and the Proposed Acquisitions will not be completed.

However, our Company will continue to take all reasonable steps to ensure satisfaction and/or waiver, as the case may require, to ensure completion of the Proposed Acquisitions.

6.2 Investment risk

The Proposed Acquisitions are expected to be beneficial to our Group as the Target Group anticipate business growth under the helm of Panda. However, there is no guarantee that the anticipated benefits from the Proposed Acquisitions will be realised or that our Company will be able to generate sufficient returns from the Proposed Acquisitions to offset our cost of investment.

Nevertheless, our Board endeavours to mitigate such risk by adopting prudent investment strategies and conducting the relevant assessment and review prior to making its investment decision.

6.3 Achievability of Profit Guarantee

The Profit Guarantee is based on various bases and assumptions which our Board deems reasonable, but nevertheless is subject to certain uncertainties and contingencies, which are often outside the control of our Group. Notwithstanding the Retention Sum being held as security to lend confidence to the Profit Guarantee, there can be no assurance that the Profit Guarantee will be met, or that the Retention Sum is sufficient to offset any deficiency in the Profit Guarantee.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Panda Shares as traded on Bursa Securities for the past 12 months from April 2024 to March 2025 are as follows:

	High	Low
	RM	RM
2024		
April	0.345	0.271
May	0.394	0.301
June	0.458	0.350
July	0.518	0.404
August	0.444	0.286
September	0.345	0.296
October	0.370	0.301
November	0.355	0.296
December	0.390	0.325
2025		
January	0.385	0.325
February	0.355	0.290
March	0.310	0.240
Last transacted price as at LTD		0.330
Last transacted market price on LPD		0.255

(Source: Bloomberg)

8. APPROVALS REQUIRED

The Proposed Acquisitions are subject to the following:

- (a) approval-in-principle of Bursa Securities, which was obtained on 9 April 2025, for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities;
- (b) approval of the shareholders of our Company for the Proposed Acquisitions at the EGM to be convened; and
- (c) any other relevant authorities and/or parties, if required.

The Proposed Acquisitions are inter-conditional upon each other. However, the Proposed Acquisitions are not conditional upon any other corporate exercises undertaken or to be undertaken by our Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive of our Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Acquisitions.

10. STATEMENT BY OUR BOARD

Our Board having considered all aspects of the Proposed Acquisitions, including but not limited to the rationale, prospects as well as the terms and conditions of the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are in the best interest of our Company. As such, our Board recommends that you vote in favour of the resolutions pertaining to the Proposed Acquisitions to be tabled at the forthcoming EGM of our Company.

11. ADVISER

M&A Securities has been appointed as Adviser to our Company for the Proposed Acquisitions.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisitions pursuant to Paragraph 10.02(g) of the ACE Market Listing Requirements of Bursa Securities is 52.5%, calculated based on the Purchase Consideration divided by the latest audited consolidated NA of our Group as at 31 December 2023 of RM32.5 million.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals obtained, the Proposed Acquisitions are expected to be completed by the 2nd quarter of 2025.

The tentative timetable for the Proposed Acquisitions is as follows:

Tentative timeline	Events
2 nd quarter of 2025	EGM to approve the Proposed Acquisitions
2 nd quarter of 2025	Unconditional Date of the SSA
2 nd quarter of 2025	Listing of the Consideration Shares/ Completion of the SSA

14. OUTSTANDING CORPORATE EXERCISE

Save for the Proposed Acquisitions, there are no other corporate exercises announced but pending implementation.

15. EGM

The Notice of EGM, the Administrative Guide for the EGM and the Form of Proxy are enclosed in this Circular. The EGM will be held at Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Monday, 26 May 2025 at 11:00 a.m. or immediately upon the conclusion of the 3rd AGM of the Company scheduled to be held on the same day at 10:00 a.m., whichever is later for the purpose of considering the Proposed Acquisitions contained herein and if thought fit, passing, with or without modification, the resolution by way of poll to give effect to the Proposed Acquisitions.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy(ies) by completing, sign and return the Proxy Form in accordance with the instructions printed therein as soon as possible and in any event, so as to arrive at the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or by electronically submitted with via TIIH Online at <https://tiih.online>, not less than 24 hours before the date and time stipulated for the EGM, or any adjournment thereof.

For further information on the electronic lodgement of Proxy Form, kindly refer to the Administrative Guide for the EGM. The lodging of the Proxy Form will not, however, preclude you from attending and voting at the EGM in person should you subsequently wish to do so.

16. FURTHER INFORMATION

You are advised to refer to the appendix set out in this Circular for further information.

Please refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of Directors,
PANDA ECO SYSTEM BERHAD

LOO CHEE WEE
Executive Director

APPENDIX I – INFORMATION ON THE TARGET GROUP

1. INFORMATION ON GSSB

1.1 BACKGROUND INFORMATION

GSSB was incorporated in Malaysia on 15 October 1992 under the Companies Act 1965 as a private limited company under its present name and is deemed registered under the Act.

GSSB is principally involved in the provision of IT services and trading in cash register machine. GSSB provides comprehensive Point-of-Sale ("**POS**") solutions and products, focusing on scalability, integration, and efficiency. Their offerings include advanced Business Intelligence ("**BI**") tools for data visualisation, cloud-hosted POS systems, and integrated platforms combining warehouse, accounting, and e-commerce functionalities. In addition, GSSB provides retail and F&B management software like Headquarter Retail Management ("**HQRM**") and Web-Based Retail Management ("**WEBRM**"), enabling real-time sales tracking, inventory management, and automated reporting, alongside POS hardware such as barcode scanners and handheld terminals. Their services encompass technical support, hardware maintenance, and business consulting to align solutions with customer goals, emphasising customer satisfaction and operational optimisation. Save for BI tools for data visualisation which is rented to its customers, all other solutions and hardware offered by GSSB are sold to its customers.

GSSB commenced its business operations in October 1992 and has over 30 years of expertise in the IT and retail industries. GSSB has a client base of over 100 customers, managing more than 300 branches across Malaysia. It serves various sectors in Malaysia, including grocery stores, department stores, convenience outlets, hardware shops, and distribution centres.

GSSB's revenue was entirely generated in Malaysia, being its sole principal market.

1.2 SHARE CAPITAL

As at LPD, the issued share capital of GSSB is RM100,000 comprising 100,000 ordinary shares. There is only one class of shares in GSSB as at LPD.

1.3 DIRECTORS AND SHAREHOLDERS

As at LPD, the directors and shareholders of GSSB and their respective shareholdings are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of ordinary shares in GSSB	%	No. of ordinary shares in GSSB	%
Yeow Cheng Hock	Director and shareholder	Malaysian	30,000	30.0	-	-
Ho Soo Cherng	Director and shareholder	Malaysian	20,000	20.0	-	-
Ding Chew Keat	Director and shareholder	Malaysian	20,000	20.0	-	-
Cheok Kian Hing	Director and shareholder	Malaysian	30,000	30.0	-	-
			100,000	100.0		

1.4 SUBSIDIARY AND ASSOCIATED COMPANY

As at LPD, GSSB does not have any subsidiary or associated company.

APPENDIX I – INFORMATION ON THE TARGET GROUP (Cont'd)

1.5 HISTORICAL FINANCIAL INFORMATION

A summary of the financial information of GSSB based on its audited financial statements for FYE 2021 to 2023 and the unaudited financial statements for FPE 30 June 2024 is set out below:

	Audited			Unaudited
	FYE 2021	FYE 2022	FYE 2023	FPE 30 June 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	6,348	8,437	6,286	4,256
GP	2,006	2,178	1,807	3,467
PBT	442	744	716	1,003
PAT	362	587	545	762
Issued share capital	100	100	100	100
Total equity/ NA	1,568	1,855	2,399	3,161
No. of GSSB Shares ('000)	100	100	100	100
NA per GSSB Share (sen)	15.68	18.55	23.99	31.61
EPS	3.62	5.87	5.45	7.62
Total borrowings	-	1,342	1,514	1,377
Gearing (times) ⁽¹⁾	-	0.72	0.63	0.44
Current assets	2,021	3,351	3,756	4,579
Current liabilities	992	1,223	1,031	1,218
Current ratio (times) ⁽²⁾	2.04	2.74	3.64	3.76

Notes:

- (1) Computed based on total borrowings over total equity.
- (2) Computed based on current assets over current liabilities.

The audited financial statements of GSSB for FYE 2021 to 2023 have been prepared in accordance with the applicable approved Malaysian accounting standards and there was no audit qualification for the audited financial statements of GSSB for FYE 2021 to 2023. GSSB has not adopted any accounting policies which are peculiar to its operations for the respective financial years under review.

Commentaries

(a) FYE 2023 compared to FYE 2022

Revenue for FYE 2023 decreased by RM2.1 million (or 25.5%) to RM6.3 million (FYE 2022: RM8.4 million) mainly due to several major customers having incurred significant capital expenditure in FYE 2022 to upgrade and expand their POS related devices and peripherals as well as computer and related equipment. Therefore, customers spending on such hardware normalised and reduced in FYE 2023, contributing to the decrease in revenue.

APPENDIX I – INFORMATION ON THE TARGET GROUP (Cont'd)

PAT for FYE 2023 decreased by RM0.04 million (or 7.2%) to RM0.55 million (FYE 2022: RM0.59 million). The decreased PAT for FYE 2023 was mainly due to (i) decrease in GP by RM0.4 million to RM1.8 million (FYE 2022: RM2.2 million); and (ii) increase in operating expenses, administrative expenses as well as finance cost by RM0.5 million to RM2.0 million (FYE 2022: RM1.5 million) mainly due to increment in annual salaries for staff. However, the decrease in PAT was partially offset by the increase in other income by RM0.8 million to RM1.0 million in FYE 2023 (FYE 2022: RM0.2 million), mainly being secondment costs charged to DOTSB by GSSB for the assignment of employees under secondment arrangement.

The GP margin increased by 2.9% to 28.7% (FYE 2022: 25.8%) mainly due to lower sales of hardware. Sales of hardware typically generates lower GP margin as compared to sales of software and maintenance services.

(b) FYE 2022 compared to FYE 2021

Revenue for FYE 2022 increased by RM2.1 million (or 32.9%) to RM8.4 million (FYE 2021: RM6.3 million) mainly due to higher sales of hardware and software to several major customers for their opening of new retail outlets after the COVID-19 pandemic.

PAT for FYE 2022 increased by RM0.2 million (or 62.2%) to RM0.6 million (FYE 2021: RM0.4 million). The higher PAT for FYE 2022 was mainly due to the (i) increase in GP by RM0.2 million to RM2.2 million in FYE 2022 (FYE 2021: RM2.0 million); and (ii) decrease in other operating expenses by RM0.3 million to RM0.9 million for FYE 2022 (FYE 2021: RM1.2 million), mainly due to absence of directors' fees in view of dividends paid to directors of RM0.3 million in FYE 2022. However, it was partially offset by the increase in administrative expenses and taxation by RM0.2 million to RM0.7 million (FYE 2021: RM0.5 million).

The GP margin decreased by 5.8% to 25.8% (FYE 2021: 31.6%) mainly due to higher sales of hardware during FYE 2022. Sales of hardware typically generates lower GP margin as compared to sales of software and maintenance services.

(c) FYE 2021 compared to FYE 2020

Revenue for FYE 2021 remained consistent at RM6.4 million (FYE 2020: RM6.4 million).

PAT for FYE 2021 increased by RM0.1 million (or 25.6%) to RM0.4 million (FYE 2020: RM0.3 million) mainly due to (i) increase in GP by RM0.5 million to RM2.0 million (FYE 2020: RM1.5 million); and (ii) decrease in tax expenses by RM0.04 million to RM0.08 million (FYE 2020: RM0.12 million) due to overprovision of tax in prior years amounting to RM0.04 million recognised in FYE 2022. However, it was partially offset by the increase in other operating expenses by RM0.4 million to RM1.2 million (FYE 2020: RM0.8 million), mainly due to the increase in employees' bonuses.

The GP margin increased by 7.3% to 31.6% (FYE 2020: 24.3%) mainly due to higher sales of software and maintenance services during FYE 2021, which typically generates higher GP margin as compared to sales of hardware.

1.6 MATERIAL COMMITMENT

As at LPD, there is no material commitment, incurred or known to be incurred by GSSB, which may have a material impact on the profits or NA of GSSB.

APPENDIX I – INFORMATION ON THE TARGET GROUP (Cont'd)

1.7 CONTINGENT LIABILITIES

As at LPD, there are no contingent liabilities incurred or known to be incurred by GSSB which, upon becoming enforceable, may have a material impact on the profits and/or NA of GSSB.

1.8 MATERIAL LITIGATION

As at LPD, GSSB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the board of directors of GSSB is not aware of any proceedings, pending or threatened, against GSSB or of any facts likely to give rise to any proceedings which may materially affect the business or financial position of GSSB.

1.9 MATERIAL CONTRACTS

As at LPD, GSSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular.

1.10 LIST OF ASSETS OWNED

A summary of the assets owned by GSSB based on the audited financial statement of GSSB for FYE 2023 is set out below:

	RM'000
Non-current assets	
Property, plant and equipment	622
Intangible assets	383
Current assets	
Inventories	64
Trade receivables	1,349
Other receivables, deposits and prepayments	2,277
Cash and bank balances	67
Total assets	4,762

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APPENDIX I – INFORMATION ON THE TARGET GROUP (Cont'd)

2. INFORMATION ON DOTSB**2.1 BACKGROUND INFORMATION**

DOTSB was incorporated in Malaysia on 22 October 2013 under the Companies Act 1965 as a private limited company under its present name and is deemed registered under the Act.

DOTSB is principally involved in the provision of IT system development and general trading of computer hardware, amongst others, digital signages, self-checkout kiosks, POS devices and peripherals as well as desktops. DOTSB specialises in providing advanced technological solutions to streamline operations and enhance business productivity, particularly in retail and service sectors in Malaysia. Their offerings include self-checkout systems to reduce operational costs, digital advertising platforms, mobile apps for effective customer engagement, and analytical tools for data-driven decision-making. DOTSB sells these offerings to its customers except for digital advertising platforms where DOTSB collaborates with third parties and operates under a profit-sharing model. DOTSB also offers cloud-based B2B solutions to manage supply chains, from purchase orders to returns, and tailored systems for the food and beverage industry, which are rented out to its customers.

DOTSB commenced its business operations in January 2015 and has a client base of 67 customers across Malaysia.

DOTSB's revenue was entirely generated from Malaysia, being its sole principal market.

2.2 SHARE CAPITAL

As at LPD, the issued share capital of DOTSB is RM50,000 comprising 50,000 ordinary shares. There is only one class of shares in DOTSB as at LPD.

2.3 DIRECTORS AND SHAREHOLDERS

As at LPD, the directors and shareholders of DOTSB and their respective shareholdings are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of ordinary shares in DOTSB	%	No. of ordinary shares in DOTSB	%
Yeow Cheng Hock	Director and shareholder	Malaysian	15,000	30.0	-	-
Ho Soo Cherng	Director and shareholder	Malaysian	10,000	20.0	-	-
Ding Chew Keat	Director and shareholder	Malaysian	10,000	20.0	-	-
Cheok Kian Hing	Director and shareholder	Malaysian	15,000	30.0	-	-
			50,000	100.0		

2.4 SUBSIDIARY AND ASSOCIATED COMPANY

As at LPD, DOTSB does not have any subsidiary or associated company.

APPENDIX I – INFORMATION ON THE TARGET GROUP (Cont'd)

2.5 HISTORICAL FINANCIAL INFORMATION

A summary of the financial information of DOTSB based on its audited financial statements for FYE 2021 to 2023 and the unaudited financial statements for FPE 30 June 2024 is set out below:

	Audited			Unaudited
	FYE 2021	FYE 2022	FYE 2023	FPE 30 June 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	940	1,165	4,892	1,687
GP	378	462	1,166	904
PBT	58	35	669	408
PAT	49	34	549	310
Issued share capital	1	1	50	50
Total equity/ NA	417	451	1,049	1,359
No. of DOTSB Shares ('000)	1	1	50	50
NA per DOTSB Share (sen)	417	451	20.98	27.18
Earnings per DOTSB Share	49	34	10.98	6.30
Total borrowings	-	-	184	171
Gearing (times) ⁽¹⁾	-	-	0.18	0.13
Current assets	534	492	2,221	2,529
Current liabilities	135	189	1,145	1,118
Current ratio (times) ⁽²⁾	3.96	2.60	1.94	2.26

Notes:

(1) Computed based on total borrowings over total equity.

(2) Computed based on current assets over current liabilities.

The audited financial statements of DOTSB for FYE 2021 to 2023 have been prepared in accordance with the applicable approved Malaysian accounting standards and there was no audit qualification for the audited financial statements of DOTSB for FYE 2021 to 2023. DOTSB has not adopted any accounting policies which are peculiar to its operations for the respective financial years under review.

Commentaries

(a) FYE 2023 compared to FYE 2022

Revenue for FYE 2023 increased by RM3.7 million (or 319.9%) to RM4.9 million (FYE 2022: RM1.2 million) mainly due to higher subscription of its newly developed self-check out system (i.e. automated payment collection) and purchase of its related hardware.

PAT for FYE 2023 increased by RM0.52 million (or 1514.7%) to RM0.55 million (FYE 2022: RM0.03 million). The increased PAT for FYE 2023 was mainly due to increase in GP by RM0.7 million to RM1.2 million (FYE 2022: RM0.5 million) in line with revenue growth. However, the increase in PAT was partially offset by the increase in taxation by RM0.1 million to RM0.1 million (FYE 2022: RM0.001 million).

The GP margin decreased by 15.8% to 23.8% (FYE 2022: 39.7%) mainly due to higher sales of hardware as compared to sales of software and maintenance services, where sales of hardware typically generates lower GP margin.

(b) FYE 2022 compared to FYE 2021

Revenue for FYE 2022 increased by RM0.3 million (or 23.9%) to RM1.2 million (FYE 2021: RM0.9 million) mainly due to increase in sales of project management solutions, mainly attributable to a contract being awarded to DOTSB for the outsourcing of DOTSB's programmers for managing its software customisation as well as increase in sales of software (i.e. data integration software and eCommerce platform integration).

PAT for FYE 2022 remained fairly consistent, with a slight drop of RM0.02 million (or 30.6%) to RM0.03 million (FYE 2021: RM0.05 million).

The GP margin remained consistent at 39.7% in FYE 2022 as compared to 40.2% in FYE 2021.

(c) FYE 2021 compared to FYE 2020

Revenue for FYE 2021 decreased by RM0.2 million (or 14.3%) to RM0.9 million (FYE 2020: RM1.1 million) mainly due to lower sales project management solutions to customers for the outsourcing of DOTSB's programmers for managing its software customisation.

PAT for FYE 2021 remained fairly consistent, with an increase of RM0.01 million (or 25.0%) to RM0.05 million (FYE 2020: RM0.04 million).

The GP margin increased by 7.8% to 40.2% (FYE 2020: 32.4%) mainly due to higher sales of cloud-based solutions during FYE 2021 which typically generates higher GP margin, slightly offset by higher sales of hardware during FYE 2020 which typically generates lower GP margin.

2.6 MATERIAL COMMITMENT

As at LPD, there is no material commitment, incurred or known to be incurred by DOTSB, which may have a material impact on the profits or NA of DOTSB.

2.7 CONTINGENT LIABILITIES

As at LPD, there are no contingent liabilities incurred or known to be incurred by DOTSB which, upon becoming enforceable, may have a material impact on the profits and/or NA of DOTSB.

2.8 MATERIAL LITIGATION

As at LPD, DOTSB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the board of directors of DOTSB is not aware of any proceedings, pending or threatened, against DOTSB or of any facts likely to give rise to any proceedings which may materially affect the business or financial position of DOTSB.

2.9 MATERIAL CONTRACTS

As at LPD, DOTSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular.

APPENDIX I – INFORMATION ON THE TARGET GROUP (Cont'd)

2.10 LIST OF ASSETS OWNED

A summary of the assets owned by DOTSB based on the audited financial statement of DOTSB for FYE 2023 is set out below:

	RM'000
Non-current assets	
Property, plant and equipment	131
Current assets	
Inventories	17
Trade receivables	1,834
Other receivables, deposits and prepayments	14
Tax recoverable	57
Cash and bank balances	299
Total assets	2,352

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APPENDIX II – SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

1. CONDITIONAL AGREEMENT TO SALE AND PURCHASE

- 1.1 In consideration of the Vendors' and the Company's (collectively referred to as "**Parties**") for the purpose of Appendix II) mutual promises set out in the SSA and the Purchase Consideration provided in accordance with **Section 4 of Appendix II**, the Vendors (as the registered holders and beneficial owners of GSSB Sale Shares and DOTSB Sale Shares agree to sell and the Company agrees to purchase the GSSB Sale Shares and DOTSB Sale Shares from the Vendors (on a willing seller and willing buyer basis) at the Purchase Consideration on the terms and subject to the Conditions Precedents (as defined in **Section 2.1 of Appendix II**).
- 1.2 The GSSB Sale Shares and DOTSB Sale Shares are sold free from all claims and encumbrances and with full legal and beneficial title and together with all rights, privileges, obligations, benefits and advantages attaching thereto (including all dividends and distributions (if any) which may be declared, made or paid in respect thereof) with effect from the actual date on which the completion of the sale and purchase of GSSB Sale Shares and DOTSB Sale Shares by the performance by the Parties of their respective obligations under **Section 4.1** and **Section 7.2 of Appendix II** ("**Completion**") have taken place ("**Completion Date**") in accordance with **Section 7 of Appendix II** and on the basis of the warranties, representations and undertakings of the Vendors contained in Clause 7, Clause 8 and Annexure 2 of the SSA ("**Warranties**").
- 1.3 The Vendors and the Company agree that the purchase of the GSSB Sale Shares and DOTSB Sale Shares from the Vendors shall include all of the rights, privileges, and obligations attached to GSSB Sale Shares and DOTSB Sale Shares.
- 1.4 The Vendors are only obliged to complete the sale and the Company is only obliged to complete the purchase of any of the GSSB Sale Shares and DOTSB Sale Shares if the sale and purchase of all the GSSB Sale Shares and DOTSB Sale Shares are completed simultaneously.

2. CONDITION PRECEDENT

- 2.1 The Proposed Acquisitions is subject to the following conditions precedent ("**Conditions Precedent**") being fulfilled, obtained or waived (as the case may be) within 180 days from the date of the SSA or such other extended date the Parties may agree in writing ("**Conditional Period**"):
 - (i) the Company, having obtained the approval of its shareholders at an extraordinary general meeting to be convened, for the purchase of the GSSB Sale Shares and DOTSB Sale Shares in accordance with the terms of the SSA;
 - (ii) the Company, having obtained the approval-in-principle of Bursa Securities for the listing of and quotation for the Consideration Shares to be issued to the Vendors; and
 - (iii) the Parties, having obtained, where necessary, the approval of such governmental or regulatory authorities, relating to the sale and purchase of the GSSB Sale Shares and DOTSB Sale Shares being obtained by the Parties, if required and such approvals being in full force and effect as of Completion. Where such approval is subject to conditions, such conditions being reasonably acceptable to the Parties and if such conditions are to be fulfilled on or before Completion, such conditions having been fulfilled on or before such date.
- 2.2 The SSA will become unconditional on the date when all the Conditions Precedent are fulfilled, obtained or, if applicable waived, in accordance with the provisions of the SSA within the Conditional Period. The date on which the last Condition Precedent is fulfilled, obtained or, if applicable waived is referred to as the Unconditional Date.

3. WAIVER & NON-FULFILLMENT OF CONDITIONS PRECEDENT

In the event that any one of the Conditions Precedent is not or cannot be fulfilled or waived during the Conditional Period or such other extended date the Parties mutually agree in writing, either party shall be entitled, by a notice given by 1 Party to the other Parties, stating that the first Party wishes to terminate the SSA ("**Notice of Termination**") and upon such notice being served on the other and, subject to the performance by the Parties of their respective obligations upon termination including but not limited to refund by the Vendors all the monies paid towards the Purchase Consideration (with no interest) to the Company (where applicable), the SSA shall be null and void and be of no further effect.

4. PURCHASE CONSIDERATION

4.1 The sale and purchase consideration for the GSSB Sale Shares and DOTSB Sale Shares shall be **RM17,060,424** only ("**Purchase Consideration**"), which shall be paid by the Company in the following time and manner: -

- (i) prior to the execution of the SSA, the sum of **RM200,000.00** only, being the deposit as part payment towards the Purchase Consideration ("**Earnest Deposit**") has been paid on 24 October 2024 by the Company to the solicitor of the Vendors ("**Vendors' Solicitors**") as stakeholders, the receipt of which is hereby acknowledged by the Vendors;
- (ii) upon the execution of the SSA, a sum of **RM1,506,042.40** only ("**Balance Deposit**") has been paid on 28 November 2024 by the Company to the Vendors' Solicitors as stakeholders, as part payment towards the Purchase Consideration;
- (iii) the Earnest Deposit and the Balance Deposit shall collectively be referred to as "**Deposit**" representing 10.0% of the Purchase Consideration;
- (iv) within 7 business days upon the Unconditional Date, the Company's Solicitors are authorised to release the Deposit into the account of the GSSB and DOTSB ("**Target Group**") for the purposes of settlement of the Outstanding Loan (as defined in Section 6.2 of Appendix II) which upon such settlement, the balance of the Deposit, if any, shall be released to the Vendors in accordance with the shareholding proportion of the Sale Shares;
- (v) within 14 days from the Unconditional Date or such other extended date as may be mutually agreed by the Parties hereto in writing (which in any event it shall be within 30 days from the Unconditional Date ("**Completion Period**") or any extension thereof), a sum of **RM5,971,148.40** being 35.0% of the Purchase Consideration ("**Tranche 1 Payment**"), shall be paid by way of Consideration Shares to the Vendors; and
- (vi) within 14 days from the Unconditional Date or such other extended date as may be mutually agreed by the Parties hereto in writing (which in any event it shall be within the Completion Period or any extension thereof), the cash sum of **RM6,539,829.20** only ("**Tranche 2 Payment**") shall be paid by the Company to the Company's Solicitors as stakeholders. As and when applicable, the Company's Solicitors are authorised to utilise an amount equivalent to the remaining Outstanding Loan from the Tranche 2 Payment for the settlement of the remaining Outstanding Loan to the account of the Target Group, and thereafter to pay the remaining Tranche 2 Payment to the Vendors.

APPENDIX II – SALIENT TERMS OF THE SSA (Cont'd)

- 4.2 In light of the Profit Guarantee provided by the Vendors in accordance with **Section 5 of Appendix II**, the Vendors hereby agree that the remaining sum of **RM2,843,404.00** only ("**Retention Sum**") shall be retained and only be paid to the Vendors within 14 days from the Maturity (as defined in Section 5.2(ii) of **Appendix II** below) ("**Maturity Date**") and to be dealt with in accordance with **Section 5 of Appendix II** within 14 days from the Maturity Date.
- 4.3 The cash portion of the Purchase Consideration shall be settled and paid by way of cash, inter-bank transfers, cheques or bank drafts, or any other method to be mutually agreed by the Parties.

5. PROFIT GUARANTEE

- 5.1 In consideration of the Company acquiring GSSB Sale Shares and DOTSB Sale Shares, the Vendors unconditionally and irrevocably, jointly and severally, guarantee and covenant with the Company that the audited PAT of the Target Group for FYE 2025 and FYE 2026 shall collectively attain and achieve the profit guarantee i.e. audited PAT of no less than RM1,421,702 only per annum for each of the financial year of FYE 2025 and FYE 2026 respectively or RM2,843,404 collectively for the FYE 2025 and FYE 2026 on an aggregate basis ("**Profit Guarantee**").
- 5.2 Computation of Profit Guarantee
- (i) For the purpose of computation of the PAT and determination of the performance of the Profit Guarantee, the PAT shall be based on the Target Group's audited financial statements for FYE 2025 and FYE 2026 as may be verified, approved and certified by the Target Group's auditors ("**Certified Accounts**"), a copy of which shall be delivered by the Company to the Vendors within 3 business days from the Maturity Date, which shall in the absence of manifest error or fraud, be conclusive, final and binding on the Vendors and the Company. The Certified Accounts shall be prepared in accordance with the Malaysian Financial Reporting Standards.
 - (ii) The date where the Target Group's audited financial statements for FYE 2026 are made available shall be referred to as "**Maturity Date**".
 - (iii) Depending on the audited PAT of the Target Group, the following treatments shall apply upon Maturity Date:
 - a. In the event the aggregate of the audited PAT of the Target Group for FYE 2025 and FYE 2026 are lower than the Profit Guarantee or in the event that the Target Group shall incur an aggregate LAT for FYE 2025 and FYE 2026, the Vendors shall, jointly and severally, compensate the Company in cash such sum equivalent to the deficiency between the actual aggregate PAT/ LAT so achieved for FYE 2025 and FYE 2026 and the Profit Guarantee ("**Deficiency**") whereby the Vendors may opt to:-
 - (1) pay the Company such amount equivalent to the Deficiency to the Company directly following which the Company shall release the Retention Sum to the Vendors in full in accordance with the shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares within 14 days from the Maturity Date; or
 - (2) request the Company to deduct the Deficiency from the Retention Sum and the Company shall release the remaining sum of the Retention Sum to the Vendors in full in accordance with the shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares within 14 days from the Maturity Date;

APPENDIX II – SALIENT TERMS OF THE SSA (Cont'd)

- b. In the event the aggregate of the Target Group's audited PAT for FYE 2025 and FYE 2026 shall be equivalent to or exceed the Profit Guarantee, then the Profit Guarantee shall be deemed fully satisfied by the Vendors and the Retention Sum shall be paid by the Company to the Vendors in full in accordance with the shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares within 14 days from the Maturity Date failing which the Company shall be liable to pay the Vendors interest on such sum that remains outstanding calculated at the rate of 8.0% per annum on a daily basis commencing from the 15th day from the Maturity Date till the date such sum that remains outstanding is fully paid.
- (iv) Notwithstanding anything to the contrary to the SSA, in the event where the audited PAT of the Target Group for FYE 2025 has achieved more than half of the amount of the Profit Guarantee, the Company agrees to pay the sum representing half of the Retention Sum, within 14 days from the date the Target Group's audited financial statements for FYE 2025 is made available, to the Vendors in accordance with their shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares failing which the Company shall be liable to pay the Vendors interest on such sum that remains outstanding calculated at the rate of 8.0% per annum on a daily basis commencing from the 15th day from the Maturity Date till the date such sum that remains outstanding is fully paid.

6. SPECIAL CONDITIONS

- 6.1 Simultaneously upon the execution of the SSA, Mr. Ho Soo Cherng ("**HSC**") and Mr. Ding Chew Keat ("**DCK**") shall enter into a employment agreement/letter of employment with the Target Group, on terms and conditions to be mutually agreed upon by the Parties, in respect of their retainment as the directors or appointment as the managers in the Target Group and/or their respective job scopes to be agreed in the said agreement/letter.
- 6.2 The Vendors hereby jointly and severally undertake and shall cause and procure their company, Day One Solution Sdn Bhd ("**DOSSB**") to provide an irrevocable letter of undertaking to the Company that DOSSB shall, together with the Vendors, jointly and severally undertake to repay the full amount of the loan owing by DOSSB to the Target Group of approximately RM2,000,000.00 and all incidental liabilities (other than trade payables) remaining outstanding and payable by the Target Group (as at Completion) ("**Outstanding Loan**"). The Outstanding Loan was loaned to DOSSB for its working capital requirements through multiple drawdowns between September 2022 and December 2023, bearing an interest rate of 4.4% per annum. Notwithstanding the aforesaid, the Vendors agree and authorise the Company or the Vendors' Solicitors and/or the Company's solicitors to deduct the Outstanding Loan from the Purchase Consideration and to pay the amount equivalent to the Outstanding Loan into the account of the Target Group.
- 6.3 The Vendors confirm and undertake that the working capital requirements of the Target Group shall be sufficiently maintained by the Target Group for at least 6 months from the Completion with at least 70.0% of the retained earnings to be maintained in the form of net current assets (out of which at least 20.0% of the retained earnings to be maintained in the form of cash at bank), and the Vendors undertake not to declare any distribution of retained earnings of the Target Group as at FYE 2023 and thereafter.
- 6.4 The Company shall take all necessary steps to ensure that the Vendors are entitled to appoint Mr. Cheok Kian Hing (the "**Vendor Representative**") (or any of the Vendors, in the event Mr. Cheok Kian Hing is not eligible to be appointed as the director of the Company for any reason whatsoever) to serve as a member of the Board of Directors of the Company. The Company agrees to take all necessary actions to appoint the Vendor Representative to the Board of Directors of the Company within 14 days from the Completion Date. The Vendor Representative shall, upon appointment, have the same rights, privileges, and responsibilities as other members of the Company's Board of Directors, including, but not limited to, the right to receive notices, attend, and vote at all meetings of the Board of Directors.

APPENDIX II – SALIENT TERMS OF THE SSA (Cont'd)

7. COMPLETION

- 7.1 If the Conditions Precedent are fulfilled, obtained or waived, as the case may be, (in accordance with the provisions of the SSA) within the Conditional Period and subject to the full settlement of the Purchase Consideration (save and except for the Retention Sum) by the Company to the Vendors or their stakeholders and the fulfilment of **Section 7.2 of Appendix II** by the Vendors, the Completion of the sale and purchase of GSSB Sale Shares and DOTSB Sale Shares shall take place on the Completion Date.
- 7.2 Delivery of Documents and Registration of Transfer of Sale Shares
- (i) The Vendors shall procure, execute and deposit the following documents with the Company's solicitor within 7 business days from the date of the SSA:
- a. the instrument of transfer (i.e. the Instrument of Transfer of Shares pursuant to Section 105 of the Act) duly executed by the Vendors as transferors of the GSSB Sale Shares and DOTSB Sale Shares in favour of the Company ("**Transfer**");
 - b. the original share certificates in respect of GSSB Sale Shares and DOTSB Sale Shares free from all encumbrances and with full legal and beneficial title duly registered in the names of the Vendors;
 - c. the undated directors' resolution in writing of the Target Group duly signed by all directors of the Target Group approving and authorizing:
 - (1) the transfer and registration of the GSSB Sale Shares and DOTSB Sale Shares in the name of the Company;
 - (2) the issuance of the new share certificate(s) in the name of the Company; and
 - (3) the cancellation of the previous share certificates registered in the names of the Vendors;
 - d. the undated letter(s) of resignation of Mr. Yeow Cheng Hock ("**YCH**") and CKH;
 - e. the undated directors' resolution in writing of the Company duly signed by all the directors of the Company authorizing the change of signatories of all bank account(s) of the Company to the representative(s) nominated by the Company; and
 - f. any other documents necessarily required to enable the effective transfer of the Sale Shares to the Company and enable the Company to become the registered holder thereof.
- (ii) The Company may at its absolute discretion waive any requirement contained in **Section 7.1(i) of Appendix II** but shall not be obliged to complete the purchase of any of the GSSB Sale Shares and DOTSB Sale Shares unless the remaining requirement have been fulfilled, failing which the SSA shall be terminated with the consequential effect and thereafter no Party shall have any claims against the other Parties.

8. TERMINATION

- 8.1 The SSA will continue and remain in full force and effect, unless terminated either by way of issuance of Notice of Termination pursuant to any of the provisions of the SSA and the consequential effects thereafter shall be governed **Section 8.6 of Appendix II**.

APPENDIX II – SALIENT TERMS OF THE SSA (Cont'd)

8.2 Each of the following events shall be an Event of Default, if before Completion:

- (i) a Party commits a material breach of the terms or conditions of the SSA, and such breach is not capable of being remedied; or
- (ii) a Party commits a material breach of the terms or conditions of the SSA and, if such breach is capable of being remedied, such Party fails, refuses or neglects to remedy such breach within 30 days (or such longer period as may be agreed by the other Parties) after written notice has been given to such Party by any of the other Parties providing particulars of the breach and requiring such remedy; or
- (iii) a Party applies for an order or an order is made declaring such Party (as applicable) bankrupt, insolvent, liquidated or wound up or granting such Party a moratorium or protection from its creditors; or a petition for bankruptcy or a winding-up shall have been presented against such Party unless such Party has contested in good faith such petition within 30 days (or such longer period as may be agreed by the other Parties) of its presentation in Court and the petition is dismissed, struck off, discharged, stayed, suspended, withdrawn or set aside within 120 days (or such longer period as may be agreed by the other Parties) from the date of its presentation in Court; or an order is made or a members' resolution is passed or any legislation enacted for the winding-up of such Party (except as part of a bona fide scheme of reconstruction or amalgamation); or if such Party compounds with its creditors; or a trustee, administrator, liquidator, receiver, receiver and manager, custodian or similar official is appointed for such Party or for any substantial part of its assets or properties; or if such Party enters into or proposes to enter into any scheme of arrangement or compromise (except as part of a bona fide scheme of reconstruction or amalgamation) with any of its creditors or contributories;
- (iv) where a Party is an individual, such Party dies, becomes of unsound mind, incapacitated, commit an act of bankruptcy or is adjudicated a bankrupt;
- (v) if any distress or execution or other process of a Court of competent jurisdiction is levied upon or issued against any substantial part of the assets or property of a Party and such distress, execution or other process (as the case may be) is not satisfied by such Party within 30 days thereof (or such longer period as may be agreed by the other Parties), or unless any of the foregoing is contested in good faith within 30 days (or such longer period as may be agreed by the other Parties) and dismissed, struck off, withdrawn, suspended, set aside or discharged within 120 days thereof (or such longer period as may be agreed by the other Parties); or
- (vi) if any of the Warranties is untrue or inaccurate and the Vendors fail or refuse to remedy the same within 14 days (or such longer period as may be agreed by the other Parties) from its receipt of the Company's written notice for such remedy.

8.3 Termination by the Vendors

- (i) Upon the occurrence of an Event of Default by the Company, the Vendors may, at any time and while the Company's default as described herein subsists give a Notice of Termination to the Company to terminate the SSA forthwith without prejudice to all other rights and remedies available at any time to the Vendors and to take such actions or proceedings as it deems fit to claim damages and loss and all costs and expenses (on a full indemnity basis) incurred in connection with such actions or proceedings.
- (ii) Upon termination, the Vendors shall require the Company to return all documents provided herein to the Company within 7 days from the date of termination with all the Vendors' rights and interest in the Target Group intact.

APPENDIX II – SALIENT TERMS OF THE SSA (Cont'd)

- (iii) Subject always to the fulfilment of **Section 8.3(ii)** of **Appendix II**, the Vendors shall refund all the monies (without interest) paid by the Company under the SSA.

8.4 Termination by the Company

- (i) Upon the occurrence of an Event of Default by the Vendors, the Company may, at any time and while the Vendors' default as described herein subsists give a Notice of Termination to the Vendors to terminate the SSA forthwith without prejudice to all other rights and remedies available at any time to the Company and to take such actions or proceedings as it deems fit to claim damages and loss and all costs and expenses (on a full indemnity basis) incurred in connection with such actions or proceedings.
- (ii) Upon termination, the Company shall require the Vendors to return all documents provided herein to the Vendors within 7 days from the date of termination.
- (iii) The Vendors shall refund all the monies (without interest) paid by the Company under the SSA and **Section 8.6** of **Appendix II** herein shall thereafter applied.

8.5 Termination by Either the Vendors or the Company

Unless Clause 13.9 of the SSA in relation to the invalidity and severability of the SSA is applicable, either the Vendors or the Company may terminate the SSA by Notice of Termination to the other Parties if as a result of any change in applicable laws, the transaction contemplated by the SSA or the performance by a Party of its obligations under the SSA becomes unlawful, whereupon the Vendors shall refund all the monies (without interest) paid to the Company under the SSA and **Section 8.6** of **Appendix II** shall thereafter applied.

8.6. Consequences of Termination

If the SSA is terminated under this **Section 8** of **Appendix II**, the following terms shall apply, namely:

- (i) the SSA will be null and void and of no further effect;
- (ii) save as set out in **Section 8.6(iii)** of **Appendix II**, each Party will have no further obligations to the other Party;
- (iii) the termination will be without prejudice to any rights and liabilities arising as a result of, or in connection with, any antecedent breaches of the SSA; and
- (iv) the Vendors shall have the absolute right to re-sell the GSSB Sale Shares and DOTSB Sale Shares to such persons in such manner at such price and on such terms as the Vendors may think fit.

9. NON-COMPETITION

- (i) The Vendors irrevocably agree, guarantee and covenant that for a period of 5 years from the Completion Date ("**Restricted Period**") none of them shall from the Completion Date, directly or indirectly do, involve, engage, participate, collaborate or having any direct or indirect interest in any same/similar business with the business of the Target Group, save with the written consent of the Company and/or the Target Group.

APPENDIX II – SALIENT TERMS OF THE SSA (Cont'd)

- (ii) In the event after the Restricted Period, any of the Vendors enters into any same or similar business as the Target Group in any countries including Malaysia, the Target Group shall have the first right of refusal (at its discretion to participate) to invest in the said business or Target Group with not less than 30.0% of shareholdings in the venture to be undertaken by any of the Vendors.

Notwithstanding anything to the contrary, this **Section 9** of **Appendix II** shall remain in effect for the Restricted Period and shall cease thereafter.

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

AND

REPORTS

FOR THE YEAR ENDED 31 DECEMBER 2023



K.H. CHONG & CO PLT

CHARTERED ACCOUNTANTS
(LLP0033721-LCA) AF 1258

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

REPORT AND STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

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APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors hereby submit the report together with the audited financial statements of the Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of providing information technology support services and supplying and installation of cash register machines and other relating support equipment to the retailing industries. There have been no significant changes in these activities during the year.

RESULTS

Profit for the year

**Company
RM**

544,769

In the opinion of the directors, the results of the operations the Company during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividends have been paid since the end of the previous. The Directors do not recommend that a dividend be paid in respect of the current year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS

The directors who held office since the date of the last report are:

YEOW CHENG HOCK
CHEOK KIAN HING
DING CHEW KIAT
HO SOO CHERNG

DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) 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.

DIRECTORS' INTERESTS

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

Share interest in the Company		Number of Ordinary Shares			
		At 01.01.2023	Bought	Sold	At 31.12.2023
	<u>Interest</u>				
YEOW CHENG HOCK	Direct	-	30,000	-	30,000
CHEOK KIAN HING	Direct	-	30,000	-	30,000
DING CHEW KIAT	Direct	-	20,000	-	20,000
HO SOO CHERNG	Direct	-	20,000	-	20,000

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

DIRECTORS' REMUNERATION

Details of directors' remunerations are set out in Note 19 in the financial statements.

INDEMNITY AND INSURANCE COST

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

OTHER STATUTORY INFORMATION

Before the statement of comprehensive income and the statement of financial position of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

OTHER STATUTORY INFORMATION (CONT'D)

- (c) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

As of the date of this report, there does not exist:

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Company for the succeeding year except as disclosed in Note 1 to the financial statements.

AUDITORS' REMUNERATIONS

Total amount paid to or receivable by the auditors as remuneration for their services as auditors from the Company are disclosed in Note 22 to the financial statements.

	Company 2023 RM
Statutory audit	<u>8,500</u>

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

AUDITORS

The auditors, Messrs, K.H. Chong & Co PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Directors,



DING CHEW KEAT

Director



HO SOO CHERNG

Director

Date: **22 AUG 2024**

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

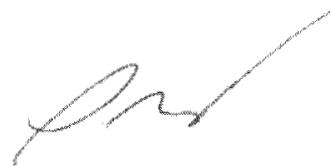
The directors of Gross Synergy Sdn. Bhd. state that, in their opinion, the financial statements are drawn up in accordance with Malaysian Financial Reporting Standard and the requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 December 2023 and of the results of its business and the cash flows of the Company for the year ended on that date.

Signed on behalf of the Directors,



DING CHEW KEAT

Director



HO SOO CHERNG

Director

Date: **22 AUG 2024**

STATUTORY DECLARATION

I, Ding Chew Keat (NRIC: 790313-14-5489), the director primarily responsible for the financial management of Gross Synergy Sdn. Bhd., do solemnly and sincerely declare that the financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

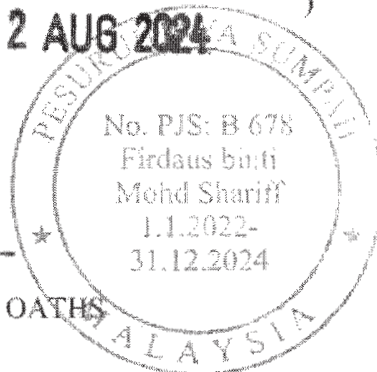
Subscribed and solemnly declared by
the above Ding Chew Keat at Puchong in the
state of Selangor on

22 AUG 2024



Before me,

COMMISSIONER FOR OATHS



Lot 12A, Tkt 1,
Jln BK 5A/2A,
Bandar Kinrara
47180 Puchong, Selangor.

K.H. Chong & Co PLT

(LLP0033721-LCA & AF 1258)

Chartered Accountants

No. 24-2, Jalan PJS 11/28,

Bandar Sunway,

46150 Petaling Jaya, Selangor.

Tel: 03-56325105 Email: khchongco@yahoo.com



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSS SYNERGY SDN. BHD.** Registration No.:199201019333 (250837-P)
(Incorporated in Malaysia)

Opinion

We have audited the financial statements of Gross Synergy Sdn. Bhd., which comprise the statement of financial position as at 31 December 2023 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standard 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Malaysia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("ByLaws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSS SYNERGY SDN. BHD.** Registration No.:199201019333(Company No:250837-P)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia, and for such internal control that the sole director determines is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing of 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSS SYNERGY SDN. BHD.** Registration No.:199201019333(Company No.:250837-P)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.
- Conclude on the appropriateness of management's 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

Other Matters

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.

K.H. CHONG & CO PLT
LLP0033721-LCA & AF 1258
Chartered Accountants
Petaling Jaya

Date: 22 AUG 2024

CHONG KEAN HUAT
No. 02032/06/2026 J
Partner of the firm

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

Registration No.:
199201019333

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GROSS SYNERGY SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 RM	2022 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	621,843	738,789
Intangible assets	5	383,310	93,389
Other investment	6	-	52,197
		<u>1,005,153</u>	<u>884,375</u>
CURRENT ASSETS			
Inventories	7	63,791	81,201
Trade receivables	8	1,348,706	883,421
Other receivables, deposits & prepayments	9	2,276,800	684,887
Cash and bank balances	10	66,718	1,701,251
		<u>3,756,015</u>	<u>3,350,760</u>
LESS: CURRENT LIABILITIES			
Trade payables	14	315,613	502,415
Other payables and accrued liabilities	15	532,342	493,010
Provision for taxation		-	43,353
Hire purchase creditor		91,807	84,018
Borrowings	13	90,899	100,000
		<u>1,030,661</u>	<u>1,222,796</u>
NET CURRENT ASSETS		2,725,354	2,127,964
		<u>3,730,507</u>	<u>3,012,339</u>
CAPITAL AND RESERVES			
Share capital	11	100,000	100,000
Retained profits	12	2,299,494	1,754,725
		<u>2,399,494</u>	<u>1,854,725</u>
NON-CURRENT LIABILITIES			
Hire purchase creditor	13	223,168	279,970
Borrowings	13	1,107,845	877,644
		<u>3,730,507</u>	<u>3,012,339</u>

The accompanying notes form an integral part of the financial statements.

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

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GROSS SYNERGY SDN. BHD.

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
Revenue	16	6,285,861	8,436,921
Cost of sales & services		<u>(4,478,896)</u>	<u>(6,258,433)</u>
Gross profit		1,806,965	2,178,488
Other operating expenses		(684,837)	(937,058)
Other operating income	17	949,868	162,306
Administrative expenses		(1,179,282)	(515,605)
Selling and distribution		(88,717)	(138,141)
Profit from operations		<u>803,997</u>	<u>749,990</u>
Finance cost	20	(88,116)	(5,684)
Profit before taxation	21	<u>715,881</u>	<u>744,306</u>
Taxation expense	22	(171,112)	(157,514)
Profit for the year		<u><u>544,769</u></u>	<u><u>586,792</u></u>

The accompanying notes form an integral part of the financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share Capital RM	Retained Profits RM	Total RM
As at 1 January 2022	100,000	1,167,933	1,267,933
Profit for the year		586,792	586,792
As at 31 December 2022	100,000	1,754,725	1,854,725
Profit for the year		544,769	544,769
As at 31 December 2023	100,000	2,299,494	2,399,494

The accompanying notes form an integral part of the financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	715,881	744,306
Adjustments for:		
Depreciation & amortisation of intangible assets	300,274	287,404
Interest expense	88,116	5,684
Loss on disposal of Investment	6,160	
Gain on disposal of property, plant & equipment	(7,000)	(159,000)
Operating profit before working capital changes	1,103,431	878,394
Inventories	17,410	153,678
Receivables	(2,057,198)	(515,355)
Payables	(147,470)	18,683
Cash generated from operations	(1,083,827)	535,400
Interest expenses paid	(88,116)	(5,684)
Tax paid	(174,355)	(129,331)
Net cash (used)/ generated from operations	(1,346,298)	400,385
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend paid	-	(300,000)
Proceeds from disposal of investment	47,427	
Proceeds from disposal of property, plant & equipment	7,000	159,000
Purchase of property, plant and equipment	(133,798)	(632,485)
Development cost of commercial software & equipment	(363,310)	-
Net cash used in investing activities	(442,681)	(773,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Islamic financing facility	-	1,000,000
Proceeds from loan facility	300,000	-
Proceeds from hire purchase creditors	38,900	420,000
Payment of islamic & other financing facilities	(87,356)	(22,356)
Payment of hire purchase and finance lease facilities	(97,098)	(56,012)
Net cash (used)/generated in financing activities	154,446	1,341,632
Net (decrease)/increase in cash and cash equivalents	(1,634,533)	968,532
Cash and cash equivalents at beginning of the year	1,701,251	732,719
Cash and cash equivalents at end of the year	66,718	1,701,251
Represented By:		
Cash in hand and at bank	66,718	1,701,251

The accompanying notes form an integral part of the financial statements.

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF GSSB FOR FYE 2023 (Cont'd)

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

1 GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at Suite No. 1, First Floor, No. 484B, Jalan Jambu Air Mawar, 52000 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business was located at No. 19B, Jalan Nirwana 35, Taman Nirwana, 68000 Ampang, Selangor Darul Ehsan.

The Company is principally engaged in the business of providing supplying cash-registers/ equipment relating to retailing industries with the integrated use of Information and Digitalisation Technology. There have been no significant changes in these activities during the year.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates.

The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

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

2 BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost and fair value conventions.

Accordingly, the financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) and the provisions of the Companies Act 2016 in Malaysia.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") and the requirements of the Companies Act, 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities.

The principal accounting policies adopted are set out below:

3.1 PROPERTY PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The Cost of an item of property, plant and equipment initially recognised comprises its purchase price and any cost that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Directors.

After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, except for freehold land.

The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacement parts of such item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to statement of comprehensive income during the period in which they are incurred.

Except for freehold land and properties under construction which are not depreciated, depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated lives as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3.1 PROPERTY PLANT AND EQUIPMENT(Cont'd)**

	%
Air-conditioner	10
Fax machine	10 to 15
Electrical installation	10 to 100
Motor vehicles	20
Office equipment	10 to 100
Computer equipment	10 to 100
Furniture and fittings	8 to 100
Signboard	10
Renovation	10

Depreciation on assets under construction commences when the assets are ready for their intended use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last annual reporting date.

At each reporting date, the Company assesses whether there is an indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount on impairment of non-financial assets other than inventories.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are included in statement of comprehensive income.

3.2 INTANGIBLE ASSETS**a) Research and development**

Research expenditure is recognised as an expense when incurred. Cost incurred on development projects (relating to design and testing new or improved products) are recognised as intangibles assets when the following criteria are fulfilled:-

- i) it is technical feasible to complete the intangible assets so that it will be available for use or sale;
- ii) management intends to complete the intangible asset and use or sell it;
- iii) there is an ability to use or sell the intangible asset;
- iv) it can be demonstrated how the intangible will generate probable future economic benefits;
- v) adequate technical, financial and other resource to complete the development and to use or sell the intangible asset are available; and

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3.2 INTANGIBLE ASSETS****a) Research and development (Cont'd)**

- vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight line over its useful life not exceeding three (3) years.

b) Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- i) it is technically feasible to complete the software product so that it will be available for use;
- ii) management intends to complete the software product and use or sell it;
- iii) there is an ability to use or sell the software product;
- iv) it can be demonstrated how the software product will generate probable future economic benefits;
- v) adequate technical, financial and other resource to complete the development and to use or to sell the software product are available; and
- vi) the expenditure attributable to the software product during its development can be reliably measured;

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet the criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development recognised assets are amortised from the point at which the asset is ready for use over their estimated useful lives, which does not exceed 3 years.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3.3 FINANCIAL ASSETS**

Financial assets are recognised in the statement of the financial position when the Company become a party to the contractual provisions of the instruments.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of these three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

i) *Financial Assets At Fair Value Through Profit Or Loss*

Financial assets are classified as at fair value through profit or loss when financial assets are within the scope of section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Change in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measured is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

ii) *Financial Assets That Are Debt Instruments Measured At Amortised Cost*

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of financial assets

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

3.3 FINANCIAL ASSETS (CONT'D)

iii) Financial Assets That Are Equity Instruments Measured At Cost Less Impairment

Equity instrument that not publicly traded and whose fair value cannot be otherwise be measured reliably with undue cost or effort, and contracts linked to such instruments, if exercise, will result in delivery of such instrument, are measured at cost less impairment.

iv) Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost are impaired.

Objective evidence could include:-

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exist for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the assets' carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS
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iv) ***Impairment of Financial Assets (cont'd)***

The carrying amount of the financial assets are reduced directly, except for the carrying amount of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately.

If, in subsequent period, the amount of an important loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

v) ***De-recognition Of Financial Assets***

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of the ownership of the financial assets.

On de-recognition of financial assets in their entirety, the difference between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in the profit or loss in the period of transfer.

3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

3.5 LIABILITIES AND EQUITY

3.51 Classification Of Liabilities And Equity

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

3.52 Equity Instruments

Ordinary shares are classified as equity. Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3.52 *Equity Instruments* (cont'd)**

measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with the MFRS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with the MFRS.

3.6 FINANCIAL LIABILITIES

Financial liabilities are recognised in the statement of position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at cost, or loan commitments measured at cost less impairment.

i) *Financial Liabilities Measured At Fair Value Through Profit Or Loss*

Financial liabilities are classified at fair value through profit or loss when the financial liabilities are within the scope of the MFRS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost less impairment until a reliable measure of fair value becomes available.

ii) *Financial Liabilities Measured At Amortised Cost*

After initial recognition, financial liabilities other than at fair value through profit or loss are measured at amortised cost using the effective interest method. Gain or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3.6 FINANCIAL LIABILITIES (CONT'D)****ii) *Financial Liabilities Measured At Amortised Cost* (Cont'd)**

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

iii) *Loan Commitments Measured At Cost Less Impairment*

Commitment to receive loan that meet the conditions of MFRS are measured at cost less impairment.

iv) *De-recognition Of Financial Liabilities*

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

3.7 INCOME TAX

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.